



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing

DATE: March 9, 2007
BOARD MEETING DATE: April 10, 2007
SPECIAL NOTICE/HEARING None
VOTE REQUIRED Majority

TO: Honorable Board of Supervisors
FROM: Duane Bay, Director, Department of Housing
SUBJECT: Approve an Agreement with HIP Housing Development Corporation

Recommendation

Adopt a Resolution:

1. Authorizing execution of an Agreement with HIP Housing Development Corporation in the amount of \$539,004 for assistance with the acquisition of an apartment complex in South San Francisco for use as affordable housing for the term of April 1, 2007 through June 30, 2008; and
2. Authorizing the Director of the Department of Housing or the Director's designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate), and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

Vision Alignment

Commitment: Offer a full range of housing choices.

Goal 9: Housing exists for people at all income levels and for all generations of families.

The action contributes to this commitment and goal by acquiring 15 units of rental housing to be maintained as affordable housing.

Performance Measures:

Measure	FY 2005-06 Actual	FY 2006-07 Target
Number of County-supported affordable housing units completed and occupied	158	200

Background

On May 2, 2006 the Board of Supervisors approved the Action Plan for CDBG, HOME and ESG funding for the 2006-07 fiscal year. Included in that action plan is a Housing Development Reserve which sets aside funds for projects which originate after the regular application deadline for funding. In addition to what was set aside at that time, this Reserve is used for funds that are reprogrammed from cancelled projects, funds that are surplus to the needs of a project and any Program Income that is generated by Housing Projects. Adequate funds are available for this project through these sources.

Discussion

In December, 2006, HIP Housing applied for funding assistance for the acquisition and rehabilitation of 15 units of rental housing located at 307-321 Commercial Avenue in South San Francisco. The purchase price is \$3,120,000; the total development cost including relocation, closing costs and rehabilitation is approximately \$3.42 Million. The City of South San Francisco has committed \$1.8 Million toward this project and HIP Housing has obtained a bank commitment of approximately \$1.142 Million. The County funds will be used for the acquisition of the property with other funds being used for the relatively minor rehabilitation which includes seismic upgrades to the garage areas below the units as well as window replacement, kitchen cabinet and counter replacement and miscellaneous other work. Three of the units are over-crowded and these households will be relocated to more adequate units for their size. All of the units will be occupied by households earning less than 60% of area median income. The project including the rehabilitation is projected to be completed by June 30, 2008, at which time the term will be extended to match the full term of the loans of 55 years.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

Real Property Services has reviewed the agreement and County Counsel has reviewed and approved the Resolution and Agreement as to form. Risk Management has reviewed and approved the insurance coverage provided by the Contractor.

Fiscal Impact

This program is included in the Department of Housing Budget for FY 2005-06. The County's total obligation under this Agreement is \$539,004, from CDBG/HOME/ESG funds. There is no Net County Cost.