



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-659

Board Meeting Date: 8/1/2023

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Allocation of **Measure K**, RDA Housing Trust Fund, and federal funds from the Affordable Housing Fund 11.0 to affordable housing projects

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving commitments of Affordable Housing Fund (AHF) 11.0 funds to the new construction affordable housing developments listed in Attachment A to the Resolution in the total amount of up to \$30,532,290, consisting of \$20,000,000 in **Measure K** Fiscal Year (FY) 2023-24 funds approved by the Board of Supervisors for affordable housing purposes; \$200,000 in **Measure K** funds allocated in previous AHF rounds that were returned to Department of Housing; \$2,200,000 in Redevelopment Agency (RDA) Housing Trust funds allocated in a previous AHF round and returned as project cost savings; \$1,136,870 in federal Community Development Block Grant (CDBG) funds; \$2,592,208 in federal HOME Investment Partnership Program (HOME) funds; and \$4,403,212 in federal HOME-American Rescue Plan (HOME-ARP) funds, 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 provide funding to the affordable housing projects listed 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. The funds which initiated the County's AHF were derived from a one-time distribution of Housing Trust Funds held by former redevelopment agencies in San Mateo County. Nine subsequent AHF competitive funding rounds have awarded 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, Redevelopment Agency (RDA) Housing Trust Funds, HOME Investment Partnership Funds, Community Development Block Grant funds, and funds

allocated to the County from the State of California's Housing and Community Development department ("HCD"). In addition, \$13,400,000 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 tenth (and most recent) round of AHF competitive funding, AHF 10.0, was released in 2022 and awarded \$54,361,963 for the new construction of ten affordable rental housing developments and the rehabilitation of one existing affordable rental housing project. Sources for AHF 10.0 included **Measure K** funds (both new and recovered), American Rescue Plan Act (ARPA) funding, State HCD Permanent Local Housing Allocation ("PHLA") funds, and Mental Health Services Act Project-Based Housing program funds. To date, the AHF, including its Preservation sub-fund, has allocated approximately \$255,000,000 to assist over 3,700 units in San Mateo County by supporting the development of new affordable rental and homeownership units, and helping preserve multifamily rental units as affordable housing.

DISCUSSION:

On May 4, 2023, the Department of Housing (DOH) released a Notice of Funding Availability (NOFA) for its eleventh round of AHF competitive funding--referred to as AHF 11.0. AHF 11.0 made available a total amount of \$30,532,290, consisting of \$20,000,000 in **Measure K** Fiscal Year (FY) 2023-24 funds approved by the Board of Supervisors for affordable housing purposes; \$200,000 in **Measure K** funds allocated in previous AHF rounds that were returned to DOH; \$2,200,000 in Redevelopment Agency (RDA) Housing Trust funds allocated in a previous AHF round and returned as project cost savings; \$1,136,870 in federal Community Development Block Grant (CDBG) funds; \$2,592,208 in federal HOME Investment Partnership Program (HOME) funds; and \$4,403,212 in one-time federal HOME-American Rescue Plan (HOME-ARP) funds.

DOH received fifteen applications for AHF 11.0 funding by the application deadline of June 4, 2023, requesting a total amount of almost \$88 Million for the creation of 1,100 affordable housing units with an aggregate development cost of more than One Billion Dollars. If AHF 11.0 funds were available to meet the collective request of almost \$88 Million, the resulting County investment would leverage more than \$913 Million in other federal, state, local and private funding.

All fifteen applications for AHF 11.0 funds propose worthy projects that would increase the supply of high-quality affordable housing in diverse communities across the County and would help the County's 21 jurisdictions achieve their significantly increased Regional Housing Need Allocations (RNHA) goal for the 2023-2031 Housing Element period. However, taking into consideration the limited funding available, the comparative readiness of each project to proceed to construction, the specific restrictions imposed on the federal funding sources, and the County's funding priorities, DOH staff and the Housing and Community Development Committee jointly recommend that the available AHF 11.0 funds totaling \$30,532,290 be awarded, in varying amounts, to the projects listed on Attachment A of the Resolution.

Due to the oversubscription for available funding, DOH will impose funding conditions on certain AHF 11.0 awards, which will require those applicants to pursue other funding sources on an agreed schedule, including but not limited to, State HCD funding programs, state bonds, and Federal Low Income Tax Credits. As a result of these conditions, DOH retains the right to rescind its AHF 11.0 funding award(s) for those projects which do not satisfy funding conditions.

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

FISCAL IMPACT:

The proposed competitive AHF 11.0 awards are limited to the utilization of up to \$20,000,000 in **Measure K** Fiscal Year (FY) 2023-24 funds approved by the Board of Supervisors for affordable housing purposes; \$200,000 in **Measure K** funds allocated in previous AHF rounds but returned due to adjustments in project plans; \$2,200,000 in Redevelopment Agency (RDA) Housing Trust funds allocated in a previous AHF round but returned due to adjustments in project plans; \$1,136,870 in federal Community Development Block Grant (CDBG) funds; \$2,592,208 in federal HOME Investment Partnership Program (HOME) funds; and \$4,403,212 in federal HOME-American Rescue Plan (HOME-ARP) funds.