

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

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RESOLUTION:

- A) AUTHORIZING AND DIRECTING THE DIRECTOR OF THE DEPARTMENT OF HOUSING, OR DESIGNEE, TO NEGOTIATE AND EXECUTE, IN CONSULTATION WITH THE COUNTY ATTORNEY, SUCH DOCUMENTS NECESSARY TO ASSIGN THE COUNTY'S HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN AGREEMENT AND RELATED DOCUMENTS WITH BRIDGE HOUSING CORPORATION AND/OR BRIDGE SENIOR HOUSING, INC. IN THE AMOUNT OF \$175,000, DATED IN AUGUST 1998, TO HOUSING ENDOWMENT AND REGIONAL TRUST OF SILICON VALLEY (HEART-SV) IN CONNECTION WITH HEART-SV'S ANTICIPATED LEASE AND OPERATION OF THE VISITACION GARDENS SENIOR HOUSING PROJECT; AND**
 - B) AUTHORIZING AND DIRECTING THE DIRECTOR OF THE DEPARTMENT OF HOUSING, OR DESIGNEE, TO NEGOTIATE AND EXECUTE, IN CONSULTATION WITH THE COUNTY ATTORNEY, AN AMENDED AND RESTATED COUNTY HOME INVESTMENT PARTNERSHIPS LOAN AGREEMENT AND ASSOCIATED DOCUMENTS WITH HEART-SV TO RESTATE THE OUTSTANDING LOAN BALANCE TO \$227,436, INCLUDING FORGIVENESS OF ACCRUED INTEREST, EXTEND THE TERM TO 55 YEARS, AND AMEND AND REINSTATE AFFORDABILITY RESTRICTIONS ENSURING CONTINUED AFFORDABILITY FOR FIVE (5) RESTRICTED UNITS AT THE PROJECT, AND MAKE SUCH OTHER AMENDMENTS; AND**
 - C) APPROVING AND AUTHORIZING THE FORGIVENESS OF A PORTION OF THE ACCRUED INTEREST ON THE COUNTY'S HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN IN AN AMOUNT NECESSARY TO RESTATE THE OUTSTANDING LOAN BALANCE AT \$227,436 AS OF THE CLOSING OF THE RESTATED LOAN AND LEASE TRANSACTION; AND**
 - D) AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF HOUSING, OR DESIGNEE, TO TERMINATE THE MEMORANDUM OF UNDERSTANDING WITH THE CITY OF BRISBANE, AND BRIDGE HOUSING CORPORATION OR ASSIGNEE, DATED MARCH 1, 2001 AND TO NEGOTIATE AND EXECUTE, IN CONSULTATION WITH THE COUNTY ATTORNEY, AN AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING (MOU) WITH THE CITY, HEART-SV AND/OR SUCH OTHER NECESSARY PARTIES, AS DEEMED NECESSARY AND ADVISABLE TO GOVERN THE ALLOCATION OF RESIDUAL RECEIPTS FOR REPAYMENT OF THE COUNTY'S HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN; AND**
 - E) AUTHORIZING AND DIRECTING THE DIRECTOR OF THE DEPARTMENT OF HOUSING, OR DESIGNEE, TO NEGOTIATE AND EXECUTE, IN CONSULTATION WITH THE COUNTY ATTORNEY, ALL DOCUMENTS, AGREEMENTS, CERTIFICATES, EXTENSIONS, AND INSTRUMENTS NECESSARY TO COMPLETE THE CLOSING OF THE TRANSACTION AND IMPLEMENT THE AMENDED AND RESTATED COUNTY HOME INVESTMENT PARTNERSHIPS PROGRAM LOAN DOCUMENTS CONSISTENT WITH THE PURPOSES OF THIS RESOLUTION**
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RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, in the 1990s a 14 unit multifamily, income-restricted senior rental housing project located at 2 Visitacion Avenue in Brisbane, now known as the Visitacion Gardens Apartments (the “Project”), was developed, and remains in operation, serving low and moderate income seniors; and

WHEREAS, on January 26, 1998, a thirty-year Ground Lease was executed between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation requiring the development of the Project, with the lease term expiring January 26, 2028; and

WHEREAS, on August 18, 1998, pursuant to this Board’s authorization under Resolution No. 62226, the County entered into a loan agreement with BRIDGE to provide \$175,000 in federal HOME Investment Partnership Program funds for the development of the Project (the “County HOME Loan”), for which five (5) units were required to meet HOME Program affordability restrictions, and which restrictions expired in 2018; and

WHEREAS, BRIDGE’s repayment obligations for the County HOME Loan were evidenced by a Promissory Note in the amount of \$175,000, bearing 3% interest, secured by a deed of trust recorded on the lease, and repaid through Project surplus cash allocated among the Lease, development loans, and the County HOME Loan; and

