



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 22-597

Board Meeting Date: 8/2/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Raymond Hodges, Director, Department of Housing
Subject: Agreements with MidPen Housing related to the Development and Operation of an Affordable Housing Project in Redwood City for Extremely Low-Income Households and Households experiencing homelessness

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing and directing the Director of the Department of Housing ("DOH"), or designee, to execute an Exclusive Negotiating Agreement with MidPen Housing, or an affiliate entity, to afford the parties sufficient time to negotiate the terms of both a Development Agreement and an Agreement to provide site control of property located at 1580-1590 Maple Street in the City of Redwood City (the "Property") to MidPen Housing, or an affiliate entity, for the purpose of developing and operating a permanent supportive housing development on the Property for extremely low-income households and households experiencing homelessness; and
- B) Authorizing and directing the Director of DOH, or designee, in conjunction with MidPen Housing, to submit, or cause to be submitted, to the City of Redwood City all necessary entitlement application documents required to ensure development at the Property proceeds in accordance with state law; and
- C) Authorizing and directing the Director of DOH, or designee, to enter into a Development Agreement with MidPen Housing, or an affiliate entity, regarding design, development, construction, ownership, and management of the Property in addition to the provision of supportive services at the Property; and
- D) Authorizing and directing the Director of DOH, or designee, to provide site control of the Property, through a sub-ground lease, assignment of ground lease, or another instrument agreeable to both DOH and MidPen Housing, subject to County Attorney review and approval, to MidPen Housing or an affiliate entity to facilitate MidPen Housing, or its affiliate entity developing, owning, and operating a permanent supportive housing development on the Property for extremely low-income households and households experiencing homelessness.

BACKGROUND:

1580-1590 Maple Street (the “Property”) is owned by the City of Redwood City (the “City”). The County currently has an option to enter into a ground lease with the City, which, once exercised, will allow the County to control the Property, as lessee, for sixty-five (65) years. The County plans to exercise this option, and therefore control the Property, so it can then allow an experienced third-party to develop, own, and operate a permanent supportive housing development on the Property for extremely low-income households and households experiencing homelessness.

On May 24, 2022, DOH issued a Request for Qualifications (“RFP”) to solicit proposals from affordable housing developers and service providers, with extensive experience developing, owning, operating, managing, and maintaining permanent supportive housing, and also providing high-quality resident services and supportive services, to serve as the developer, owner, and operator of the improvements.

Two (2) qualified affordable housing developers and operators submitted Statements of Qualifications in response to the RFP, and a selection committee comprised of staff from DOH and the County Health Department and a representative of the City interviewed both entities and reviewed their submitted materials.

On July 25, 2022, the committee selected MidPen Housing because it possesses the experience and skills necessary to identify and secure long-term funding for the Property, to utilize a thoughtful approach in working with the local community and neighborhood groups, and to provide the property management protocols and supportive services the residents of the affordable housing development will need to maintain independence.

The purpose of the accompanying resolution is to provide the Director of DOH the authority to enter into the necessary agreements with MidPen Housing to allow it to develop, own, and operate the permanent supportive housing development on the Property.

DISCUSSION:

Subject to this Board’s approval, the County and MidPen Housing will first enter into an Exclusive Negotiating Agreement (“ENA”) to afford the parties sufficient time to negotiate two central agreements (the “ENA Period”). During the ENA Period, subject to this Board’s approval, the parties will negotiate and enter into a Development Agreement, which will set forth the details of MidPen Housing’s development and operation of the permanent supportive improvements on the Property. Then, subject to this Board’s approval, during the ENA period, the parties will negotiate and enter into an agreement that will transfer site control of the Property for an extended period from the County to MidPen Housing. While this agreement could take other forms, it is likely to be either a sub-ground lease, whereby MidPen Housing becomes the sub-lessee of the Property, or an assignment agreement, whereby the County assigns certain rights under the ground lease to MidPen Housing, allowing MidPen Housing to develop, own and operate the improvements. As negotiations unfold, the Director of DOH will consult with the County Attorney to determine which approach is appropriate under the circumstances. Pursuant to these agreements, MidPen Housing will be required to record an affordability covenant restricting tenancy at the Property to homeless households earning at, or less, than 30% of area median income.

Furthermore, in order to expedite entitlements for the project, and in coordination with the County and City, MidPen Housing plans to submit a preliminary application to begin a streamlined entitlement process under the guidelines of SB-35, which requires that an applicant for a housing development

project submit a preliminary application to the jurisdiction from which approval is being sought, in this case the City. Thus, DOH seeks this Board's authorization to provide documentation to MidPen Housing, permitting the organization to submit the necessary preliminary application materials to the City to facilitate the development of permanent supportive housing at the Property as quickly as is possible.

This resolution and the ENA have been reviewed and approved as to form by the County Attorney.

FISCAL IMPACT:

There will be no fiscal impact to the County in connection with these actions. Staff believe that MidPen Housing will apply in the future for financial assistance administered by DOH, to support the development process.