



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 19-916

Board Meeting Date: 9/24/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Ken Cole, Director, Department of Housing
Subject: Allocation of **Measure K** and California HCD No Place Like Home funds from the Affordable Housing Fund 7.0

RECOMMENDATION:

Measure K: Adopt a resolution:

- A) Approving Affordable Housing Fund 7.0 commitments up to \$28,716,715, consisting of \$25 million in newly allocated **Measure K** FY 2019-20 funds approved by the Board of Supervisors for affordable housing purposes, approximately \$2 million in **Measure K** FY 2018-19 funds previously allocated in Affordable Housing Fund 6.0 but returned due to project cost savings, and, \$1,740,281 in State of California Department of Housing and Community Development No Place Like Home funds, for 10 new construction affordable rental housing developments and 2 developments involving re-syndication and rehabilitation of existing affordable rental housing, including any conditions attached to such funding recommendations; and
- B) Approving a forward commitment of Affordable Housing Funds up to \$8,735,036 in **Measure K** funds for affordable housing purposes as set forth in the FY 2020-21 Recommended Budget received by the Board of Supervisors in June 2019 for 2 of the 10 new construction affordable rental housing developments; and
- C) Authorizing the Director of the Department of Housing, or the Director's designee, to execute contracts, as approved by County Counsel, for funding the affordable housing projects indicated.

BACKGROUND:

On April 8, 2013, the San Mateo County Board of Supervisors approved the allocation of approximately \$13.4 million 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 five 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 million 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 sixth (and most recent) round of AHF competitive funding-AHF 6.0-was released in 2018 and made available \$19,879,719 in funding which was awarded to nine new construction affordable rental housing developments, the rehabilitation of one existing affordable rental development, and two new construction multifamily affordable homeownership projects. Sources for AHF 6.0 included **Measure K** funds, County General Funds, HOME Investment Partnership funds, and CDBG funds. To date, the AHF, together with its Preservation sub-fund, has allocated approximately \$91.2 million to assist 2,116 units in San Mateo County-supporting the development of 1,828 new affordable rental and homeownership units, and the preservation of 288 multifamily rental units as affordable housing.

DISCUSSION:

The Department of Housing (“DOH”) released a Notice of Funding Availability (“NOFA”) for its seventh round of AHF competitive funding- referred to as AHF 7.0-on June 13, 2019. AHF 7.0 allocates approximately \$28.7 million including: \$25 million in newly allocated **Measure K** FY 2019-20 funds approved by the Board of Supervisors for affordable housing purposes, approximately \$2 million in **Measure K** FY 2018-19 funds previously allocated in AHF 6.0 but returned due to project cost savings; and, \$1,740,281 in HCD No Place Like Home funds for the purpose of creating affordable housing units for persons with mental illness who are chronically homeless.

DOH received fifteen applications by the July 18, 2019 application deadline, which collectively requested a total of \$76,908,539 for the creation or preservation/rehabilitation of 1,172 affordable housing units. All fifteen applications are worthy projects that will significantly add or preserve high-quality affordable housing in the County. DOH staff and the Housing and Community Development Committee are recommending that \$28,716,715 of the AHF 7.0 allocation be awarded, in varying amounts, to 12 of the 15 projects.

Additionally, DOH recommends committing up to \$8,735,036 in **Measure K** funds for affordable housing purposes as set forth in the FY 2020-21 Recommended Budget received by the Board of Supervisors in June 2019 in order to allow certain AHF 7.0 applicants to meet important application deadlines for HCD program funding. HCD program funding would reduce the overall need for County subsidy for these projects, which will allow DOH to then better leverage County subsidy. Applicants that receive HCD program funding will receive a reduced AHF 7.0 award, based on the minimum County subsidy required to secure their HCD program funding commitments. Should \$8,735,036 be fully awarded under AHF 7.0, the FY 2020-21 AHF round will be reduced by this amount.

As shown in Attachment A, each of the 12 projects recommended for funding would receive a portion of its allocation through the available **Measure K** funds. One project proposing No Place Like Home units would also receive funds set aside in the AHF 7.0 NOFA for this purpose. Two projects would receive the forward commitment of FY 2020-21 **Measure K** funds.

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

Agreements will be reviewed and approved by County Counsel for execution by the Director of the Department of Housing. Approval of this resolution contributes to the Shared Vision 2025 outcome as a Livable Community by increasing the overall supply of affordable housing.

PERFORMANCE MEASURE:

Measure	FY 2018-19 Actual	FY 2019-20 Projected
Housing Units with First AHF Award	635	645

FISCAL IMPACT:

The proposed competitive fund award process will be limited to the utilization of a maximum of: \$25 million in newly allocated **Measure K** FY 2019-20 funds approved by the Board of Supervisors for affordable housing purposes; up to \$8,735,036 **Measure K** funds for affordable housing purposes as set forth in the FY 2020-21 Recommended Budget received by the Board of Supervisors in June 2019, not to be expended until FY 2020-21; \$1,976,434 in **Measure K** FY 2018-19 funds previously allocated in AHF 6.0 but returned due to project cost savings; and \$1,740,281 in State HCD No Place Like Home funds allocated to the County.