



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



**Date:** March 21, 2013  
**Board Meeting Date:** April 23, 2013  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Duane Bay, Director, Department of Housing

**Subject:** Agreement with Metro Senior Homes, Inc.

**RECOMMENDATION:**

Adopt a Resolution authorizing the Director of the Department of Housing to execute an agreement with Metro Senior Homes, Inc. to provide funding for the Metro Center Senior Apartments rehabilitation project for the term of February 1, 2013 through June 30, 2014, in an amount not to exceed \$750,000.

**BACKGROUND:**

On May, 8 2012, the County Board of Supervisors approved the FY2012-13 Action Plan for activities under the Community Development Block Grant (CDBG) and funds to assist in the Metro Center Senior Apartments rehabilitation project in Foster City. County funds will be used for rehabilitation construction and pre-construction soft-costs such as planning and permitting. The developer is Metro Senior Homes Inc., a nonprofit affiliate of BRIDGE Housing.

Over the last four decades, countywide, approximately 2,000 permanently affordable apartments have been developed. Most are in complexes that are owned and operated by the non-profit homebuilders that developed them. Almost all are well-maintained, with maintenance funded out of operating reserves. Nonetheless, from time to time, major rehabilitation becomes necessary that exceeds operating reserves, and such needs are arising more frequently as these complexes age. The Department of Housing projects that for the foreseeable future the Housing and Community Development Committee will be recommending funding for rehabilitation of 100 to 200 apartments per year.

**DISCUSSION:**

Metro Center Senior Apartments is a 60-unit building located in Foster City, built in 1996. Late in 2009, water intrusion was discovered at the property. Through further investigation it was determined that a defect in the mulled windows and improper

flashing details at confined rakes allowed water to intrude behind the stucco façade and damage the building sheathing. Due to the hidden nature of the damage, extensive investigation was completed by forensic architects to develop a scope for repairs. The repairs to the building include the removal of mulled windows on three of the four sides of the building. After windows, stucco and damaged sheathing are removed, new non-mulled vinyl windows will be installed. Repairs also include the installation of a rain screen system and new floor-line weeping system to direct water out of the building envelope to ensure that this condition will not manifest again in the future. A new 3-coat stucco system is applied over the rain screen and repainted.

The rehabilitation will proceed in two phases at a total cost of approximately \$2.2 million. Phase I of the rehabilitation will cost approximately \$800,000 and will be paid for out of the complexes maintenance reserves. There are inadequate reserves to cover the remaining \$1.4 million Phase II cost. BRIDGE had secured a \$600,000 loan from Federal Home Loan Bank's Affordable Housing Assistance Program, and applied to the County for \$750,000 to close the gap. Gap financing for the initial development was provided by the Foster City Redevelopment Agency with no assistance from County-administered sources.

The Resolution and Agreement have been reviewed and approved by County Counsel as to form, and Risk Management has reviewed and approved Contractor's insurance. Contractor has assured compliance with County's Contractor Employee Jury service ordinance as well as other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

The requested Board action also gives authority to the Director of the Department of Housing or the Director's designee to execute contract amendments modifying the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) and/or modifying the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions. Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Livable Community by preserving 60 permanently affordable apartments for seniors, toward an annual goal of 96.

**PERFORMANCE MEASURE(S):**

Measure	FY 2011-12 Actual	FY 2012-13 Projected
Number of county-funded rehabilitated rental units.	60	96

**FISCAL IMPACT:**

There is no Net County Cost. The project has been included in the Department of Housing's FY 2012-13 budget and will be funded with \$750,000 CDBG.