

**RESOLUTION NO. .**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, ACTING AS THE  
GOVERNING BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF  
THE COUNTY OF SAN MATEO**

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**RESOLUTION AUTHORIZING: A) THE HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO TO LOAN IN A NOT TO EXCEED AMOUNT OF \$14,000,000 FROM MIDWAY VILLAGE RESERVE FUNDS FOR THE CONSTRUCTION AND PERMANENT FINANCING OF PHASE 2 OF THE MIDWAY VILLAGE REDEVELOPMENT PROJECT; AND B) THE EXECUTIVE DIRECTOR OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO, OR DESIGNEE, IN CONSULTATION WITH SPECIAL LEGAL COUNSEL TO THE COUNTY AND THE COUNTY ATTORNEY, TO ENTER INTO AND EXECUTE AN AGREEMENT AND PROMISSORY NOTE TO LOAN THE HOUSING AUTHORITY OF THE COUNTY OF SAN MATEO'S MIDWAY VILLAGE RESERVE FUNDS FOR THE CONSTRUCTION AND PERMANENT FINANCING OF PHASE 2 OF THE MIDWAY VILLAGE REDEVELOPMENT PROJECT**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, acting as the Governing Board of Commissioners of the Housing Authority of the County of San Mateo ("HACSM"), that

**WHEREAS**, Midway Village is an aging, 150-unit affordable rental housing development located on approximately 12 acres in the Bayshore neighborhood of Daly City, built by the HACSM in the mid-1970s and has been continuously owned and operated by HACSM and, until recently, HACSM's affiliate, SAMCHAI, a California public benefit corporation; and

**WHEREAS**, HACSM owns the land upon which Midway Village is currently situated; and

**WHEREAS**, on June 29, 2017, HACSM released a Request for Proposals ("RFP") seeking experienced and qualified developers interested in redeveloping, owning, operating and managing multiple phases of affordable housing at the Midway Village site, now referred to as the "Midway Village Redevelopment Project" ("Project").

MidPen Housing Corporation (“MidPen”) was selected as the Project’s developer through this RFP process; and

**WHEREAS**, on January 23, 2018, this Board adopted Resolution No. 075677 and authorized the HACSM Executive Director to enter into an Exclusive Negotiating Rights Agreement (“ENA”) with MidPen to establish terms, including the early predevelopment milestones to be achieved, prior to execution of a disposition/development agreement, the use of certain Midway Village reserve funds to facilitate achieving these milestones, and the respective roles and responsibilities of the parties; and

**WHEREAS**, on March 21, 2018, HACSM and MidPen executed the ENA; and

**WHEREAS**, on April 10, 2018, this Board adopted Resolution No. 075825 and authorized the HACSM Executive Director to enter into a predevelopment loan agreement with MidPen in an amount not to exceed \$1,500,000 in Midway Village reserve funds (“Master Predevelopment Loan”) for MidPen to complete various tasks outlined in the ENA; and

**WHEREAS**, on June 26, 2018, HACSM and MidPen executed a predevelopment loan agreement for the Master Predevelopment Loan (“Master Predevelopment Loan Agreement”); and

**WHEREAS**, on January 7, 2020, this Board adopted Resolution No. 077165 and authorized the HACSM Executive Director to enter into a predevelopment loan agreement with MidPen in an amount not to exceed \$1,409,795 in Midway Village reserve funds (“Phase 1 Predevelopment Loan”) for MidPen to complete tasks associated with the first phase of the Project; and

**WHEREAS**, MidPen and HACSM have contemplated a total of four phases of development for the Project; and

**WHEREAS**, on January 30, 2020, HACSM and MidPen executed a predevelopment loan agreement for the Phase 1 Predevelopment Loan (“Phase 1 Predevelopment Loan Agreement”); and

**WHEREAS**, on September 15, 2020, this Board adopted Resolution No. 077672 and authorized the HACSM Executive Director to enter into an Affordable Housing and Property Disposition Agreement (“AHPDA”) for Phase 1 of the Project (“Phase 1 AHPDA”) with MP Midway Associates I, L.P., a limited partnership established by MidPen (“Phase 1 Partnership”) which provides for, among other things, (1) HACSM to loan up to \$12,000,000 in Midway Village reserve funds to the Phase 1 Partnership, secured by a deed of trust, (2) HACSM to ground lease to the Phase 1 Partnership a portion of Midway Village and a portion of the David R. Rowe Park (“Park”) property, a neighborhood park located adjacent to Midway Village (“Phase 1 Property”), and (3) the Phase 1 Partnership to develop and operate thereon a rental affordable housing development containing 147 rental dwelling units, with all but two of such units restricted for rental to and occupancy by income-restricted households at restricted rents (“Phase 1 of the Project”); and

**WHEREAS**, on September 15, 2020, HACSM and MidPen executed the Phase 1 AHPDA; and

**WHEREAS**, on September 21, 2020, the City of Daly City transferred fee title of the Park to HACSM on the condition that at the end of the redevelopment process, a new park space with better public access and parking will be deeded to the City of Daly City and will replace the Park; and

**WHEREAS**, on October 31, 2020, the HACSM Executive Director executed the first amendment to the Master Predevelopment Loan Agreement, which added \$200,000 in Midway Village reserve funds to the Master Predevelopment Loan for a new total Master Predevelopment Loan amount not to exceed \$1,700,000 (“First Amendment to the Master Predevelopment Loan Agreement”) to facilitate the completion of environmental reviews required for the Project; and

