



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HOUSING

**File #:** 22-558

Board Meeting Date: 7/12/2022

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

**To:** Honorable Board of Supervisors  
**From:** Raymond Hodges, Director, Department of Housing  
**Subject:** Approve a resolution authorizing the sale of a County owned Below Market Rate (BMR) unit located at 252 5<sup>th</sup> Avenue in unincorporated Redwood City.

**RECOMMENDATION:**

Adopt a resolution:

- A) Authorizing the sale of a County owned Below Market Rate unit to a qualified low-income buyer at an affordable price; and
- B) Authorizing the Director of the Department of Housing to execute all legal documents to effectuate the sale.

**BACKGROUND:**

The condominium complex located at 248-262 5th Avenue in unincorporated Redwood City (North Fair Oaks) was developed in April 1992 by Silverado Development, Inc. (the "Developer").

Pursuant to the County's Density Bonus Ordinance (Ordinance No. 02343) adopted on October 22, 1991 (subsequently amended and revised in 1994 and then in 2010) ("Density Bonus Ordinance"), an additional unit located at 252 5th Avenue, Redwood City, California (the "Property") was developed as an affordable, qualifying, low-income unit.

In exchange for the right to develop the additional unit, the Developer agreed that any sale of the Property would be to a low or very low-income household and also agreed to impose a deed restriction on the Property limiting any resale to a below-market-rate price ("Deed Restriction"). The County also has the option to purchase the Property pursuant to the Density Bonus Ordinance.

In 1993, the Property was purchased by qualified buyers, and when said buyers decided to sell the Property in 2004, the County exercised its option to purchase the Property.

In 2007, the County sold the Property to another qualified buyer ("Owner") in accordance with the Deed Restriction. In July 2020, the Owner notified the County of their intent to sell the Property and in

February 2021, pursuant to Board Resolution No. 077998, the County exercised its option to purchase the Property at a below-market-rate price established by the terms of the Deed Restriction.

In 2022, the Property was renovated for the first time since its development in 1992.

**DISCUSSION:**

The County's Department of Housing ("DOH") staff determined the sale price of the Property, which has been calculated by a formula set forth in the Deed Restriction, to be \$453,777 (the "Affordable Price") and any sale would be restricted to a purchaser with 80 percent Area Median Income.

The formula in the Deed Restriction provides that the Affordable Price shall not exceed the original purchase price plus three (3) percent per year, compounded annually for each year the Owner has owned the Property, plus any capital improvements in excess of one (1) percent of the original purchase price minus any costs to bring the unit into conformity with County codes. The Affordable Price, as calculated by this formula, is substantially below market value for the Property. Similarly sized (2-bedroom, 1 bath) non-restricted units in Redwood City and in nearby cities within the County are listed with a sales price of between \$549,000 to \$799,000.

The marketing and buyer selection process for the Property is conducted by DOH staff, and a potential buyer has been identified.

Staff recommends that the Board (1) authorize the sale of a County-owned Property to a qualified low-income buyer at an affordable price; and (2) authorize the Director of the Department of Housing to execute all legal document to effectuate the sale.

The County Attorney has reviewed and approved the resolution as to form.

**FISCAL IMPACT:**

There will be no net cost to the County, as the Property is being sold at the same acquisition price at which the County purchased it, i.e., \$453,777. Additional closing costs will be paid through funds from the START program.