



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** GOVERNING BOARD

**File #:** 19-402

Board Meeting Date: 5/14/2019

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

**To:** Honorable Board of Supervisors (Sitting as the Board of Commissioners of the Housing Authority of the County of San Mateo)

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

**Subject:** Authorization of a Master Affordable Housing and Property Disposition Agreement

### **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 enter into a Master Affordable Housing and Property Disposition Agreement between the Housing Authority of the County of San Mateo and MidPen Housing Corporation to undertake pre-development and development activities for the Midway/Bayshore Redevelopment Project.

### **BACKGROUND:**

Midway Village is an aging, 150-unit affordable rental housing development located on approximately 12 acres in the Bayshore neighborhood of Daly City. It was built by the Housing Authority of the County of San Mateo ("HACSM") in the mid-1970s and has been continuously owned and operated by HACSM and recently its nonprofit affiliate, SAMCHAI. The City of Daly City (the "City") owns and operates David R. Rowe Park, also known as Bayshore Park (the "Park"), a neighborhood park located adjacent to Midway Village. Prior to May 11, 2017, the Bayshore Elementary School District (the "District") owned a one-half acre parcel containing the Bayshore Child Development Center (the "Childcare Center"), which parcel is located within the Midway Village site.

On March 29, 2016, the Board of Supervisors, sitting as the Board of Commissioners of HACSM ("Governing Board"), affirmed the concept of redeveloping the Midway Village site in order to provide new housing and associated amenities, and authorized HACSM to enter into a four-party Memorandum of Understanding ("MOU") with the City, the County, and the District. The MOU, executed on March 31, 2016, provided for, among other things, transfer of fee title to HACSM of the District's parcel containing the Childcare Center that is located within the Midway Village site in consideration for HACSM satisfying the District's affordable housing requirement associated with the sale and redevelopment of the District's middle school site adjacent to Midway Village. The District's parcel was subsequently acquired by HACSM and will be incorporated into the affordable housing redevelopment plan for Midway Village.

The City and HACSM desired to incorporate the existing Park site into the Midway Village redevelopment plan for the purposes of creating a better overall plan and providing better public access and parking for a new public park space, to be deeded back to the City, that will replace the current park at the end of the redevelopment process. As part of the four-party MOU, HACSM and the City agreed to the future transfer of ownership of the Park to HACSM in order to facilitate the redevelopment process. HACSM and the City subsequently entered into an option to purchase agreement whereby the City will transfer fee title to the Park to HACSM in consideration for HACSM satisfying the repayment of certain costs related to the remediation of contaminated soils affecting the Park. The option will be exercised prior to start of construction of improvements on the Park site.

Together, the three properties containing Midway Village, the Park, and the Childcare Center will be redeveloped as part of what is now referred to as the Midway/Bayshore Redevelopment Project (the "Project"). HACSM seeks to undertake the Project in partnership with an affordable housing developer in order to provide an increased number of critically-needed new homes affordable to households with a range of incomes, along with a new childcare center to replace the existing aging Childcare Center. Either SAMCHAI or HACSM will retain ownership of the land and enter into a long-term ground lease with the affordable housing owner. An area of land equivalent in size to the current Park will be deeded back to the City for a new, revitalized park.

On June 29, 2017, HACSM released a Request for Proposals ("RFP") seeking experienced and qualified developers interested in redeveloping, owning, operating and managing affordable housing at the Project site. MidPen Housing Corporation ("MidPen") was the developer selected through this RFP process.

On January 23, 2018, the Governing Board authorized the Executive Director of HACSM to enter into an Exclusive Negotiations Agreement ("ENA") with MidPen in order to establish terms, including the early predevelopment milestones to be achieved prior to execution of a Master Affordable Housing and Property Disposition Agreement ("Master AHPDA"), which will then provide the terms for the overall Project, as well as the terms for the individual AHPDAs which will be executed at each phase of the Project. The ENA also establishes the use of certain Midway Village reserves to facilitate achieving these milestones and the roles and responsibilities of the parties.

On March 21, 2018, HACSM and MidPen executed an Exclusive Negotiating Rights Agreement (Midway/Bayshore Redevelopment Project) with a negotiating period of 240 days, with the opportunity to extend the term two times, each for an additional 90-day period.

## **DISCUSSION:**

HACSM and MidPen have achieved the milestones identified in the ENA with the support of a predevelopment loan issued on June 26, 2018 and funded through Midway Village reserves. Those milestones include the development of resident and community outreach and engagement plan; the convening of resident and community outreach and engagement meetings by MidPen and HACSM; the development of conceptual design plans and programming for tenant and unit mix at the Project, including Project phasing; due diligence, physical adequacy, and title adequacy studies; and negotiations of the Master AHPDA. HACSM and MidPen have successfully negotiated a Master AHPDA and anticipate executing the Master AHPDA on or about May 15, 2019.

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.

**FISCAL IMPACT:**

There is no Net County Cost associated with this action.