



# County of San Mateo

## Inter-Departmental Correspondence

**Department:** HOUSING

**File #:** 21-925

Board Meeting Date: 11/16/2021

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

**To:** Honorable Board of Supervisors  
**From:** Raymond Hodges, Director, Department of Housing  
**Subject:** Amended and Restated Management Agreement with MidPen for Shores Landing

### **RECOMMENDATION:**

Adopt a resolution authorizing the Director of the Department of Housing, or designee, to execute an Amended and Restated Management Agreement with MidPen Property Management Corporation for operation and management at Shores Landing, located at 1000 Twin Dolphin Drive, in Redwood City (Assessor Parcel Number 095-222-230), increasing the amount of the agreement by \$913,312 for a new total amount not to exceed \$2,431,312 with a term of November 16, 2021 through November 16, 2022.

### **BACKGROUND:**

The Homekey Program ("Homekey"), administered by the State of California Housing and Community Development Department ("State HCD"), provided funding to rapidly sustain and expand the inventory of housing for people experiencing homelessness or at risk of homelessness and impacted by COVID-19. Homekey presented an opportunity for local public agencies to purchase hotels, motels and a broad range of other housing types in order to increase community capacity to respond to homelessness and the COVID-19 pandemic.

With authorization from your Board, the Department of Housing ("DOH"), on behalf of the County, applied for and received a funding award from Homekey, Round 1, to help finance the acquisition of the property previously known as TownePlace Suites and now known as Shores Landing, located at 1000 Twin Dolphin Drive, in Redwood City (Assessor Parcel Number 095-222-230) (the "Property" or "Shores Landing"). With authorization from your Board on December 3, 2020, DOH acquired the Property using Homekey funds and local Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. This Property is a 95-unit permanent affordable housing site for extremely low-income seniors (62+ years of age) earning at or below 30% of the Area Median Income, as well as seniors who may have experienced homelessness or are at risk of homelessness. This Property provides wrap around services to qualified residents through programs like the County's Whole Person Care Program in addition to services to medically frail seniors.

On December 22, 2020, DOH issued a Request for Qualifications to solicit Statements of

Qualifications from affordable housing developers and service providers, with extensive experience owning, operating, managing, and maintaining affordable senior housing as well as providing high-quality resident services and supportive services to seniors, to serve as the operator/manager of the Property. On February 16, 2021, the DOH selection committee chose MidPen Housing Corporation and its affiliated entities (collectively, "MidPen") as the operator and manager of the Property because of their experience and skills of securing long-term funding for the Property, to utilize a thoughtful approach in working with the local community and neighborhood groups, and to utilize their existing network of partners to assist in the full-service operation and management of the Property, including provision of services the residents may need to remain stably housed and for the Project to have a positive impact upon the surrounding community.

On March 23, 2021, pursuant to Resolution No. 078081, your Board authorized DOH to execute an Exclusive Negotiating Agreement with MP Land Holdings, LC, an affiliated entity of MidPen Housing Corporation and its Agent, pursuant to which the parties agreed to negotiate a management agreement that was executed on April 13, 2021 (the "Original Management Agreement"), which sets forth the responsibilities of MidPen and the County regarding the operation and management of the Property, including the development of a Project budget and the establishment of a bank account or other similar mechanism that allows MidPen to access \$1,500,000 of Measure K funding being provided by the County as start-up funding for expenses related to the operation and management of the Property.

#### **DISCUSSION:**

On November 6, 2018 and on June 4, 2019, pursuant to Resolution Nos. 076259 and 076672, your Board (i) authorized DOH to apply for and to accept California Emergency Housing Solutions (CESH) funding from State HCD, if awarded, (ii) authorized DOH to distribute funds to projects with eligible activities as approved by State HCD and in accordance with all CESH program requirements, and other rules and laws, as well as in a manner consistent and in compliance with the Standard Agreements and other contracts between State HCD and DOH, and (iii) authorized DOH to execute contracts with awardees identified through the project selection process.

On August 8, 2019, DOH accepted a CESH funding award from State HCD in the amount of \$627,447. On April 17, 2020, DOH accepted a second CESH funding award from State HCD in the amount of \$352,881.

On October 13, 2021, DOH identified Shores Landing as a project with eligible activities to distribute both CESH funding awards in a total amount of \$931,312, after deducting administrative fees in the amount of \$49,015. The CESH funds will be released into a County-owned Shores Landing Trust Account for the operation of Shores Landing once the parties negotiate and execute a subrecipient agreement that comports with CESH program requirements.

Accordingly, DOH and MidPen Property Management Corporation are seeking to amend and restate the Original Management Agreement for Shores Landing ("Amended and Restated Management Agreement") to increase the amount of the agreement by \$931,312 for a new total amount of \$2,431,312 for a term of November 16, 2021 through November 16, 2022. In addition, through this Amended and Restated Agreement, the parties are seeking to add certain exhibits and attachments to the Original Management Agreement and include additional language setting forth (i) a process for how the parties will address procurement and contracting issues related to any work on the Property, which may constitute a "Public project" under Section 22002 of the California Public Contract Code, (ii) the maintenance obligations of the Bay Trail (required by the Permit) that MidPen agrees to undertake, and (iii) granting MidPen with the authority to assist the County, as its agent, in obtaining

additional financing for the Property's operations and future capital improvements, which the County and/or MidPen will use in accordance with the applicable funding requirements for such programs, and authorizing MidPen to seek reimbursement from the County for its costs in obtaining, or assisting the County in obtaining, additional financing.

Therefore, staff is recommending that the Board adopt a resolution authorizing the Director of the Department of Housing, or designee, to execute an Amended and Restated Management Agreement with MidPen Property Management Corporation, increasing the amount of the Original Management Agreement by \$931,312 for a new total amount not to exceed \$2,431,312 and for a term of November 16, 2021 through November 16, 2022.

County Counsel has reviewed and approved the resolution and the Amended and Restated Management Agreement as to form.

**FISCAL IMPACT:**

There is no fiscal impact to the County. Funds being added to Amended and Restated Management Agreement between the County and MidPen Property Management Corporation are from previous CESH funding awards that DOH accepted from State HCD.