

RESOLUTION NO. .

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING THE DIRECTOR OF THE DEPARTMENT OF HOUSING OR THE DIRECTOR'S DESIGNEE TO EXECUTE AMENDED LOAN DOCUMENTS FOR AN EXISTING LOAN IN THE AMOUNT OF \$4,000,000 MADE TO SAINT FRANCIS CENTER OF REDWOOD CITY FOR THE ACQUISITION OF A 48-UNIT APARTMENT BUILDING LOCATED AT BUCKINGHAM AVENUE IN NORTH FAIR OAKS (KNOWN AS CASA DE SOBRATO), WHICH WOULD EXTEND THE TERM OF THE AFFORDABILITY COVENANT FROM 30 TO 99 YEARS AND INCREASE THE NUMBER OF UNITS SUBJECT TO THE AFFORDABILITY COVENANT FROM 16 TO 23 RESIDENTIAL RENTAL UNITS IN EXCHANGE FOR LOAN FORGIVENESS UPON THE EXPIRATION OF THE AFFORDABILITY COVENANT

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, Saint Francis Center of Redwood City ("Saint Francis Center") was founded in 1986 to provide food, clothing, and other essential services for working poor families, and since then, Saint Francis Center has expanded the scope of its basic services to include affordable housing for low-, very low-, and extremely low-income families to foster growth from dependency to interdependency; and

WHEREAS, in the fall of 2018, Saint Francis Center purchased a 48-unit apartment building in the North Fair Oaks neighborhood of the unincorporated County, located at 180 Buckingham Avenue (the "Property"), known as Casa de Sobrato, using conventional mortgage financing and private donations to convert existing market-rate rental units to permanent affordable rental housing units; and

WHEREAS, in San Mateo County, demand for housing outstrips supply by at least 16,000 units of which the County currently has permitted 8,416 units, and organizations like Saint Francis Center play a critical role in preserving affordable housing and creating additional affordable housing to help close the affordability gap; and

WHEREAS, the County provided Saint Francis Center with an acquisition reimbursement loan of \$4,000,000 from the Measure K-funded Affordable Rental Acquisition and Preservation Program (“ARAPP”) fund at 0 percent interest with a maturity of 30 years (“County ARAPP Loan”), approved by this Board on October 23, 2018 (Resolution No. 076236); and

WHEREAS, Saint Francis Center leveraged the County ARAPP Loan with other public and private sector funding for the acquisition of the Property, for a total price of \$21.75 million; and

WHEREAS, Saint Francis Center used the County ARAPP Loan to reduce the first mortgage loan from First Republic Bank, reducing the monthly carrying costs and allowing St. Francis to offer units to low-, very low-, and extremely low-income households at rents that are affordable; and

WHEREAS, 16 of the 48 units were made ARAPP-restricted units with a period of affordability of 30 years pursuant to a Declaration of Restrictive Covenants (the “Affordable Covenant”) recorded on the Property; and

WHEREAS, in order to continue its mission in providing families in North Fair Oaks and surrounding communities of the County with access to affordable housing, Saint Francis Center has determined that it needs to reduce current overhead cost and debt associated with the Property by lowering the mortgage cost associated with its loan with First Republic Bank; and

WHEREAS, lowering overhead costs and debt would provide Saint Francis Center with greater liquidity and more equity to invest in additional properties in the surrounding area and offer more affordable housing to low-, very low-, and extremely low-income households in San Mateo County; and

WHEREAS, to help advance the goals of preserving and creating affordable housing in the County, Saint Francis Center and the Department of Housing seek to amend the loan documents for the County ARAPP Loan in the following material ways:

1. Increase the number of ARAPP-restricted units from 16 to 23 units;
2. Extend the term of the Affordability Covenant from 30 years to 99 years; and
3. Upon the expiration of the term of the Affordability Covenant, forgive the loan so long as Saint Francis Center fulfills its obligation to use and maintain the property as affordable housing for low-, very low-, and extremely low-income households during the entire term of the Affordability Covenant.

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the Board of Supervisors, County of San Mateo, State of California, hereby adopts this Resolution authorizing the Director of the Department of Housing or the Director's Designee to execute amended loan document for an existing loan in the amount of \$4,000,000 made to Saint Francis Center of Redwood City for the acquisition of a 48 unit apartment building located at 180 Buckingham Avenue in North Fair Oaks (known as Casa de Sobrato), which would extend the term of the Affordability Covenant from 30 to 99 years and increase the number of units subject to the affordability covenant from 16 to 23 residential units in exchange for loan forgiveness upon the expiration of the Affordability Covenant.

* * * * *