



County of San Mateo

Inter-Departmental Correspondence

Department: COUNTY EXECUTIVE

File #: 23-690

Board Meeting Date: 9/12/2023

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Michael P. Callagy, County Executive

Subject: Purchase and Sale Agreement for the Acquisition of the 721 Airport Blvd. South San Francisco

RECOMMENDATION:

Adopt a resolution:

- A) Declaring the Board of Supervisors' intention to purchase the Property, located at 721 Airport Blvd., South San Francisco, (Assessor's Parcel Number 012-146-140) ("Property") for a total purchase price of \$11,000,000; 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 \$11,000,000; 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.

A. Addressing Homelessness in San Mateo County

The County is dedicated to reaching and maintaining "Functional Zero" homelessness, where every unsheltered homeless resident who chooses assistance will be provided interim or permanent housing. To help achieve this goal, the County has adopted multifaceted strategies to addressing homelessness:

1. **Affordable Housing Development:** To date, the County has invested \$245 million of Measure K dollars in the construction and rehabilitation of affordable housing units, as 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):** The County has expanded the implementation of PSH programs, which combine affordable housing with supportive services like mental health services, counseling, addiction treatment, and employment assistance, addressing the complex needs of homeless individuals and families.
3. **Rapid Rehousing Programs:** The County supports rapid rehousing programs that provide short-term rental assistance and services to quickly move homeless individuals and families into stable housing situations.
4. **Prevention Strategies:** The County has developed prevention strategies that identify individuals and families at risk of homelessness and provide emergency financial assistance to prevent eviction when such individuals and families experience an income shock.
5. **Increase Interim Shelter Capacity:** The County has increased our interim shelter capacity through the acquisition and conversion of three hotels-which combined offer 169 non-congregate interim shelter units-and construction of the 240-unit Navigation Center, facilities that help temporarily house unsheltered individuals and families as we work toward moving them into permanent housing.

The County has already acquired and converted four hotels in coordination with the California Department of Housing and Community Development (“State HCD”) through the State’s HomeKey Program (“HomeKey”):

- The Pacific Inn, located in Redwood City, now known as “Pacific Shelter”, a 74-unit interim housing site;
- Towneplace Suites, also located in Redwood City, now known as “Shores Landing,” 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, also located in Redwood City, now known as “Casa Esperanza”, a 51-unit permanent supportive housing site for previously homeless individuals; and
- The Stone Villa Inn in San Mateo, a 44-unit interim housing site.

All four HomeKey locations provide staff on-site 24/7 and wrap-around supportive services, resources that help to break the cycle of homelessness and increase the chances of residents maintaining long-term stable housing.

B. The Property

In an attempt to further increase housing options throughout San Mateo County, staff issued a letter of interest to hotel owners seeking those interested in selling their properties. The owners of the Property, which currently serves as the Ramada Inn, a 45-guest room hotel located at 721 Airport Blvd. in South San Francisco, responded to the letter.

The Property consists of one four-story building with approximately 25,000 square feet of space on a 0.345-acre lot, and a subterranean parking garage. The Property is located in a mixed residential and commercial area on the west side of Airport Boulevard and the east side of Cypress Avenue, in proximity to major transportation routes, commercial activities, and County service providers. The Property’s existing structures are well-suited for modification to serve the County’s purposes in

providing long-term residential housing for individuals experiencing homelessness or at risk of homelessness. Further, the Property's location in the northern portion of San Mateo County helps to add critical supportive housing in an area that currently has limited placement options. Therefore, staff believes the Property would provide an excellent location for a HomeKey-funded project.

The State recently announced another round of HomeKey funding, and, in response, staff submitted an application for funding to help support the County's acquisition, rehabilitation and operation of the Property.

DISCUSSION:

A Property Condition Report was commissioned which indicated the Property, its facilities, and overall level of preventative maintenance appeared to be good to fair.

A Phase I Environmental Site Assessment (ESA) was conducted and revealed no evidence of a recognized environmental condition, controlled recognized environmental condition, or historical recognized environmental condition. Based on the findings of the ESA, no further action for environmental assessment was recommended.

The Agreement between the County (as Buyer) and KK LLC, owner of the Property (as Seller), is anticipated to close by March 12th, 2024, once due diligence has been completed. The negotiated purchase price is \$11,000,000.

The acquisition of the 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.

Since it is anticipated that the acquisition and rehabilitation of the Property will use HomeKey funds, the project is automatically deemed consistent and in conformity with any applicable local plan, standard, or requirement, and is automatically allowed as a permitted use within the zoning district in which the Property is located, and is not subject to any discretionary reviews or approvals pursuant to California Health & Safety Code Section 50675.1.3(i).

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

EQUITY IMPACT:

The County is dedicated to increasing the community's capacity to respond to homelessness. Purchase of the Property for use as long-term residential housing for individuals experiencing homelessness in the northern portion of San Mateo County will help to increase such capacity and provide critical access to services for vulnerable individuals, providing them with stable, long-term housing coupled with supportive services tailored to their individual needs. Staff does not anticipate any negative equity impacts from the Board's purchase of the Property.

FISCAL IMPACT:

The County has submitted an application for HomeKey funding to help support the acquisition, rehabilitation, and operation of the Property for Permanent Supportive Housing for individuals experiencing or at risk of 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 Act (ARPA) 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.