



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 21-124

Board Meeting Date: 2/9/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Approval of Declaration of Intent to Purchase and Execution of a Purchase and Sale Agreement for the Acquisition of 252 5th Avenue in unincorporated Redwood City

RECOMMENDATION:

Adopt a resolution:

- A) Declaring the Board of Supervisors' intention to exercise the County's option to purchase the condominium unit, located at 252 5th Avenue in unincorporated Redwood City (Assessor Parcel Number 113-170-030) ("Property"), from Property owner Judith Dell'Ara for a total purchase price of \$453,777; and
- B) Authorizing the President of the Board of Supervisors to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions for the County's acquisition of the Property for a total purchase price of \$453,777; and
- C) Authorizing the County Manager, or designee, to execute the Certificate of Acceptance attached to the resolution upon the satisfaction of all conditions of escrow, to consummate the County's purchase of the Property as required by California Government Code Section 27281, and all other documents and notices required to exercise the option to purchase the Property and otherwise facilitate the acquisition; and
- D) Authorizing an allocation of up to \$700 per month for the payment of membership to Redwood City's Fair Oaks Condominium Owners' Association, Inc. and any other ongoing costs related to the maintenance of the property.

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 of San Mateo’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 also agreed to sell the Property to a low or very low-income household and to impose a deed restriction limiting the price upon resale (“Deed Restriction”) on the Property. 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 pursuant to the Density Bonus Ordinance.

Then in 2007, the County sold the Property to another qualified buyer (“Current Owner”) in accordance with the Deed Restriction. In July 2020, the Current Owner notified the County of their intent to sell the Property. The County is requesting authorization to exercise its option to purchase the Property at a price established by the terms of the Deed Restriction.

DISCUSSION:

The County of San Mateo Department of Housing (“DOH”) staff has 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”).

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 of the Property, 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 between \$559,000 to \$649,000.

The marketing and buyer selection process for the Property will be conducted by DOH staff, and this process is anticipated to begin immediately following the County’s acquisition of the Property.

Staff recommends that this Board (1) declare the its intention to exercise the County’s option to purchase the Property for a total purchase price of \$453,777; (2) authorize the President of the Board to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions for the County’s acquisition of the Property for a total purchase price of \$453,777; and (3) authorize the County Manager, or designee, to execute the Certificate of Acceptance attached to the resolution upon the

satisfaction of all conditions of escrow, to consummate the County's purchase of the Property as required by California Government Code Section 27281, and all other documents and notices required to exercise the option to purchase the Property and otherwise facilitate the acquisition; and (4) authorizing an allocation of up to \$700 per month for the payment of membership to Redwood City's Fair Oaks Condominium Owners' Association, Inc. and any other ongoing costs related to the maintenance of the property.

County Counsel has reviewed and approved the Resolution as to form. Notice of this hearing was published in accordance with California Government Code Sections 25350 and 6063.

FISCAL IMPACT:

The County will acquire the Property using funds from Employee Down Payment Assistance Program administered by DOH in the amount of the Affordable Purchase Price of \$453,777. The Property will be re-sold at the same price as the cost of acquisition, which will then replenish the Employee Down Payment Assistance Program funds used to fund the acquisition in full. Costs associated to the payment of the membership and maintenance will also be funded through the Employee Down Payment Assistance Program.