



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



**Date:** November 6, 2012  
**Board Meeting Date:** November 20, 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 Documentation for Phase I of Half Moon Village Senior Housing Redevelopment Project

**RECOMMENDATION:**

Acting as the Governing Board of the Commissioners of the Housing Authority, adopt Resolution 2012-14 authorizing the Executive Director of the Housing Authority of the County of San Mateo or the Executive Director's designee to:

- A) Execute two sets of amended and restated loan documents for the Half Moon Bay Senior Campus Development Loan Agreement, splitting the current loan to MidPen Housing Corp into two loan agreements, one of which shall be assigned to the Half Moon Village Senior Housing Redevelopment Project Phase I limited partnership and the other which shall remain with MidPen Housing Corp to be used for Phase II costs; and
- B) Execute other ancillary documents necessary for closing the construction loan and equity financing for Phase I of the Half Moon Village Senior Housing Redevelopment project.

**BACKGROUND:**

On August 24, 2010, the Board approved an Agreement ("Loan 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 Development, an affordable senior housing development currently known as the Half Moon Village Senior Housing Redevelopment Project ("the Project").

The Project will consist of two phases: Phase I will involve development of a 45 unit housing complex on an undeveloped parcel located on Arnold Way, while Phase II will replace the existing 60 unit Half Moon Village, an older HACSM owned affordable

senior housing project on a site consisting of two parcels on Bloom Lane, with a new 115 unit housing complex. The completed Project will include a total of 160 units of affordable senior rental housing. One 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 units. This purchase has been completed.

On February 14, 2012, the Board authorized execution of a Disposition and Development Agreement (DDA) between HACSM and MidPen and also executed a second amendment to the Loan Agreement increasing the Housing Authority loan amount to \$4,425,000. Additional funding for the Project includes a \$1.1 million County CDBG/HOME loan. The DDA, which includes a form of ground lease allowing the HACSM owned parcels to be leased to a MidPen affiliate entity, describes in detail MidPen's responsibilities as developer and provides for ownership of the to be constructed improvements to be transferred to one or more limited partnerships controlled by MidPen. The land will continue to be owned by HACSM, and for each phase of development the affected parcel or parcels will be leased for 99 years to the Phase I or Phase II partnerships in order to facilitate development and ongoing operation of the affordable housing improvements.

#### **DISCUSSION:**

At this time, the anticipated predevelopment activities, land transfer and required DDA deliverables have been completed. Further, MidPen successfully obtained low income housing tax credits for Phase I of the Project and is now in final negotiations with its Phase I construction lender and tax credit investor partner. Closing of the construction loan and equity financing is anticipated in early December 2012 and construction of Phase I is scheduled to begin in late December 2012.

It is necessary to amend and restate the loan documents for the Loan Agreement, allowing the Housing Authority loan to MidPen Housing Corp to be split into two separate loan agreements. The first loan agreement will be for approximately \$1,800,000 assigned to the Half Moon Village Senior Housing Redevelopment Project Phase I limited partnership. The second loan agreement for approximately \$2,625,000 assigned to MidPen Housing Corp for Phase II costs will eventually be assigned to the Phase II limited partnership. These amended and restated loan agreements, which will include amended and restated promissory notes and deeds of trusts, will retain substantially all of the terms and conditions in the original Loan Agreement and the total amount of the two loans together will remain at \$4,425,000. It is also necessary that the Executive Director of HACSM be authorized to execute other documents ancillary to these amended and restated loan agreements in order to facilitate closing the Phase I construction loan and equity financing.

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 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. Funds that will be loaned to MidPen by the Housing Authority are part of the Housing Authority's MTW funding allocations from the U. S. Department of Housing and Urban Development.