



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
Department of Housing



**DATE:** February 1, 2012  
**BOARD MEETING DATE:** February 14, 2012  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors (Sitting as the Board of Commissioners of the Housing Authority)

**FROM:** Duane Bay, Director, Department of Housing  
William Lowell, Executive Director, Housing Authority

**SUBJECT:** Loan Agreement Amendment with MidPen Housing and Disposition and Development Agreement with MidPen Housing

**RECOMMENDATION:**

- 1) Adopt Resolution No. 2012-02 authorizing the Executive Director of the Housing Authority of the County of San Mateo to amend the Half Moon Bay Senior Campus Development Loan Agreement with MidPen Housing Corp increasing the amount by \$4,000,000 to a total of \$4,425,000; and
- 2) Adopt Resolution No. 2012-03 authorizing the Executive Director of the Housing Authority of the County of San Mateo to execute a Disposition and Development Agreement with MidPen Housing Corp for the development of a new 160-unit affordable senior housing complex replacing the existing 60-unit Half Moon Village senior housing development.

**BACKGROUND:**

On August 24, 2010, the Board approved an Agreement for the Housing Authority of the County of San Mateo (HACSM) to loan MidPen Housing Corp (MidPen) up to \$200,000 to fund certain pre-development activities for the Half Moon Bay Senior Campus. On June 21, 2011, the Board approved an amendment to the Loan Agreement for an additional \$225,000 to enable the purchase of water use rights on the open market for 100 additional housing units. This purchase has been completed.

In conjunction with the Loan Agreement on August 24, 2010, the Board authorized the Executive Director of HACSM to enter into an Exclusive Negotiations Agreement (ENA) with MidPen. The purpose of the ENA was to enable predevelopment activities to be accomplished for the senior affordable housing project and to allow for negotiation of a Disposition and Development Agreement (DDA) between HACSM and MidPen. One of the critical milestones during the ENA period involved transfer to the County of an undeveloped parcel belonging to the City of Half Moon Bay, which would then become part of the senior housing project. This land transfer has been successfully completed.

**DISCUSSION:**

At this time, the anticipated predevelopment activities, land transfer, and required deliverables have been completed and the DDA has been extensively negotiated. The DDA and supporting financial commitments are required to be in place in time for MidPen to apply to the State of California for low-income housing tax credits in the March 2012 round of tax credit competition.

The DDA, which includes a form of ground lease for the County and HACSM-owned parcels to a MidPen affiliate entity, describes in detail MidPen's responsibilities and obligations as developer and provides for ownership of the to-be-constructed improvements to be transferred to a partnership controlled by MidPen. The land will continue to be owned by the County and/or the Housing Authority and will be leased for 99 years to the partnership in order to facilitate ongoing operation of the affordable housing.

The total development cost of the 160 units is approximately \$57 million. HACSM plans to lend an additional \$4,000,000 to MidPen for the development of the new, 160-unit affordable senior housing complex that will replace the existing 60-unit Half Moon Village. The City of Half Moon Bay Planning Commission approved the project on January 10, 2012. HACSM has received the \$4,000,000 from the Department of Housing and Urban Development (HUD) as part of its ongoing MTW agency funding. Due to its status as an MTW agency, HACSM is able to use these funds for a broad range of eligible affordable housing purposes, rather than being required to return them to HUD as "excess." The Board approved an amendment to HACSM's MTW Annual Plan on July 26, 2011, specifically designating \$4,000,000 for development of affordable housing, and HUD approved the amended plan on October 26, 2011.

Additional funding will come primarily from the low-income housing tax credit program with additional funding from the County's HOME Program and Mental Health Services Act funds. If the project is successful in obtaining the tax credit award and all necessary approvals, Phase I of the project, consisting of 45 new units of housing, is expected to begin construction in late 2012.

County Counsel has reviewed and approved the Resolutions, DDA and Amendment to Loan Agreement as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Livable Community by enabling HACSM to expand its affordable housing to low-income senior households by 100 units to a total for the site of 160 units.

**FISCAL IMPACT:**

There is no Net County Cost associated with this action. All funds associated with this Agreement will be paid from MTW agency funds already received from HUD. The funds will be lent to MidPen for a period of 55 years with repayments made from annual project residual receipts.

