



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** GOVERNING BOARD

**File #:** 19-1253

Board Meeting Date: 1/7/2020

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

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

**From:** Raymond Hodges, Interim Executive Director, Housing Authority of the County of San Mateo

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

### **RECOMMENDATION:**

Acting as the Governing Board of Commissioners for 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 predevelopment loan agreement with MidPen Housing Corporation to assist with predevelopment activities to be undertaken for Phase I 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-1970s; David R. Rowe Park in Daly City, also known as Bayshore Park ("Park Site"), 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 acting as the Governing Board of Commissioners for the Housing Authority of the County of San Mateo ( the "Governing Board") 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 Midway Village reserves-which currently exceed \$8 million-in order to facilitate provision of affordable housing. On March 21, 2018, HACSM and MidPen executed the ENA for the Project with a negotiating period of 240 days, with the opportunity to extend the term two times, each for an additional 90-day period.

On April 4, 2018, the Governing Board authorized the Executive Director of HACSM to execute a loan agreement with MidPen in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) of Midway Village reserve funds to assist with predevelopment activities to be undertaken as part of the Project and set forth in the ENA (“Master Plan Predevelopment Loan”).

HACSM and MidPen achieved the milestones identifies in the ENA and negotiated a Master Affordable Housing and Property Disposition Agreement (“Master AHPDA”).

On May 14, 2018, the Governing Board authorized the Executive Director of HACSM to enter into the Master AHPDA between HACSM and MidPen in order to undertake predevelopment and development activities for the Project, and on May 28, 2019, HACSM and MidPen executed the Master AHPDA.

On June 25, 2018, HACSM and MidPen executed the Master Plan Predevelopment Loan Agreement. MidPen used the funding provided from the Master Plan Predevelopment Loan to initiate predevelopment activities associated with planning all five phases of the Project (“Master Planning”), including architecture services to design the Project, civil engineering services for the same purpose, and extensive environmental testing on the Project site.

#### **DISCUSSION:**

Master Planning is nearing its completion and MidPen will now undertake additional predevelopment activities associated exclusively with the first phase of the Project, which consists of the development of 148 new construction affordable housing units, a secured parking garage, facility space for resident services, and programmed outdoor amenities for residents (“Phase I”). In order to facilitate completion of predevelopment tasks for Phase I of the Project, HACSM recommends the provision of a predevelopment loan for Phase I to MidPen in an amount not to exceed One Million Four Hundred Nine Thousand, Seven Hundred Ninety-Five Dollars (\$1,409,795) of Midway Village reserve funds (“Phase I Predevelopment Loan”).

This resolution has been reviewed and approved as to form by County Counsel.

#### **FISCAL IMPACT:**

There is no Net County Cost associated with this action. HACSM will use \$1,409,795 of Midway Village project reserves as the source of the Phase I Predevelopment Loan.