



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: October 3, 2012
Board Meeting Date: October 23, 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: Execution of Long-term Ground Lease between the Housing Authority and MidPen Housing Corporation - Phase I

RECOMMENDATION:

Acting as the Governing Board of the Commissioners of the Housing Authority, adopt a Resolution 2012-13 authorizing the Executive Director of the Housing Authority of the County of San Mateo or the Executive Director's designee to negotiate and execute a long-term lease for Assessor's Parcel Number 056-210-360 on Arnold Way in the City of Half Moon Bay, California, to facilitate development of the first phase of the Half Moon Village Redevelopment Senior Housing Project.

BACKGROUND:

In April 2010, the Housing Authority of the County of San Mateo (HACSM) and the San Mateo County Department of Housing (DOH) selected MidPen Housing Corporation (MidPen) to develop, own and operate under a long-term ground lease affordable senior rental housing in Half Moon Bay. The site consists of two HACSM-owned parcels located at 9 Bloom Lane (Assessor's Parcel Numbers 056-210-140 and 056-210-060) and currently occupied by Half Moon Village, an affordable senior housing complex owned and operated by HACSM, and an adjacent undeveloped parcel on Arnold Way (Assessor's Parcel Number 056-210-360) to which HACSM has recently acquired title.

The Half Moon Village Redevelopment Senior Housing Project ("Project") will consist of a total of 160 units of new construction affordable senior rental housing, developed in two phases. The first phase will involve development of a 45 unit housing complex on the approximately 1-acre undeveloped parcel on Arnold Way ("Phase I"), while the second phase will involve replacing the existing 60-unit Half Moon Village complex with a new 115 unit housing complex ("Phase II").

MidPen has secured all necessary financing to complete development of Phase I and is anticipating starting construction in early December 2012. County CDBG and HOME funds have been committed to the Project with the understanding that development of the Project would be undertaken by one or more limited partnerships. MidPen secured tax credits for Phase I and has formed a limited partnership, Half Moon Village Associated, L.P. ("Phase I LP") for the Phase I complex.

Each phase will require execution of a long-term ground lease for the parcel or parcels involved in developing that particular phase of the Project. Phase I will require HACSM to enter into a long-term ground lease with the developer for the Arnold Way parcel. In the future, once MidPen has secured all necessary financing for Phase II and is ready to begin construction of Phase II, it will be necessary to execute a long-term ground lease for the HACSM owned parcels on Bloom Lane that comprise the existing Half Moon Village site.

DISCUSSION:

The long-term ground lease of the HACSM-owned parcel on Arnold Way will be between HACSM and the Phase I LP. The lease will be for a period of 99 years, will contain various restrictions ensuring the long-term affordability of the residential units and will allow the Phase I LP to build and oversee long-term operation of the Phase I complex.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Livable Community by promoting affordable, livable and connected communities.

FISCAL IMPACT:

There is no Net County Cost associated with this action.