



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** GOVERNING BOARD

**File #:** 16-771

Board Meeting Date: 11/21/2017

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Ken Cole, Director, Department of Housing

**Subject:** Samaritan House - 19 W. 39th Avenue, San Mateo County Loan Forgiveness and Reconveyance

### **RECOMMENDATION:**

Adopt a resolution authorizing the Director of the Department of Housing to issue a full forgiveness and reconveyance of the County loan issued to Samaritan House, Inc. in the amount of \$178,808, which it used for the acquisition of real property located at 19 W. 39th Avenue, San Mateo, CA, in exchange for the imposition of a restrictive covenant limiting the use of the property for a period of thirteen years, the remaining term of the loan.

### **BACKGROUND:**

On December 19, 2000, the Board of Supervisors authorized an agreement for the San Mateo County Department of Housing ("DOH") to provide a Community Development Block Grant ("CDBG") loan in the amount of \$178,808 (the "Loan") to the non-profit organization Samaritan House, Inc. ("Samaritan House") to assist with the acquisition of real property at 19 W. 39th Avenue, San Mateo, CA (the "Property"). Samaritan House intended to use the Property as a site to provide medical and dental clinic services to low-income individuals and homelessness prevention services (Resolution No. 64157). The Property, also known as the Free Clinic of San Mateo, has been continuously providing free medical, dental, and homelessness prevention services to community members since 2001, serving over 500 individuals per month.

### **DISCUSSION:**

According to the terms of the Loan, Samaritan House is scheduled to begin making payments in 2031. However, on May 30, 2017, Samaritan House submitted a formal request to the Director of DOH for full forgiveness and reconveyance of the Loan in order to maintain funding eligibility for capital improvements. The Property is in need of a new roof, a re-paved parking lot, and updated plumbing, for which Samaritan House will seek funding. Because the Loan is currently outstanding, Samaritan House's ability to secure funding to undertake these vital improvements is limited. In exchange for the County's full forgiveness and reconveyance of the Loan, Samaritan House has agreed to execute a Declaration of Restrictive Covenant-Community Development Block Grant

("Restrictive Covenant"), which requires Samaritan House and any of its successors in interest to continue to use the Property as a medical and dental facility for low-income individuals and as a site to provide homelessness prevention services, or for a similar CDBG eligible use. Samaritan House further agrees to subordinate any future mortgages on the Property to the Restrictive Covenant. The regulatory period of the Restrictive Covenant is thirteen (13) years, which would be the remainder of the loan term had it not been forgiven and reconveyed.

In order for the Free Clinic of San Mateo to continue providing quality medical and dental services to low-income individuals free of charge and homelessness prevention services, it needs to undertake important improvements to its facilities. DOH recommends that the Loan be fully forgiven and reconveyed to enhance Samaritan House's position to secure the new funding necessary to perform capital improvements. Samaritan House has been a successful partner of the County for over a decade; relieving it of this financial burden will help to sustain its continued success by ensuring its eligibility for future funding necessary to advance its mission, which includes the provision of critical health and housing services to San Mateo County residents.

County Counsel has reviewed and approved the accompanying resolution as to form.

Approval of this action contributes to the Shared Vision 2025 outcome of Healthy Communities by ensuring that low-income residents have access to quality health services, and that families receive the supportive services they need to stay in their homes.

**FISCAL IMPACT:**

\$178,808 of County CDBG funds will not be available for re-investment in future CDBG eligible projects.