



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY EXECUTIVE

**File #:** 24-103

Board Meeting Date: 2/13/2024

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**Special Notice / Hearing:**

Newspaper notice published pursuant to

Cal. Gov't Code § 25350

**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Michael P. Callagy, County Executive

**Subject:** Purchase and Sale Agreement for the Acquisition of real property and improvements located at 626 Walnut Street, 640 Walnut Street and 648 Walnut Street, City of San Carlos, County of San Mateo.

**RECOMMENDATION:**

Adopt a resolution:

- A) Declaring the Board of Supervisors' intent to purchase the real property located at 626 Walnut Street; 640 Walnut Street; and 648 Walnut Street in San Carlos, California (Assessor's Parcel Numbers 050-131-060, 050-131-070 and 050-131-080) ("Property"), for a total purchase price of \$8,000,000; and
- B) Authorizing the President of the Board of Supervisors to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions ("Agreement") with the owners of the Property, Dragonfly Assets C-50, LLC, a Delaware limited liability company ("Sellers"), for the County's acquisition of the Property; and
- C) Authorizing the County Executive, or designee, to execute the Certificate of Acceptance and any and all notices, escrow instructions, and documents required to facilitate the purposes of the Agreement.

**BACKGROUND:**

The Property is located within a residential and commercial area of the City of San Carlos within San Mateo County. The Property is comprised of three parcels with existing improvements on each, which includes a 2-story commercial building, 1-story commercial building and 2-story residential building, on a combined lot size of approximately 26,500 square feet in size.

**DISCUSSION:**

The County has determined the Property would provide an appropriate location for affordable

housing. The Property is located within one of the highest resource areas in the County, as determined by the State Department of Housing and Community Development and the Tax Credit Allocation Committee, rendering it competitive for numerous sources of State affordable housing finance resources. The feasibility of such a project is subject to further analysis.

The Sellers have executed a Purchase and Sale Agreement for the purchase price of \$8,000,000 which is consistent with the appraised value of the Property. Upon completion of the County's investigation period of the Property, and satisfaction of all conditions, "Due Diligence Period," the transaction is anticipated to close by March 29th, 2024.

Notices pursuant to California Government Code section 25350 of the intention of the Board of Supervisors to make this purchase are scheduled to be published in compliance with Government Code section 6063, including a description of the property to be purchased, the price, the vendor, and a statement of the time this Board would meet to adopt this Resolution and consummate the purchase, and inviting interested persons to attend and be heard on the subject.

Sea Level Rise Impact evaluation has been conducted in accordance with the 2019 San Mateo County Sea Level Rise Policy for County-Owned Assets that requires evaluation of sea level rise risk at least 50 years beyond the date of acquisition. Based on a review of inundation and erosion maps, this property is not vulnerable to 3.3 feet of sea level rise or to 6.6 feet of sea level rise and a 100-year storm event.

**EQUITY IMPACT:**

The County of San Mateo is dedicated to increasing the community capacity to serve County residents. The County has determined the Property will positively impact county-wide equity by providing affordable housing within San Mateo County.

**FISCAL IMPACT:**

The purchase price including closing costs has been appropriated within the FY 2024-2025 budget and will be paid with General Fund.