

Memorandum of Understanding
Between the County of San Mateo and the City of Half Moon Bay
Regarding Affordable Housing Development at Portion of 880 Stone Pine Rd., Half
Moon Bay, CA 94019

This Memorandum of Understanding Regarding Affordable Housing Development at Portion of 880 Stone Pine Rd., Half Moon Bay, CA 94019 (“**MOU**”) is made and entered into as of the Effective Date (defined herein) by and between the County of San Mateo (the “**County**”) and the City of Half Moon Bay (the “**City**”). The County and City may be collectively referred to herein as “**Parties**” and individually as “**Party**”.

Recitals

WHEREAS, the County has an interest in supporting the development of affordable housing for residents of the County; and

WHEREAS, the California Department of Housing and Community Development has awarded the County a grant in the amount of \$5,000,000 to fund the acquisition of manufactured housing under the Joe Serna, Jr. Farmworker Housing Grant Homeownership Program (the “**Serna Grant**”); and

WHEREAS, the County intends to use the Serna Grant funds to acquire manufactured housing to address and remedy the impacts within the County of current and potential displacement of lower-income farmworker families from existing labor camps, mobile home parks, or other housing; and

WHEREAS, the City also wishes to address and remedy the impacts within the City of current and potential displacement of low-income farmworker families and to facilitate the development of affordable housing options; and

WHEREAS, the City owns a parcel of real property located at 880 Stone Pine Rd., Half Moon Bay, CA 94019 (the “**Property**”); and

WHEREAS, the Parties have identified a portion of the Property, described together as “Housing Area” and “Housing Area with Park Space to be Programmed” on **Exhibit “A”** attached hereto and incorporated by this reference, as a potential location for an affordable housing project (the “**Site**”), which may include a future mobile home park that would be developed for affordable housing, including manufactured housing acquired using the Serna Grant to serve extremely low-income farmworker families; and

WHEREAS, the Parties wish to cooperate and collaborate on certain activities as specified herein in connection with the development of affordable housing on the Site, which may include a future mobile home park developed for qualifying Coastside individuals and families, including farmworkers.

NOW THEREFORE, the Parties wish to set forth the terms and understanding between them with respect to their cooperation, responsibilities, and activities regarding the development of affordable housing in Half Moon Bay at the Site.

Terms

1. **Purpose.** The purpose of this MOU is to establish the Parties' intent to cooperate and collaborate on certain activities and outline their responsibilities, as specified and subject to the terms and conditions stated herein, in connection with the development of affordable housing at the Site, which may include a future mobile home park developed for qualifying individuals and families.
2. **Term.** This MOU is effective upon the Effective Date and shall remain in effect until December 31, 2024, unless modified by written amendment executed by the Parties. This MOU may be terminated by either Party following a good faith attempt by the Parties to meet and confer as described in Sections 3.e and/or Section 12 upon ten (10) days written Notice, provided that the City may only terminate this MOU after closing the lease/leaseback transaction for good cause shown as specified in detail in the Notice.
3. **Responsibilities.**
 - a. The City agrees to take steps as 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 as a mobile home park, which steps shall, at least, include: (i) to take all steps reasonably necessary to discharge that certain iBank loan in the amount of \$3,200,000 currently secured by or otherwise encumbering the Property (the "**iBank Loan**"); (ii) to divide or subdivide the Property into a parcel or parcels that would facilitate the use of the portion constituting the Site for affordable housing development; (iii) to secure and provide a legal description of the Site, including completion of necessary surveying and other legal requirements, that is sufficient to support a lease or transfer of title of the Site in accordance with Section 3(c) herein; (iv) to undertake such other

reasonable steps necessary to facilitate lease or transfer of the Site to the County for affordable housing development in accordance with Section 3(c) herein, including, without limitation, to seek and obtain applicable development permits, including an Emergency Coastal Development Permit and/or Coastal Development Permit or exemption from any such requirements, and compliance with the California Environmental Quality Act; and (v) to undertake any other necessary steps or actions as may be reasonably requested by the County to facilitate use of the Site for affordable housing development.

- b. The Parties agree to cooperate to enter into a lease/leaseback transaction, the terms and conditions of which the Parties have separately negotiated, by which the County would make available to the City funds in the amount of \$3,200,000, which funds the City would use to discharge the iBank Loan (subject to approval by iBank), and which would be repaid to the County pursuant to the terms and conditions of the lease/leaseback agreements. The City agrees to fully cooperate in the provision to the County of requested information, documents and the completion of any actions as the County reasonably determines may be necessary or appropriate to permit the Parties to enter into the contemplated lease/leaseback transaction (which transaction shall in all cases be subject to the satisfaction of the Parties' requirements for the transaction and approval by the Parties' respective governing bodies).

- i. The Parties agree to meet and confer after May 1, 2024, for the purpose of considering whether to, in the County's sole discretion and consistent with applicable law, agree to amend the lease/leaseback agreements to apply a lower interest rate on the outstanding balance due and to recalculate the City's remaining payments accordingly, provided, however, that any new interest rate shall match the then-operative County pool rate.
 - ii. The Parties agree that, in the event the County purchases the Site from the City, the Parties will cooperate to amend the lease/leaseback agreement, or enter such other agreements as the Parties determine appropriate, to require the funds provided by the County for the purchase of the Site would be applied as a credit

in that amount to reduce the City's lease payment under the lease/leaseback agreements.