WHEREAS, on June 30, 1999, BRIDGE assigned its leasehold rights, improvements, and related agreements to Brisbane Senior Housing; and

WHEREAS, on March 1, 2001, the County, the Brisbane Redevelopment Agency, and Brisbane Senior Housing, Inc. executed a Memorandum of Understanding establishing a total denominator of \$2,952,086 for calculating surplus cash distributions and allocating 5.93% to the County, 79.13% to the Agency for loan repayment, and 14.94% to the Agency for land lease payments; and

WHEREAS, the County HOME Loan funds have been fully disbursed and expended, and the outstanding principal balance plus interest is estimated as of May 30, 2026 to be \$301,015.66; and

WHEREAS, the City of Brisbane and the Brisbane Housing Authority, following a competitive process, have selected HEART-SV (a special purpose entity formed by the Housing Endowment and Regional Trust of San Mateo County) as the new operator for the Project and anticipate entering into a new 55 year ground lease with HEART-SV, predicated on a financing plan that includes (a) a Brisbane Housing Authority loan of up to \$3,452,814 and additional Housing Authority funding of up to \$390,250; (b) a restructured County HOME Loan of up to \$227,436, which would reflect forgiveness of a portion of the accrued interest on the original principal balance of \$175,000; and (c) a HEART loan of up to \$450,000; and

WHEREAS, HEART-SV has committed to honor all existing tenant leases and AMI restricted rent levels, and will preserve the Project's long-term affordability through regulatory agreements and deed restrictions consistent with an approved affordability plan; and

WHEREAS, in connection with its anticipated acquisition, long term ground lease, and rehabilitation of the Project, HEART-SV has requested that the County restructure its outstanding County HOME Loan, originally issued in the amount of

\$175,000, to reflect a restated loan balance not to exceed \$227,436, which represents the maximum amount HEART-SV is able to assume, which would require forgiving a portion of the accrued interest that has accumulated since loan origination; and the restated balance would accrue interest at 3% simple interest per annum, be evidenced by an amended and restated promissory note or notes secured by deeds of trust recorded on HEART-SV's leasehold interest in the property, and be accompanied by a new regulatory agreement reinstating affordability restrictions for a period of 55 years, including restricting five (5) units at designated AMI levels, and the transaction as a whole will preserve all fourteen (14) affordable senior units at the Project; and

WHEREAS, the Board finds that forgiveness of a portion of the accrued interest on the County HOME Loan will facilitate the continued operation of the Project as affordable housing, for which consideration is provided in the form of, among other things, reinstatement and extension of affordability restrictions that benefit the County and its need for affordable senior housing, serves a public purpose and that the actions described herein facilitate long term preservation for low income senior households.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Director of the Department of Housing, or designee, is hereby authorized and directed to negotiate and execute, in consultation with the County Attorney, such documents necessary to assign the County's HOME Investment Partnerships Program loan agreement and related documents with BRIDGE Housing Corporation in the amount of \$175,000, dated in August 1998, to HEART-SV in connection with HEART-SV's anticipated lease and operation of the Visitacion Gardens Senior Housing Project.

IT IS FURTHER DETERMINED AND ORDERED that the Director of the Department of Housing, or designee, is hereby authorized and directed to negotiate and execute, in consultation with the County Attorney, an amended and restated County HOME Investment Partnerships loan agreement and associated documents with HEART-SV to restate the outstanding loan balance to \$227,436, including forgiveness of accrued interest, extend the term to 55 years, and amend and reinstate affordability restrictions ensuring continued affordability for five (5) restricted units at the Project, and make such other amendments.

IT IS FURTHER DETERMINED AND ORDERED that the Board hereby approves and authorizes the forgiveness of a portion of the accrued interest on the County's HOME Investment Partnerships Program loan in an amount necessary to restate the outstanding loan balance at \$227,436 as of the closing of the restated loan and lease transaction.

IT IS FURTHER DETERMINED AND ORDERED that the Director of the Department of Housing, or designee, is hereby authorized to terminate the Memorandum of Understanding with the City of Brisbane, and BRIDGE Housing Corporation or assignee, dated March 1, 2001 and to negotiate and execute, in consultation with the County Attorney, an amended and restated Memorandum of Understanding with the City, HEART-SV and/or such other necessary parties, as deemed necessary and advisable to govern the allocation of residual receipts for repayment of the County's HOME Investment Partnerships Program loan.

IT IS FURTHER DETERMINED AND ORDERED that the Director of the Department of Housing, or designee, is hereby authorized and directed to negotiate and execute, in consultation with the County Attorney, all documents, agreements,

certificates, extensions, subordination agreements, and instruments necessary to facilitate the closing of the transaction and implement the amended and restated loan documents, including provisions supporting HEART-SV's planned rehabilitation activities and long term preservation of the Visitacion Gardens Apartments.

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