



STAFF REPORT

AGENDA NO: 11c

MEETING DATE: July 7, 2025

To: Honorable Mayor and City Council

Date: July 7, 2025

**From: Neda Zayer, Community Development Director (650) 558-7253
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Subject: Adoption of a Resolution Establishing Affordable Housing Fund Goals and Priorities and Authorizing the City Manager to Establish and Administer a Notice of Funding Availability (NOFA) for Disbursement of Funds in the Affordable Housing Fund

RECOMMENDATION

Staff recommends that the City Council adopt a resolution to:

- Establish Affordable Housing Fund Goals and Priorities; and
- Authorize the City Manager to establish and administer a Notice of Funding Availability (NOFA) for disbursement of accrued funds in the Affordable Housing Fund.

BACKGROUND

The City collects various impact fees for certain developments as established in the Master Fee schedule. Two of these fees, Commercial Linkage Fees (paid on commercial projects; Burlingame Municipal Code Chapter 25.44 et seq.) and Residential Impact Fees (paid on certain multi-unit residential projects; Burlingame Municipal Code Chapter 25.45 et seq.), contribute to the City's "Affordable Housing Fund". Commercial Linkage Fees are a non-recurring source of revenue, tied to commercial development projects that get approved and built. The use of the fees is required to be related to providing housing for Burlingame's workforce, based on the premise that commercial development generates new jobs and, by extension, increased housing demand. The Residential Impact Fees are fees collected on multi-unit residential projects. Developers of these projects can either construct a certain amount and type of deed-restricted affordable units onsite, or they can pay the Residential Impact Fee to provide or preserve affordable units offsite. Given this, the Affordable Housing Fund is one tool the City can utilize to produce, preserve and/or protect affordable housing and affordable workforce housing.

In 2022, the City Council used the Affordable Housing Fund to award a loan of \$1,432,138 to assist in the development of the 100% affordable housing project at 1875 California Drive, Eucalyptus Grove. Since then, additional development projects have paid the associated impact fees, and the Affordable Housing Fund now holds approximately \$14.3 million. It should be noted that a small portion of the fund is needed and used for the management and monitoring of the City's existing

affordable housing stock, existing housing programs, county housing programs that are utilized to serve the City of Burlingame such as first-time homebuyer assistance programs, and other Housing Element implementation efforts. However, much of the funds are available for use on other affordable housing and affordable workforce housing projects.

In 2023, the City convened the Housing, Opportunities, Priorities and Education (HOPE) Community Advisory Committee. The Council Housing Fund Subcommittee, comprised of Vice Mayor Michael Brownrigg and Councilmember Donna Colson, identified community members representing a range of experiences and relationships with different parts of the Burlingame community. More than a dozen community members participated in some part of the HOPE Committee's proceedings. Over a set of four public meetings, the HOPE Committee developed recommendations on what type of projects the City should consider funding with the Affordable Housing Fund (summary report attached). The recommendations are summarized as follows:

1. Purchase existing multi-unit residential properties in Burlingame to be able to preserve low rents and/or reduce rental costs.
2. Offer or develop City-owned land or land owned by other public agencies (e.g., possibly the school district or health care district) for affordable housing.
3. Partner with developers to build 100% affordable or mixed-income residential projects.

Staff recommends using the HOPE Committee's direction as a basis to formulate goals and priorities for the Affordable Housing Fund that can provide clarity for the public and potential users regarding the Council's desires for the fund. In addition, a process should be created for interested applicants and potential projects to be able to apply for use of the funds. To this end, staff has developed an Affordable Housing Fund Goals and Priorities document and Notice of Funding Availability (NOFA), discussed below and attached, for Council consideration.

DISCUSSION

Affordable Housing Fund Goals and Priorities

The intent in creating a separate goals and priorities document is to give Council flexibility to identify the specific types of affordable housing projects to prioritize and to add to and/or amend the document over time as needs and priorities change. Although the NOFA has a full and exhaustive list of the types of fund-eligible projects, the Affordable Housing Fund Goals and Priorities document focuses on the projects/activities that are a priority for the Council.