## **RESOLUTION NO. 2012-02**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, SITTING AS THE BOARD  
OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN  
MATEO, STATE OF CALIFORNIA**

\* \* \* \* \*

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE HOUSING  
AUTHORITY OF THE COUNTY OF SAN MATEO (HACSM) TO AMEND THE HALF  
MOON BAY SENIOR CAMPUS DEVELOPMENT LOAN AGREEMENT WITH MIDPEN  
HOUSING CORP INCREASING THE AMOUNT BY \$4,000,000 TO A TOTAL OF  
\$4,425,000.**

---

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

**WHEREAS**, on August 24, 2010, the Board of Supervisors approved an  
Agreement under which HACSM loaned Mid-Pen Housing Corp (MidPen) the amount of  
\$200,000 to fund certain pre-development activities for the Half Moon Bay Senior  
Campus; and

**WHEREAS**, on June 21, 2011, the Board of Supervisors approved an  
amendment to the Loan Agreement for an additional \$225,000 to enable the purchase  
of water use rights on the open market for 100 additional housing units. This purchase  
has been completed and all of the predevelopment activities are nearing completion;  
and

**WHEREAS**, HACSM plans to lend an additional \$4,000,000 to MidPen for the  
development of the new, 160-unit affordable senior housing complex that will replace

the existing 60-unit Half Moon Village; and

**WHEREAS**, HACSM has received the \$4,000,000 from the Department of Housing and Urban Development (HUD) as part of its ongoing MTW agency funding; and

**WHEREAS**, the Board approved an Amendment to HACSM's MTW Annual Plan on July 26, 2011, specifically designating \$4,000,000 for development of affordable housing and HUD approved the amended plan on October 26, 2011;

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the Board of Commissioners of the Housing Authority of the County of San Mateo authorize the Executive Director of the Housing Authority of the County of San Mateo (HACSM) to amend the Half Moon Bay Senior Campus Development Loan Agreement with MidPen Housing Corp increasing the amount by \$4,000,000 to a total of \$4,425,000.

## **RESOLUTION NO. 2012-03**

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, SITTING AS THE BOARD  
OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF SAN  
MATEO, STATE OF CALIFORNIA**

**\* \* \* \* \***

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE HOUSING  
AUTHORITY OF THE COUNTY OF SAN MATEO (HACSM) TO ENTER INTO A  
DISPOSITION AND DEVELOPMENT AGREEMENT WITH MIDPEN HOUSING CORP  
FOR DEVELOPMENT OF A NEW, 160-UNIT AFFORDABLE SENIOR HOUSING  
COMPLEX THAT WILL REPLACE THE EXISTING 60-UNIT HALF MOON VILLAGE  
SENIOR HOUSING DEVELOPMENT OWNED BY HACSM.**

---

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

**WHEREAS**, on August 24, 2010, the Board of Supervisors authorized HACSM  
to enter into an Exclusive Negotiations Agreement (ENA) with MidPen Housing Corp  
(MidPen) in order to enable predevelopment activities to be accomplished for the senior  
housing project and allow for negotiation of a Disposition and Development Agreement  
(DDA) between HACSM and MidPen; and

**WHEREAS**, on January 20, 2012, a land exchange was completed in which an  
undeveloped parcel belonging to the City of Half Moon Bay was transferred to the  
County for the purpose of facilitating development of the senior housing project ; and

**WHEREAS**, all of the predevelopment activities, land transfer, and deliverables  
required by the ENA to be completed prior to entering into a DDA have been  
successfully completed ; and

**WHEREAS**, HACSM has extensively negotiated a DDA with MidPen Agreement, including a form of Ground Lease, and has achieved agreement with MidPen as to the terms and conditions of such DDA; and

**WHEREAS**, the DDA provides for ownership of the to-be-constructed improvements to be transferred to a partnership controlled by MidPen and also provides for a 99-year lease of the housing project site to the partnership in order to facilitate ongoing operation of the affordable housing.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that the Board of Commissioners of the Housing Authority of the County of San Mateo authorize the Executive Director of the Housing Authority of the County of San Mateo (HACSM) to enter into a Disposition and Development Agreement with MidPen Housing for development of a new, 160-unit affordable senior housing complex that will replace the existing 60-unit Half Moon Village senior housing development owned by HACSM.