

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 2/28/2012	(3) CONTACT/PHONE Suzan Ehdaie, Planner II/781-4974	
(4) SUBJECT Request to (1) authorize a budget adjustment in the amount of \$306,147 from unanticipated loan repayment revenue, (2) allocate this \$306,147 in 2011 HOME program income to three affordable housing development projects, and (3) approve a resolution amending the 2011 Action Plan to reflect this allocation of funding.			
(5) RECOMMENDED ACTION Staff recommends that your Board: (1) Approve a budget adjustment, by a 4/5 th 's vote in the amount of \$306,147; (2) Allocate this \$306,147 in 2011 HOME program income to the following affordable housing projects: a) Rehabilitation of Trouville Transitional Housing by the Women's Shelter Program of SLO County - \$65,330; b) Construction of three affordable housing units by Habitat for Humanity - \$140,817; and c) Redevelopment of Oak Park Apartments by the Paso Robles Housing Authority - \$100,000. (3) Approve the resolution amending the 2011 Action Plan to reflect this allocation of funding.			
(6) FUNDING SOURCE(S) HOME funds	(7) CURRENT YEAR FINANCIAL IMPACT \$306,147.00	(8) ANNUAL FINANCIAL IMPACT \$306,147.00	(9) BUDGETED? No
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation (Time Est. _____) <input checked="" type="checkbox"/> Hearing (Time Est. <u>10 min</u>) <input type="checkbox"/> Board Business			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1112078 <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP N/A	(16) BUSINESS IMPACT STATEMENT? Yes	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>May 10, 2011</u>	
(18) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(19) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Suzan Ehdaie, Planner II

VIA: Chuck Stevenson, Division Manager, Long Range Planning

DATE: 2/28/2012

SUBJECT: Request to (1) authorize a budget adjustment in the amount of \$306,147 from unanticipated loan repayment revenue, (2) allocate this \$306,147 in 2011 HOME program income to three affordable housing development projects, and (3) approve a resolution amending the 2011 Action Plan to reflect this allocation of funding.

RECOMMENDATION

Staff recommends that your Board:

- (1) Approve a budget adjustment, by a 4/5ths vote in the amount of \$306,147;
- (2) Allocate this \$306,147 in 2011 HOME program income to the following affordable housing projects:
 - a) Rehabilitation of Trouville Transitional Housing by the Women's Shelter Program of SLO County - \$65,330;
 - b) Construction of three affordable housing units by Habitat for Humanity - \$140,817; and
 - c) Redevelopment of Oak Park Apartments by the Paso Robles Housing Authority - \$100,000.
- (3) Approve the resolution amending the 2011 Action Plan to reflect this allocation of funding.

DISCUSSION

The County accumulated \$306,147 in HOME program income over the years from various affordable housing development projects. Under federal regulations, the County spent these funds on approved projects rather than use new grant revenue for this purpose. Therefore, there is now \$306,147 in grant funding that is available for new projects. Before these funds can be allocated, the appropriation must be increased by \$306,147.

The County is required to spend these funds by August 24, 2016. On September 3, 2011, the County issued a request for proposals announcing the availability of these funds and seeking proposals for eligible affordable housing projects. The County reviewed and evaluated six applications and selected three projects that meet both HUD's regulations and the affordable housing strategies of the County's Consolidated Plan. The following describes each of these projects and staff's recommendation.

Rehabilitation of Trouville Transitional Housing in Grover Beach

The Women's Shelter Program of San Luis Obispo County applied for HOME funds to rehabilitate four transitional housing units at Trouville Transitional Housing located in Grover Beach. These units need rehabilitation work to make them safe and habitable for extremely-low income domestic violence victims. The rehabilitation work includes converting an unused garage space into a new laundry room, installing double-pane windows and solar panels, and painting the exterior walls. This is the only transitional housing in the South County that will serve a critical community need to house extremely low income domestic violence victims. The project is anticipated for completion by the end of June 2012.

Staff recommends allocating \$65,330 in HOME funds to this project. It satisfies the 25% matching requirement of the HOME program as the applicant has \$18,833 in other funds to cover expenses related to project management, oversight, and reporting obligations. This project is also consistent with the "Addressing Homelessness" strategy from the County's Consolidated Plan.

