



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 18-284

Board Meeting Date: 4/10/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors (Acting as the Board of Commissioners for the Housing Authority)

From: Ken Cole, Executive Director, Housing Authority of the County of San Mateo

Subject: Authorization of a Predevelopment Loan Agreement for the Midway/ Bayshore Redevelopment Project

RECOMMENDATION:

Acting as the Governing Board of the Housing Authority of the County of San Mateo, adopt a resolution authorizing the Executive Director of the Housing Authority of the County of San Mateo, or the Executive Director's Designee, to execute a loan agreement with MidPen Housing Corporation to assist with predevelopment activities to be undertaken as part of the Midway/Bayshore Redevelopment Project.

BACKGROUND:

Midway/Bayshore Redevelopment Project (the "Project") consists of the following contiguous properties: Midway Village, an aging, 150-unit affordable rental housing development located on approximately 12 acres in the Bayshore neighborhood of Daly City and built by the Housing Authority of the County of San Mateo ("HACSM") in the mid-1970's; David R. Rowe Park in Daly City, also known as Bayshore Park, acquired by HACSM in November 2016 for the purposes of the Project; and a one-half acre parcel located within Midway Village containing the Bayshore Child Development Center, acquired by HACSM in May 2017 for the purposes of the Project.

On June 29, 2017, HACSM released a Request for Proposals ("RFP") seeking experienced and qualified developers to redevelop, own, operate, and manage affordable housing at the Project site. HACSM received proposals from six qualified developer teams, from which the review committee recommended the selection of MidPen Housing Corporation ("MidPen") as Project developer, based on its outstanding proposal and degree of experience in developing mixed-use affordable housing and community-service amenities comparable to that envisioned as part of the Project.

On January 23, 2018, the Board of Supervisors, sitting as the Board of Commissioners of HACSM authorized the Executive Director of HACSM to enter into an Exclusive Negotiations Agreement ("ENA") with MidPen to establish the early predevelopment milestones to be achieved prior to execution of a development agreement, the use of certain Midway Village reserves to facilitate

achieving the early predevelopment milestones, and the roles and responsibilities of each party in this process. HACSM has the authority to use Project reserves-which currently exceed \$8 million-in order to facilitate provision of affordable housing.

DISCUSSION:

On the 21st day of March, 2018 (“Effective Date”), HACSM and MidPen executed an ENA outlining the predevelopment milestones to be achieved during the Negotiating Period, defined as 240 days from Effective Date. To facilitate completion of the various tasks that MidPen will undertake as outlined in the ENA, HACSM recommends the provision of a predevelopment loan to MidPen in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) of Midway Village reserve funds (“Predevelopment Loan”). The Predevelopment Loan will fund activities to be undertaken beginning on the Effective Date and ending at the commencement of the first phase of construction of the Project. Attachment A (“Midway Initial Predevelopment Budget”) details the anticipated uses of the Predevelopment Loan, which are subject to change upon written approval by the Executive Director of HACSM, or the Executive Director’s designee.

This resolution has been reviewed and approved as to form by County Counsel. Approval of this resolution contributes to the Shared Vision 2025 outcome of a livable community by increasing the overall supply of affordable housing.

FISCAL IMPACT:

There is no Net County Cost associated with this action. HACSM will use Midway Village project reserves as the source of the Predevelopment Loan.