



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Department of Housing



Date: August 30, 2016
Board Meeting Date: October 4, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Ken Cole, Director, Department of Housing

Subject: **Measure A:** Stabilizing Residential Substance Use Providers in San Mateo County – The Latino Commission

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing the County to repurpose the \$741,625 award of **Measure A** funds approved by the Board of Supervisors May 10, 2016 for The Latino Commission to assist with the acquisition of property located at 508 Seventh Avenue in the City of San Bruno; and
- B) Authorizing the Director of the Department of Housing, or the Director's designee, to execute a contract, as approved by County Counsel, with The Latino Commission to provide a loan for the acquisition.

BACKGROUND:

At its May 10, 2016 meeting, the Board of Supervisors adopted a resolution to provide loans totaling up to \$5 million in **Measure A** funds to five nonprofit providers which own, lease and/or operate residential substance use treatment centers, in order to reduce mortgage and lease payments and address immediate financial and capital needs (Resolution No.074492). The primary goal for the loans was to help providers satisfy outstanding mortgages in order to reduce operating expenses and financial pressures, while also giving the providers and the County greater control over the properties and ensuring long-term stability.

Terms of the County loans are 0 percent interest for 30 years, forgiven in five equal 20 percent shares over the final five years of the loan, with no debt service requirements, nor payments from residual receipts, so long as the provider continues to operate a property for its intended purposes.

DISCUSSION:

The County awarded The Latino Commission (TLC), one of the five nonprofit providers, a loan totaling up to \$741,625 to fund immediate capital needs and to capitalize payments on a 10-year lease for the organization's Rolling Hills property. However, on August 4, 2016, The Latino Commission received a 60-day notice to vacate with the property owner citing intentions to renovate and sell the property. The provider estimates the property will sell for an amount nearly double the amount of the County loan.

The Latino Commission identified a three-bedroom, two-bathroom property suitable to operate its 9-bed treatment program located at 508 Seventh Avenue in the City of San Bruno. The price to acquire the property is \$750,000. TLC signed a purchase and sale agreement August 11 and is in a due diligence period, which expires on October 15. TLC will fund the remaining purchase and closing costs through other sources of funding. The option to purchase property remains consistent with the goal of stabilizing residential substance use providers in the long term, especially in light of eliminating TLC's lease payments.

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

Approval of this action contributes to the Shared Vision 2025 outcome of a Livable Community in that it enables recipient to fund a critical activity that helps vulnerable residents achieve a sustainable quality of life.

PERFORMANCE MEASURE(S):

Measure	FY 2016-17 Actual	FY 2017-18 Projected
Residential Substance Use Capacity	9-bed capacity retained	9-bed capacity retained

FISCAL IMPACT:

There is no new net County cost associated with adopting this amendment. **Measure A** funding was authorized on May 10, 2016 through Resolution No. 074492.