**WHEREAS**, on October 31, 2020, the HACSM Executive Director executed an amended and restated Phase 1 Predevelopment Loan Agreement which replaced the Phase 1 Predevelopment Loan Agreement in its entirety and added \$1,300,000 in Midway Village reserve funds to the Phase 1 Predevelopment Loan, for a new total Phase 1 Predevelopment Loan amount not to exceed \$2,709,795 (“Amended and Restated Phase 1 Predevelopment Loan Agreement”); and

**WHEREAS**, on May 18, 2021, this Board adopted Resolution No. 078165 and authorized HACSM to transfer and reallocate to the reserve funds from Phase 1 AHPDA to Phase 2 of the Project in an amount up to \$12,000,000 , and also authorized HACSM to execute a loan to the Phase 2 limited partnership (“Phase 2 Partnership”) formed by MidPen for development of Phase 2 in the amount of \$7,300,000, to be used to pay for the Phase 2 portion of constructing the single garage structure (“Garage”) to be built during the construction of Phase 1 of the Project to serve residents of both Phase 1 and Phase 2; and

**WHEREAS**, on August 1, 2021, in connection with the construction loan closing for Phase 1, (i) the Phase 1 Limited Partnership repaid a portion of the Phase 1 Predevelopment Loan, (ii) the Phase 1 Limited Partnership and HACSM cancelled the Amended and Restated Phase 1 Predevelopment Loan Agreement, and (iii) the

remaining outstanding balance of the Phase 1 Predevelopment Loan, in the amount of \$1,620,197 was rolled into a permanent loan of Midway Village reserve funds for Phase 1, which loan is evidenced by a promissory note executed by the Phase 1 Partnership at the closing for Phase 1; and

**WHEREAS**, on August 17, 2021, HACSM and the Phase 2 Partnership executed the Phase 2 Garage predevelopment loan agreement, in the amount of up to \$7,300,000; and

**WHEREAS**, construction of Phase 1 of the Project was completed in May 2024, providing 147 units of affordable, income-restricted housing and the Garage that will serve residents of both Phase 1 and Phase 2 (when Phase 2 construction is complete); and

**WHEREAS**, Phase 1 is fully occupied, requiring no further disbursement of Midway Village reserve funds; and

**WHEREAS**, Phase 2 of the Project will provide new construction of 111 units of new affordable income-restricted housing, 2 managers' units and a state-subsidized child development center, replacing the aging Bayshore Child Care Center, which has served low-income families of the Bayshore community for more than forty years; and

**WHEREAS**, the use of Midway Village reserve funds was well below both the amount authorized for Phase 1 and the amount authorized for the Phase 2 portion of the cost of constructing the shared Garage, and therefore the amount of Midway Village reserve funds available for Phase 2 construction is larger than projected on May 18, 2021 when Resolution No. 078165 authorized the allocation of up to \$12,000,000 of Midway Village reserve funds to Phase 2 costs, subject to certain limitations and conditions that have been met and are no longer relevant to the availability of Midway Village reserve funds for Phase 2; and

**WHEREAS**, as required by HACSM, Phase 2 of the Project has successfully secured multiple sources of financing from the City of Daly City, the Federal HOME Loan Bank AHP, the County's Affordable Housing Fund, the Housing for Healthy California program of the State Department of Housing and Community Development, a sponsor loan from MidPen for the Peninsula Family Service Child Care Center, a commitment of construction bond financing, and a recommendation for an award of 4% tax credits from the California Tax Credit Allocation Committee and tax exempt bond financing from the California Debt Limit Allocation Committee; and

**WHEREAS**, the conditions of the award of tax credit and bond financing for Phase 2 require a financing commitment of \$14,000,000 from HACSM's Midway Village reserve funds to complete the financing package for Phase 2 and begin construction in early 2025; and

**WHEREAS**, due to cost savings and financing sources that reduced the total use of Midway Village reserve funds for completion of Phase 1 to only \$1,249,353.05, Midway Village reserve funds are now sufficient to award the total loan in a not to exceed amount of \$14,000,000 (inclusive of the \$1,361,438.89 in Midway Village reserve funds that have already been disbursed for the Garage) for the construction and permanent financing of Phase 2, as requested by MidPen in order to meet conditions of their reservation of tax credits and bonds; and

**WHEREAS**, after accounting for the outstanding balance of \$1,361,438.89 already expended to construct the Phase 2 portion of the Garage built concurrently with the residential portion of the Phase 1 project, the recommended Phase 2 Loan Agreement and Promissory Note in the total principal amount of \$14,000,000 would

provide \$12,638,561.11 of Midway Village reserve funds for construction and permanent financing of Phase 2 of the Project.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the Board of Supervisors, County of San Mateo, State of California, acting as the Governing Board of Commissioners of the Housing Authority of the County of San Mateo, hereby authorizes the Housing Authority of the County of San Mateo to loan in a not to exceed amount of \$14,000,000 from available Midway Village reserve funds for the construction and permanent financing of Phase 2 of the Midway Village Redevelopment Project.

**BE IT FURTHER RESOLVED THAT**, the Executive Director of Housing Authority of the County of San Mateo, or designee(s), acting in consultation with special legal counsel for the County and the County Attorney, is hereby authorized to enter into and execute an agreement and promissory note to loan the Housing Authority of the County of San Mateo's Midway Village reserve funds for the construction and permanent financing of Phase 2 of the Midway Village Redevelopment Project.

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