Construction of Three Affordable Housing Units in San Luis Obispo

In October 2011, Habitat for Humanity of San Luis Obispo County applied for HOME funds to build three for-sale affordable housing units for very-low income families at Rockview Place in San Luis Obispo. This infill project is within walking distance to services, shopping, transportation, schools, and recreation opportunities. The units will be built through homeowner "sweat equity", volunteer labor, and donated materials. The anticipated project completion is October 2013.

Staff recommends allocating \$140,817 in HOME funds to this project. It satisfies both the federal HOME regulations and the County's Consolidated Plan because it provides affordable homeownership opportunities to very-low income families. This project also meets the required 25% matching contribution by the HOME program as Habitat for Humanity secured \$837,000 in private funds, volunteer labor, and materials.

Redevelopment of Oak Park Apartments in Paso Robles

In 1953, the Housing Authority of the City of Paso Robles purchased the Oak Park apartments to provide 148 affordable rental housing units to low, very-low, and extremely-low income households. Because the Oak Park apartments are structurally old (they were built in 1941), the Housing Authority is requesting grant funds to redevelop the site with 69 new rental units. These units would be affordable to very-low and extremely-low income families. This project is anticipated to be completed by October 2013.

Staff recommends allocating \$100,000 in HOME funds to this project because it meets HUD's HOME program regulations, and it would provide affordable rental housing to low, very-low, and extremely-low income families, consistent with the affordable housing strategy of the County's Consolidated Plan. The project also meets the required 25% matching contribution by the HOME program as the Housing Authority has secured nearly \$7.5 million dollars through other funding sources (i.e. private funds, loans, and equity funds).

Other Grant Applications

Staff does not recommend allocating these HOME funds to the remaining three applications by Tri-Counties Community Housing Corporation, Transitional-Mental Health Association, and People's Self-Help Housing Corporation.

Tri-Counties Community Housing Corporation applied for HOME funds to rehabilitate three affordable rental units in San Luis Obispo. Staff does not recommend funding this project because the County previously invested HOME funds for acquisition of the property and federal regulations prohibit the proposed second investment of HOME funds. Also, it already received CDBG funds from the City of San Luis Obispo.

The Transitional-Mental Health Association applied for HOME funds to cover related pre-construction costs, including renovation, seismic, and utility infrastructure costs to acquire and build 14 affordable for-rent units in San Luis Obispo. The project site has steep slope, and the existing buildings require seismic work. Staff does not support funding this proposal because the applicant plans to use these funds for preliminary planning cost to determine whether or not this project is feasible. Also, this application does not satisfy the 25% matching contribution as required by HUD's HOME regulations because the applicant has not secured any other sources of funding.

People's Self-Help Housing Corporation requested \$1.5 million dollars in HOME funds for the Rolling Hills Apartments project in Templeton. This requested amount not only exceeds the total available HOME funds, it also indicates that the applicant needs to secure more funding to bridge the financing gap for the Rolling Hills Apartments project. Therefore, staff does not recommend funding this project as the existing \$306,147 in 2011 HOME funds will not be sufficient to advance this project.

OTHER AGENCY INVOLVEMENT/IMPACT

Staff consulted the Homeless Services Oversight Council (HSOC). The Council indicated their support of staff's recommendation.

BUSINESS IMPACT STATEMENT

This allocation could have a positive impact on the Building Design and Construction Cluster identified in the San Luis Obispo County Clusters of Opportunity Economic Strategy prepared by the Economic Vitality Corporation in 2010 by funding the three affordable housing developments.

FINANCIAL CONSIDERATIONS

The HOME program provides most funding needed to cover expenses related to administrative activities. A budget adjustment is also necessary as the County needs to recognize the \$306,147 in HOME program income funds.

RESULTS

Approval of the recommended HOME allocations will help facilitate the development of affordable housing projects for low, very low, and extremely low income families.

ATTACHMENTS

1. A resolution to approve the allocation of 2011 HOME funds.