

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Michael P. Callagy, County Executive
Raymond Hodges, Director of Department of Housing
Subject: Commitment of \$9,000,000 for the Development of Affordable Rental Housing Located at 320 Sheridan Drive, Menlo Park

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing a conditional allocation of \$9,000,000 in general fund monies or other available funds to assist in the development of an 88 unit, 100% affordable, deed restricted, rental housing project at 320 Sheridan Dr. in Menlo Park (the configuration of which does not preclude accommodating a secondary egress point from the site parking lot to a publicly accessible road, if such is later approved), including preference criteria for thirty-five (35) units for County employees (the “Project”), which allocation shall be expressly contingent upon a confirmed award of either funding for the Project under the California Housing Finance Agency’s (CalHFA’s) Mixed Income Program (MIP) or allocation of 4% state and federal tax credits for the Project by the California Tax Credit Allocation Committee (CTAC) not later than July 30, 2025; and
- B) Authorizing the County Executive, or designee(s), to execute a letter to CalHFA, substantially in the form of Attachment A, specifying the County’s funding commitment for the Project as contingent upon a confirmed award of either MIP funding or allocation of 4% state and federal tax credits for the Project by CTAC not later than July 30, 2025; and
- C) Authorizing, if the Project is awarded MIP funding or an allocation of 4% state and federal tax credits not later than July 30, 2025, the Director of the Department of Housing, or designee(s), acting in consultation with the County Attorney and the approval of the County Executive, to negotiate and execute a loan agreement with Alliant Communities for the construction and development of the Project in an amount not to exceed \$9,000,000, and associated security instruments and regulatory agreement restricting the use of the property for affordable housing; and

D) Authorizing, if the Project is awarded MIP funding or an allocation of 4% state and federal tax credits not later than July 30, 2025, the Director of the Department of Housing, or designee(s), acting in consultation with the County Attorney and the approval of the County Executive, to negotiate and execute any and all agreements, documents, certificates and amendments as may be necessary and advisable and within the scope of funding authorized by the Board for the Project to effectuate the purposes of this Resolution.

BACKGROUND:

The Project site is owned by the Ravenswood City School District (RCSD). Until 2011, it served as home to the James Flood Magnet School, which closed in 2011 and was subsequently demolished. RCSD declared the site surplus land and issued a public request for proposals (RFP) in 2021 for development of the site. Pursuant to the RFP, RCSD selected Alliant Communities (“Alliant”), with its proposal to develop affordable housing, including a preference for teachers and staff of RCSD.

Alliant Communities is a firm focused on the development of affordable housing, with a focus on creating attainable and affordable units in supply-constrained markets. In March of 2023, RCSD and Alliant entered into an Option Agreement for the long-term lease and development of the property as proposed in the RFP process.

Selected as one of the sites in its recently updated Housing Element to help Menlo Park meet its State mandated regional housing needs allocation (RHNA) requirements, in December of 2023, the City of Menlo Park rezoned the property with R-3 zoning designation, paving the way for by-right multifamily housing on the site. In November 2024, the Project received a funding commitment from the City of Menlo Park. Subsequently, in January 2025, Project entitlements were approved by the City of Menlo Park Planning Commission including a Below Market Rate (BMR) inclusionary housing agreement, which commits eight (8) of the Project’s units with a priority for individuals that live or work in Menlo Park.

Site Location

Located at 320 Sheridan Drive, Menlo Park, the Project site consists of one parcel in the R-3 (Apartment) zoning district with a total area of approximately 2.5 acres. The Project site is located at the eastern terminus of Sheridan Drive in the Suburban Park neighborhood of Menlo Park. Sheridan Drive is a short street that provides access to the Project site. The property is bordered by single-family residences in the R-1-U (Single Family Urban Residential) zoning district to the west, Flood Park to the south, Highway 101 to the North, and the LifeMoves - Haven Family House to the east. Haven Family House provides interim shelter and supportive housing for families experiencing homelessness in Menlo Park.

Project Description

The proposed Project is a 100% affordable housing development consisting of 88 units situated in three, 3-story buildings, and will include one-, two-, and three-bedroom units. The architecture was designed to complement the styles found in the surrounding neighborhood. Most of the older homes have traditional elements such as wood siding, gables, composition shingle roofs, while some newer homes have farmhouse and craftsman elements. The exterior appearance of the proposed buildings will be a modern farmhouse with gable and shed roof forms and a combination of board and batten siding, horizontal siding, and exterior plaster. A unique, but complementary color scheme will be used for each of the three buildings.

The plan includes an outdoor gathering space located between Buildings two and three along the southern edge where a picnic grove with a trellis is planned, along with a communal barbeque and play equipment for children. This community space includes one of the four heritage oaks that are retained through the design and a gated entry offers a connection for pedestrians and bicyclists to the vast outdoor areas at Flood Park.

Unit Amenities. Each unit will come equipped with a refrigerator, dishwasher, and electric range/cooktop. Additionally, each unit will include hook ups for in unit washer and dryers. Each home has a private outdoor patio and features design and open kitchen concepts to facilitate family gathering and a sense of belonging.

