



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 18-981

Board Meeting Date: 10/23/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Ken Cole, Director, Department of Housing
Subject: **Measure K:** Acquisition of 180 Buckingham Avenue Apartments

RECOMMENDATION:

Measure K: Adopt a resolution authorizing:

- A) A loan to Saint Francis Center in the amount of \$4,000,000 for the acquisition of real property located at 180 Buckingham Avenue in the unincorporated area of the County of San Mateo, also known as North Fair Oaks; and
- B) The Director of the Department of Housing, or the Director's designee, to execute a loan agreement with Saint Francis Center for the acquisition of 180 Buckingham Avenue in the unincorporated area of the County of San Mateo, also known as North Fair Oaks, as approved by County Counsel.

BACKGROUND:

On June 28, 2016, the Board of Supervisors adopted a resolution to allocate \$10 million in **Measure A**, now referred to as **Measure K**, funding to establish a program to fund the acquisition and to preserve the affordability of apartment buildings rented at below-market rents in San Mateo County. The Board of Supervisors established the Affordable Rental Acquisition and Preservation Program (ARAPP) in recognition of the negative effects on low- and moderate-income households when the sale of existing apartment buildings results in rent increases and displacement. The ARAPP loan program is part of the County Affordable Housing Fund (AHF) targeted to the acquisition and rehabilitation of existing, naturally occurring, affordable housing.

Saint Francis Center has executed a purchase and sale agreement to acquire property located at 180 Buckingham Avenue in the unincorporated area of the County of San Mateo, also known as North Fair Oaks. The property, which consists of 48 multifamily residential units, has been placed on the market four times in four years, leading to increased rents and displacement of most of its former residents. These former residents currently travel from areas such as San Joaquin County to continue working on the Peninsula, and this loss of affordable housing stock has adversely impacted the local North Fair Oaks community. Saint Francis Center intends to acquire this property and when

available, lease all the units with low-income families, as current market-rate leases expire.

DISCUSSION:

Saint Francis Center has applied for \$4,000,000 of ARAPP funding to support the acquisition of 180 Buckingham Avenue in the unincorporated area of the County of San Mateo, also known as North Fair Oaks. This property has one building that consists of eight two-bedroom apartments, thirty-seven one-bedroom apartments, and three studios, for a total of 48 units or 51,701 square feet.

As proposed, the acquisition of 180 Buckingham Avenue meets many goals established under the **Measure K**-funded ARAPP, including preserving naturally occurring affordable housing, converting unsubsidized rental housing to long term, rent-restricted housing serving low- and very-low income households, minimizing the displacement of existing residents, and leveraging other public and private funds to limit the necessary County contribution.

Saint Francis Center has submitted an offer to purchase 180 Buckingham Avenue for \$21.75 million. It will leverage the acquisition loan of \$4,000,000 from the County ARAPP with an \$8,000,000 private loan from First Republic Bank, along with Saint Francis Center funds and donations. The cost per unit to the County is \$83,333.

This memorandum and attached resolution has been approved by County Counsel. All loan documents will also be approved by County Counsel.

Approval of this resolution contributes to the Shared Vision 2025 outcome as a Livable Community by ensuring that rental units remain affordable to lower income residents of San Mateo County.

PERFORMANCE MEASURE:

Measure	FY 2017-18 Actual	FY 2018-19 Projected
Acquire and preserve 48 units of affordable housing	N/A	48 rental housing units

FISCAL IMPACT:

This project will utilize \$4,000,000 from ARAPP, a **Measure K**-funded program.