



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HOUSING

**File #:** 19-059

Board Meeting Date: 1/29/2019

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

**To:** Honorable Board of Supervisors

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

**Subject:** Authorization of an Exclusive Negotiating Rights Agreement for the Middlefield Junction  
- Parcel "A" Mixed-Use Development Project

**RECOMMENDATION:**

Adopt a resolution authorizing the Director of the Department of Housing or the Director's designee, to enter into an Exclusive Negotiating Rights Agreement between the County and Mercy Housing Corporation to enable the initiation of pre-development activities for the Middlefield Junction - Parcel "A" Mixed-Use Development Project and the negotiation of a long-term ground lease and development agreement between the parties.

**BACKGROUND:**

The Middlefield Junction - Parcel "A" Mixed use Development Project property is a vacant undeveloped 3.2-acre parcel (APN: 054-113-140) located at 2700 Middlefield Road (the "Project Site"), in the North Fair Oaks (the "NFO") neighborhood of unincorporated San Mateo County, which the County acquired by grant deed on September 30, 2014.

On June 17, 2016, after approximately 18-months of initial planning activities, the County and the City of Redwood City ("Redwood City") jointly issued a Request For Proposals soliciting a master planner/financial consultant to develop a feasibility analysis and development options to redevelop the Project Site with a mixed-use affordable housing development.

On February 27, 2017, the County executed an agreement with Van Meter Pollack Williams Architects ("VMPW") to assist with its efforts to redevelop the Project Site in a manner that complements the existing Fair Oaks Health Center adjacent to the Project Site, achieves economies of scale in development and best serves the interests of the NFO community (the "Master Planning Process").

The Master Planning Process was led by the Middlefield Junction Executive Committee, consisting of elected and staff representatives from the County and Redwood City and a representative of the Sequoia Healthcare District, which resulted in the VMPW Existing Conditions Report and Middlefield Junction Master Plan (the "Master Plan").

On July 10, 2018, the County issued a Request For Proposals soliciting qualifications and proposals from experienced developers to develop a mixed-use project that is consistent with the goals and policies of the North Fair Oaks Community Plan references the Master Plan, includes a minimum of 100-units of affordable housing and a minimum of 3,000 square feet of community-serving uses, including a child-care facility (the “Development RFP”).

**DISCUSSION:**

To ensure the Project Site was developed with a project that maximizes the County’s stated goal to create affordable housing where it is needed most, the County released a Development RFP seeking experienced and qualified developers interested in developing, owning, operating, and managing affordable housing at the Project Site. The County received proposals from four qualified developer teams, from which the two strongest teams were identified and invited for interviews.

The County utilized an evaluation committee of both internal and external members to ensure the process was fair and reasoned. The evaluation committee recommended Mercy Housing as selected developer, based on its outstanding proposal and degree of experience developing high-quality mixed-use affordable housing comparable to that envisioned in the Master Plan. The Department of Housing Director concurs with the evaluation committee’s recommendation and desires to execute an Exclusive Negotiating Rights Agreement (the “ENRA”) with Mercy Housing, which is anticipated to lead to a future development agreement and long-term ground lease for the Project.

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

**PERFORMANCE MEASURE:**

Measure	FY 2017-18 Actual	FY 2018-19 Projected
NA		

**FISCAL IMPACT:**

There is no Net County Cost associated with this action. Mercy Housing shall reimburse the County for its actual out-of-pocket costs and expenses (including legal fees, consultant costs, and staff time) - incurred in preparing the ENRA and fulfilling its obligations under the ENRA.