Building and Site Amenities. Residents will be able to enjoy the community room inside Building three that opens up to the shared outdoor space. The community room features a full kitchen for community and private events for the residents, computer area, property management office and leasing center, and two restrooms. The interior community room is directly adjacent to the community laundry room and fitness center for exclusive use by the residents.

The outdoor amenities include bicycle parking (short and long term), outdoor picnic grove with overhead trellis structure, and pedestrian connectivity to the large County maintained Flood Park. The entire community was designed specifically to accommodate the families that will eventually call this community home.

Target Population. The target population for the Project is individuals and families who earn between 30% and 80% of the Area Median Income, which will be required through a deed restriction and associated regulatory agreements. Units will also have a preference for teachers and staff of the RCSD, with 8 units having priority for those that live or work in the City of Menlo Park. One unit will be set aside for a resident manager. In addition, in connection with the Board's funding commitment, the Project will include a preference for 35 units for County employees who meet the eligibility requirements.

Considering the overall units, the preference is approximately \$102,000/unit, which is consistent with the ratios under the County's typical AHF/Measure K commitments on a per door basis.

Other Financing/Timing.

The Project is estimated to cost in the range of \$56,000,000 to develop. The City of Menlo Park has committed to providing a loan in the amount of \$1,000,000 for the Project. Alliant also plans to secure a permanent loan (\$14.8 m) and tax credit financing (\$24 m).

On or before March 10, 2025, Alliant also plans to apply for funding under the California Housing Finance Agency's (CalHFA's) Mixed Income Program (MIP), which could provide financing in the amount of \$4,000,000 for the Project, if approved. The MIP provides long-term, subordinate financing for new construction multifamily affordable housing projects and requires and considers tax credit and other financing commitments in determining awards under the program.

Alliant believes that if the Board approves the recommended \$9,000,000 funding commitment from the County, the Project is significantly more likely to receive an MIP funding award.

Alliant also plans to apply for 4% state and federal tax credits allocated by the California Tax Credit Allocation Committee (CTAC), for which applications are currently due not later than May 20, 2025 (4% awards, Round 2), with awards expected to be announced at the July 29, 2025 CTAC meeting. If the Project receives such a CTAC award and subject to financing approvals, Alliant aims to begin construction in December 2025/January 2026.

DISCUSSION:

The Board has made substantial investments in the development of projects to increase the stock of affordable housing in San Mateo County. Through the County's own Affordable Housing Fund, funds provided under the American Rescue Plan Act, and numerous state and federal funded programs, the County has taken extensive steps to preserve and develop permanent, long-term affordable housing in the County. These efforts have been important as affordable housing has become increasingly difficult to secure within the County, even for teachers, staff and critical personnel of the County.

The Project provides an opportunity for the County to test and address the need for affordable housing for public employees. Support for the Project and its associated workforce housing can be an additional element of the comprehensive set of affordable housing solutions the County is pursuing, by contributing funding to a development that

will provide affordable housing to teachers and eligible staff of the RCSD, as well as County employees and others who live or work in the City of Menlo Park.

The County funding would be provided through a loan agreement, secured by a deed of trust and subject to a regulatory agreement requiring that all units in the Project remain restricted to affordable levels with 35 units subject to the preference for County personnel. To ensure that implementation of the preferences is compliant with the Fair Housing Act, staff intends to conduct or require a disparate impact analysis.

In view of the foregoing, staff recommends that the Board find that providing funding assistance for the Project is in furtherance of the Board's goals to provide permanent affordable housing in the County of San Mateo, is in the vital and best interests of the County and the welfare of its residents and are in accordance with public purposes.

Staff recommends that the Board authorize the conditional allocation of \$9,000,000 in general fund monies or other available funds for the Project (the configuration of which does not preclude accommodating a secondary egress point from the site parking lot to a publicly accessible road, if such is later approved), contingent on either a confirmed award of MIP funding or 4% state and federal tax credits by CTAC for the Project not later than July 30, 2025, and authorize the County Executive to execute letter to CalHFA specifying the County's contingent funding commitment, substantially in the form provided in Attachment A.

Staff further recommends that if the Project is awarded such MIP funding, the Board authorize the Director of the Department of Housing, or designee(s), acting in consultation with the County Attorney and the approval of the County Executive, to negotiate and execute a loan agreement with Alliant Communities for the construction and development of the Project in an amount not to exceed \$9,000,000, along with such other agreements as may be necessary and advisable and within the scope of funding authorized by the Board for the Project.

The County Attorney has reviewed the proposed resolution as to form.

EQUITY IMPACT:

The Project will positively impact low-income individuals and families who qualify between 30% and 80% of the Area Median Income by providing affordable housing. The Project will aid groups that may otherwise have been excluded from housing opportunities based on their income level.

FISCAL IMPACT:

Adoption of the proposed resolution would be funded through general fund monies or other available funds in an amount not to exceed \$9,000,000.