

**RESOLUTION NO. \_\_\_\_\_**

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

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**RESOLUTION: (A) AUTHORIZING AND DIRECTING THE COUNTY EXECUTIVE, OR DESIGNEE(S), TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING BETWEEN THE COUNTY OF SAN MATEO AND THE CITY OF HALF MOON BAY REGARDING DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT AT 880 STONE PINE RD., HALF MOON BAY, CA 94019; AND (B) AUTHORIZING AND DIRECTING THE COUNTY EXECUTIVE, OR DESIGNEE(S), TO NEGOTIATE AND EXECUTE A LEASE AGREEMENT AND SUBLEASE AGREEMENT WITH THE CITY OF HALF MOON BAY UNDER WHICH THE COUNTY OF SAN MATEO WOULD MAKE A ONE-TIME LEASE PAYMENT TO THE CITY OF HALF MOON BAY IN AN AMOUNT NOT TO EXCEED \$3,200,000 TO BE REPAID BY THE CITY OF HALF MOON BAY UNDER A SUBLEASE WITH INTEREST AT A RATE OF 3.13% PER ANNUM OVER A TERM OF 10 YEARS; AND (C) AUTHORIZING AND DIRECTING THE COUNTY EXECUTIVE, OR DESIGNEE(S), TO EXECUTE, ON BEHALF OF THE COUNTY OF SAN MATEO, ALL NOTICES, OPTIONS, CONSENTS, APPROVALS, TERMINATIONS, AND DOCUMENTS ASSOCIATED WITH THE LEASE AGREEMENT AND SUBLEASE AGREEMENT, AND THE TAKING OF ALL NECESSARY ACTIONS IN CONNECTION THEREWITH**

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**RESOLVED**, by the Board of Supervisors of the County of San Mateo, State of California, that

**WHEREAS**, there is a critical lack of affordable housing for low-income residents throughout San Mateo County, including the Coastsides, such that the County has an interest in, and serves a public purpose by, supporting the development of affordable housing for San Mateo County residents, especially our most vulnerable low-income families; and

**WHEREAS**, in furtherance of this public interest, the County and the City of Half Moon Bay (the "City") have been engaged in discussions to develop an affordable housing project that would assist low-income individuals and families living on the

Coastside, including farmworkers displaced by the mass shooting event that occurred earlier this year in Half Moon Bay; and

**WHEREAS**, the County has received a \$5,000,000 grant from the Joe Serna, Jr. Farmworker Housing Grant Homeownership Program (“the “Serna Grant”) to purchase manufactured homes for low-income farmworker families; and

**WHEREAS**, the County and the City have identified a portion of City-owned property located at 880 Stone Pine Rd., Half Moon Bay, CA 94019, as a potential location for an affordable housing project (the “Site”), which may include development of a mobile home park with manufactured homes purchased using the Serna Grant proceeds; and

**WHEREAS**, the Site is currently encumbered by a loan in the amount of \$3,200,000 that the City received from the California Infrastructure and Economic Development Bank (the “iBank Loan”), which prevents development of an affordable housing project at the Site; and

**WHEREAS**, pursuant to State law, the County may provide financial assistance to cities within the county under the terms and conditions of certain lease/leaseback transactions of real property situated within San Mateo County, which enable the County to provide funds while securing repayment to the County via property tax apportionment, with interest; and

**WHEREAS**, the City has requested that the County make funds available to the City under a lease transaction and the City has committed to using the funds generated through the transaction to discharge the iBank Loan, thus making the Site available for the development of affordable housing; and

**WHEREAS**, the County and the City wish to cooperate and collaborate on certain activities in connection with the development of affordable housing on the Site and the Board wishes to authorize the County Executive, or designee(s), to negotiate and enter into with the City a Memorandum of Understanding Regarding Development of an Affordable Housing Project at 880 Stone Pine Rd., Half Moon Bay, CA 94019 ("MOU"), the form of which has been presented to this Board; and

**WHEREAS**, the proposed MOU provides, among other terms and conditions, that the City would agree to take steps as reasonably necessary to sufficiently clear title to the Site of any encumbrances, liens, and/or other claims that would preclude or limit use of the Site for affordable housing development, including among other items, to take reasonably necessary steps to discharge the iBank Loan; to divide or subdivide the property into a parcel(s) to facilitate the transfer or lease of the Site for affordable housing development; and to discharge the iBank Loan, the City and the County would also cooperate to enter into a lease/leaseback transaction under which the County would make available to the City funds in the amount of \$3,200,000; and

**WHEREAS**, the addition of affordable housing provides a public benefit to the County and particularly to its most vulnerable residents; and

**WHEREAS**, the County and the City have completed negotiations for a lease transaction in which the County would provide funds to the City to be repaid under specified terms and conditions of a sublease; and

**WHEREAS**, under the proposed Lease and Sublease Agreements, the form of which has been presented to this Board, the City will lease to the County the Half Moon Bay Library in exchange for which the County will be obligated to make a one-time up-

front lease payment to the City in an amount not to exceed \$3,200,000, and the City will sublease the Half Moon Bay Library back from the County in exchange for biannual rental payments due over a lease term of 10 years, at a fixed interest rate of 3.13% per annum; and

**WHEREAS**, following execution of the Lease and Sublease Agreements, the County will place funds received from the City into the County's One-Time Expense Fund (formerly the Accumulative Capital Outlay Fund) where such monies may be used in connection with future lease/leaseback transactions pursuant to County Ordinance Code § 2.80.060 *et seq.* (ordinance adopted December 3, 2019).

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the form of MOU as presented to the Board is approved, and the County Executive, or designee(s), is authorized and directed to negotiate and execute the MOU with the City, subject to nonmaterial changes as the County Executive, or designee(s), may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

**BE IT FURTHER RESOLVED** that the form of Lease and Sublease Agreement as presented to the Board are hereby approved, and the County Executive, or designee(s), is hereby authorized and directed to execute the Lease and Sublease Agreements with the City under which the County would make a one-time lease payment to the City in an amount not to exceed \$3,200,000 to be repaid by the City under a sublease with interest at a rate of 3.13% per annum over a term of 10 years, subject to nonmaterial changes as the County Executive, or designee(s), may require or approve, such approval to be conclusively evidenced by execution and delivery thereof.

**BE IT FURTHER RESOLVED** that the County Executive or designee(s), is hereby authorized and directed to execute, on behalf of the County, all notices, options, consents, approvals, terminations, and other documents associated with the Lease and Sublease Agreements, and the taking of all necessary actions in connection therewith.

**BE IT FURTHER RESOLVED** that the County Executive, or designee(s), is authorized to execute contract amendments which modify the County's maximum fiscal obligation under the Lease Agreement by no more than \$25,000 (in aggregate) and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

**BE IT FURTHER RESOLVED** that the County Executive, or designee(s), is authorized to execute contract amendments which modify the County's maximum fiscal obligation under the Sublease Agreement by no more than \$25,000 (in aggregate) and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

**BE IT FURTHER RESOLVED** that the County Executive or designee is authorized to execute contract amendments which modify the County's maximum fiscal obligation under the MOU by no more than \$25,000 (in aggregate) and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

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