



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 23-689

Board Meeting Date: 9/12/2023

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 the 1390 El Camino Real in Millbrae

RECOMMENDATION:

Adopt a resolution:

- A) Declaring the Board of Supervisors' intention to purchase the Property located at 1390 El Camino Real, Millbrae (Assessor Parcel Number 021-281-700) ("Property") for a total purchase price of \$33,000,000; and
- B) Authorizing the President of the Board of Supervisors to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions ("Agreement") for the County's acquisition of the Property for a total purchase price of \$33,000,000; 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, and to file a Notice of Exemption from the California Environmental Quality Act.

BACKGROUND:

San Mateo County, in partnership with community-based homeless service providers, implemented new homeless shelter services in the form of hotel-based non-congregate shelter programs to provide safe shelter capacity for vulnerable people experiencing homelessness. Staff have coordinated with the California Department of Housing and Community Development ("State HCD"), to provide funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness. HomeKey has created an opportunity for local public agencies to purchase hotels, motels and other housing types in order to increase community capacity to respond to homelessness and shortage of extremely low and low-income units available.

The County has adopted multifaceted strategies to addressing homelessness in our county:

- 1. Affordable Housing Development:** The County has invested \$245 million of **Measure K** dollars in the construction and rehabilitation of affordable housing units. Increasing the availability of affordable housing helps prevent homelessness and provides stable housing options for individuals and families at risk.
- 2. Permanent Support Housing (PSH):** expanding the implementation of PSH programs. PSH combines affordable housing with supportive services like mental health services, counseling, addiction treatment, and employment assistance, addressing their complex needs of homeless individuals and families.
- 3. Rapid Rehousing Programs:** support rapid rehousing programs that provide short-term rental assistance and services to quickly move homeless individuals and families into stable housing situations. These programs help prevent long-term homelessness.
- 4. Prevention Strategies:** developed prevention strategies that identify individuals and families at risk of homelessness and provide emergency financial assistance to prevent eviction when they experience an income shock.
- 5. Increase Interim Shelter Capacity:** The County has increased our interim shelter capacity through the acquisition of the Pacific Inn, Coastside Inn, Stone Villa Inn and the Navigation Center to help temporarily house unsheltered individuals and families as we work towards moving them to permanent housing.

The County has previously leveraged the HomeKey Program to acquire four hotels since December of 2020:

- Pacific Inn, located in Redwood City, now known as “Pacific Shelter”, 74-unit interim housing site, which serves San Mateo County residents.
- Towneplace Suites, also located in Redwood City, now known as “Shores Landing,” is a 95-unit permanent affordable housing site for extremely low income (“ELI”) seniors who were previously homeless or at risk of homelessness.
- The Comfort Inn, located in Redwood City, now know as “Casa Esperanza”, is a 51-unit permanent supportive housing site for previously homeless individuals.
- The Stone Villa Inn in San Mateo has 44 units and was acquired to provide interim housing to San Mateo County residents experiencing homelessness.

Additionally, The Coastside Inn, in Half Moon Bay, has 51 units and was acquired and converted to an interim homeless shelter using different funding. All five projects have staff on site 24/7 and include wrap around services.

County staff issued a letter of interest to hotel owners in the County seeking owners interested in selling their properties to help increase the capacity of permanent housing units. The owners of 1390 El Camino Real in Millbrae responded to the RFP.

The Property located at 1390 El Camino Real in Millbrae, is conveniently located in the northern County, where we have limited placement options. It is in proximity to major transportation routes, commercial activities, and County service providers. Its existing structures are well-suited for modification to serve the County’s purposes in providing long-term residential housing for families or seniors. The Property would therefore provide an excellent location for HomeKey funded long-term residences. The State of California has announced another round of HomeKey funding. An

application for funding to help support the County's acquisition, rehabilitation and operation of the Property for Permanent Supportive Housing for County residents experiencing homelessness has been submitted to the State of California.

DISCUSSION:

The Property consists of one two-story and one three-story building with approximately 45,895 square feet of space on a 1.08- acre lot, with a subterranean parking garage, and a single-story equipment building. The Property is located on the northeast side of El Camino Real within a residential and commercial area of San Mateo County. The property is bordered on the Northeast by Multi-family residences, Southeast by Apartments, Southwest by commercial establishments, and condominiums at the Northwest. The Property is currently occupied by La Quinta Inn and Suites consisting of a 100-guest room hotel and restaurant, developed as the existing hotel in 1988.

A Property Condition Report was commissioned which indicated the property and facility is in good to fair condition. Notwithstanding, the Property will require renovations and system upgrades for the intended use.

A Phase I Environmental Site Assessment (ESA) was conducted and revealed no historical operations or environmental records of the Property has a Recognized Environmental Condition. Based on the findings of the assessment, no further action for environmental assessment was recommended.

The Purchase and Sale Agreement between the County as Buyer, and Ramkabir LLC, owner of the Property, as Seller, is anticipated to close by February 1st, 2024, once due diligence has been completed. The negotiated purchase price is \$33,000,000.

The acquisition of this property is statutorily exempt from the requirements of the California Environmental Quality Act pursuant to Section 50675.1.4 of the California Health & Safety Code. Acquisition of the Property is further exempt from CEQA as it can be seen with certainty that there is no possibility that the acquisition in question may have a significant effect on the environment. Staff will file a Notice of Exemption upon Board approval of this item.

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

EQUITY IMPACT:

The County of San Mateo is dedicated to increasing the community capacity to respond to homelessness. This project directly targets low income or extremely low-income families and/or seniors facing homelessness. By providing stable, long-term housing coupled with supportive services tailored to individual needs, PSH ensures that the most vulnerable members of our county have access to safe and dignified living conditions. This approach breaks the cycle of instability and poverty they experience.

FISCAL IMPACT:

An application has been submitted to the State to help support the County's acquisition, rehabilitation and operation of the Property for Permanent Supportive Housing for County residents experiencing homelessness. Any additional monies associated with the acquisition will be determined based upon the amount of HomeKey funding awarded, the application of any American Rescue Plan funds available as budgeted by this Board, General Fund and/or additional funding received from other appropriate funding sources.

The Agreement is expressly contingent on the approval of funding by the Board of Supervisors. The County has submitted an application for HomeKey funding, which is pending. Funding for the acquisition may be from HomeKey and/or the County's American Rescue Plan Act (ARPA) funds and alternative sources of funding.