The draft document is based on the three project types the HOPE Committee identified through its discussion with the addition of priority consideration for projects including space for child care facilities in order to adhere to Housing Element Implementation Program H(C-6). The Council can add to and/or modify the draft document as desired.

It is important to also note that the drafted goals and policies align with the following Housing Element Implementation programs, which are paraphrased below:

- Program H(A-2): Prioritize the redevelopment of city-owned parking lots for housing affordable to low, very low, and/or extremely low income households. The City will

coordinate with potential developers to leverage commercial linkage fees for new developments for these sites.

- Program H(C-6): Provide incentives for developers to build space for child care facilities or services as part of new residential, commercial and industrial developments. Include child care facility space as a priority in Request for Proposals (RFPs) for city land or Notices of Funding Available (NOFAs) for affordable housing developments.

Notice of Funding Availability (NOFA)

A Notice of Funding Availability, or NOFA, is a document issued to announce the availability of grant or funding opportunities. The NOFA outlines the purpose of the funding, eligibility requirements, application procedures, and deadlines. NOFAs are used to solicit proposals for projects that align with the funding agency's goals and priorities.

The draft NOFA has been developed as a rolling NOFA, meaning there is no set application window, applications can be submitted at any time, and they are evaluated on a first-come, first-served basis. This provides maximum flexibility for applicants so that applications can be submitted as soon as a property, need, or project arises.

NOFA Criteria

The draft NOFA provides criteria to facilitate the review of applications. The criteria include factors such as the applicant's capacity and relevant experience, if the project aligns with the goals and priorities of the Affordable Housing Fund, budget and management of the project, and other relevant factors. The Council may establish additional criteria or identify other priorities (certain AML categories, specific areas of the city, sustainability considerations, supportive services, etc.) if so desired.

<u>Category</u>	<u>Maximum Points</u>
1. Organizational Capacity and Relevant Experience The organization is well qualified to complete and operate the project, considering years of relevant experience and the number of similar projects completed.	20
2. Nonprofit Organizations	10
3. Project Need Project clearly addresses the housing goals and priorities listed in this NOFA and the City's Housing Element and Comprehensive Plan	10
4. Project Design and Readiness Project design (physical and operational) is cost-effective, feasible, and compatible with the neighborhood, includes green building/sustainability considerations, and effective in meeting the stated goals and objectives. Applicant is ready and able to apply for other financing upon issuance of conditional funding award.	20

5. Budget and Financial Management Financial Management points are based on clean financial audits and a strong record of financial and regulatory compliance at other projects owned or managed by the applicant.	15
6. Percentage and depth of Affordability Points are awarded based on the percentage and depth of affordability of units in the project. For example, projects that are 49% income restricted at 80% of AMI will get 10 points. If the project is 49% affordable and half the units are at 60% of AMI and half are at 80% of AMI, it will get 15 points.	15
7. Percentage of Matching Funds Points are awarded based on the following formula: No match: 0 points 100% to 199% match: 5 points 200% to 299% match: 10 points 300% match or more: 15 points	10
Total Points Available	<u>100</u>

NOFA Process

The City Council has discretion to decide whether to fund an application and the amount of funding allocated. Distribution of the Affordable Housing Fund requires an action from the City Council at a public hearing. The steps in the process to bring an application before the City Council are generally outlined below:

1. The City posts the Notice of Funding Availability that is open for applications on a continuous basis.
2. Applicants submit applications that are reviewed by staff on a first-come, first-served basis based on the scoring criteria and pursuant to the timelines identified in the NOFA document.
3. Staff will schedule the application for discussion at the next available City Council meeting.
4. If the Council decides to fund an application, staff will return with a resolution and loan/funding agreement within six months of the date funding was awarded.

In summary, a draft resolution has been included should the Council be supportive of the documents as drafted, or with minor edits. If more substantive edits or changes are desired, the item can be continued, and staff will make the necessary edits for Council's consideration at a future meeting.

FISCAL IMPACT

As of July 2025, there is approximately \$14.3 million in the Affordable Housing Fund. No funds are being distributed from or allocated to the Affordable Housing Fund with this item.

Exhibits:

- Resolution
- Affordable Housing Funds Goals & Priorities
- Notice of Funding Availability (NOFA)
- HOPE Community Advisory Committee Summary Report