- c. The Parties agree to cooperate to ensure that the County has sufficient land rights and/or control over the Site to allow for the development of affordable housing on the Site, which may include a future mobile home park developed for qualifying Coastside individuals and families, including farmworkers, as required by the Serna Grant, which land rights and/or control shall be accomplished through either a long term lease (lasting at least 55 years) to the County or a transfer of title/sale to the County, subject to a deed restriction requiring affordable housing on the Site. The City agrees that the purchase price for the transfer of title or sale to the County shall be determined by an appraisal mutually acceptable to the Parties and will be applied as a credit (in the amount of the purchase price) to reduce the City's lease payment under the lease/leaseback agreements (as referenced above in Section 3(b)(ii) herein).
 - d. The Parties agree that they will cooperate to ensure that prior to the County's use of funds under the Serna Grant to finance the acquisition of manufactured housing, such housing either is already installed in a location where it will be occupied by the eligible household or that a location has been leased or otherwise made available for the manufactured housing to be occupied by an eligible household.
 - e. Without limiting their rights to terminate under Section 2 herein above, the Parties agree to meet and confer in good faith to renegotiate the terms of this MOU in the event that the lease/leaseback agreements are not consummated, the iBank Loan is not discharged, or the affordable housing development at the Site does not move forward or is determined infeasible for any reason, including, but not limited to, regulatory, environmental, legal, financial or other impediments.
4. **Amendments.** Either Party may request changes to this MOU. Any changes, modifications, revisions, or amendments to this MOU which are mutually agreed upon by and between the Parties to this MOU shall be incorporated by written instrument, and effective when executed and signed by all Parties to this MOU.

5. **Governing Law.** The construction, interpretation and enforcement of this MOU shall be governed by the laws of the State of California. The courts of the State of California, County of San Mateo shall have jurisdiction over any action arising out of this MOU and over the Parties, and the venue for any such actions shall be the Superior Court for the County of San Mateo or the United States District Court for the Northern District of California.
6. **Complete Agreement.** This MOU represents the entire, integrated MOU between the Parties regarding the subject matter hereof and supersedes all prior negotiations, representations and agreements, whether written or oral.
7. **Severability.** Should any portion of this MOU be judicially determined to be illegal or unenforceable, the remainder of the MOU shall continue in full force and effect, and either Party may renegotiate the terms affected by the severance.
8. **No Third-Party Beneficiary Rights.** The Parties do not intend to create in any other individual or entity the status of a third-party beneficiary, and this MOU shall not be construed to create such status. The rights, duties and obligations contained in this MOU shall operate only between the Parties to this MOU and shall inure solely to the benefit of the Parties to this MOU. The provisions of this MOU are intended only to assist the Parties in determining and performing their obligations under this MOU. The Parties to this MOU intend and expressly agree that only Parties signatory to this MOU shall have any legal or equitable right to seek to enforce this MOU, to seek any remedy arising out of a Party's performance or failure to perform any term or condition of this MOU, or to bring an action for the breach of this MOU.
9. **Indemnification.** Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify, defend, and hold the other Party (including its appointed and elected officials, officers, employees, and agents) harmless and free from any damage or liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its appointed or elected officials, officers, employees, or agents, under or in connection with any activities undertaken in connection with this MOU. No Party, nor any appointed or elected official, officer, employee, or agent thereof, shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of any other Party,

its appointed or elected officials, officers, employees, or agents, under or in connection, with any activities undertaken in connection with this MOU.

10. **Notice.** Any notice, demand or request required or permitted to be given or made under this MOU ("**Notice**") shall be in writing and will be deemed given or made when delivered in person, when sent by United States registered or certified mail, or postage prepaid, to a Party at its address specified below, with email copy as follows: If to the County: Iliana Rodrigues, Assistant County Executive, County of San Mateo, 400 County Center Drive, First Floor, Redwood City, CA 94063, with email copy to _____. If to City: Matthew Chidester, City Manager, 501 Main Street, Half Moon Bay 94109, with email copy to: _mchidester@hmbcity.com. The Parties may change their addresses for notice by notifying the other Party in the manner provided in this section.
11. **Conflict of Interest.** Each of the Parties shall avoid all conflicts of interest in the performance of this MOU and shall immediately notify the other Parties should a conflict of interest arise that would prohibit or impair its ability to perform under this MOU.
12. **Disputes.** The Parties agree that, with regard to all disputes or disagreements arising under this MOU that are not resolved informally at the staff level after a good faith attempt, the Parties may, at their sole and mutual discretion, agree to engage in mediation, and the costs of any such mediation shall be divided equally among the Parties involved in the mediation.
13. **Non-Discrimination.** The Parties will not discriminate, in any way, against any person based on sex, pregnancy, childbirth or related medical conditions, race, veteran status, religion, color, national origin or ancestry, physical or mental disability, medical condition, marital status, age, gender (including gender identity and gender perception), sexual orientation, use of family medical leave, genetic testing, or any other basis protected by federal or state law. This policy shall apply to all employment practices.
14. **Signatures.** In witness whereof, the parties to this MOU through their duly authorized representatives have executed this MOU on the dates set out below, and certify that they have read, understood, and agreed to the terms and conditions of this MOU as set forth herein. This MOU may be executed by a Party's signature transmitted by facsimile or electronically, and copies of this MOU

executed and delivered by such means shall have the same force and effect as copies hereof executed and delivered with original signatures. This MOU may be executed in counterparts, all of which will constitute one MOU. A copy or original of this document with all signature pages appended together will be deemed a fully executed, original MOU.

15. **Effective Date.** This MOU shall be effective upon execution of the Parties and approval by their respective governing bodies (the “**Effective Date**”).

COUNTY OF SAN MATEO,

By _____ Date: _____
Iliana Rodriguez
Assistant County Executive

CITY OF HALF MOON BAY,

By _____ Date: _____
Matthew Chidester
City Manager

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