



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 22-009

Board Meeting Date: 1/4/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Purchase and Sale Agreement for the Acquisition of the Comfort Inn & Suites Hotel in Redwood City

RECOMMENDATION:

Adopt a resolution:

- A) Declaring the Board of Supervisors' intention to purchase the Comfort Inn & Suites Hotel, located at 1818 El Camino Real, Redwood City, (Assessor Parcel Number 053-122-160) for a total purchase price of \$17,000,000, subject to approval of funding and authorization for the County Manager to execute the certificate of acceptance; and
- B) Authorizing the President of the Board of Supervisors to execute a Real Estate Purchase and Sale Agreement and Escrow Instructions ("Agreement") for the County's potential acquisition of the Property for a total purchase price of \$17,000,000; and
- C) Authorizing the County Manager, or designee, to execute the Certificate of Acceptance and all notices, escrow instructions, and documents required to facilitate the purposes of the Agreement.

BACKGROUND:

In response to the COVID-19 pandemic, the County coordinated with numerous hotels in the County to provide shelter for first responders, as well as for members of our most vulnerable populations, including the homeless. Staff has also been coordinating with the State of California Homekey Program ("Homekey") to purchase hotels for conversion to affordable housing units.

DISCUSSION:

The Comfort Inn & Suites Hotel, located at 1818 El Camino Real, in Redwood City, (the "Property") is a fifty-one-room hotel, built in 1991. The mix of rooms includes fifty-one units, one breakfast room, one manager's quarters, elevator, and laundry room. Each room includes one king bed, one queen

bed or two queen beds, microwave and refrigerator, television and other room amenities. The Property consists of .98 acre, or 42,877 square feet. The hotel has two ADA compliant rooms. The Property is located less than half a mile from a grocery store, pharmacy, and bus stop.

The Agreement between the County, as Buyer, and Bhas, Inc., as Seller, establishes the purchase price at \$17,000,000. The Property consists of .98 acres, and includes the 29,300 square foot hotel, and 49 dedicated parking spaces. In addition to the 51 guest rooms, the hotel facility has one laundry room, elevator, a guest lobby, and guest breakfast room. The County's Department of Housing has determined the best use of the Property is to provide affordable housing for San Mateo County residents.

Escrow is anticipated to close by April 4, 2022. There are several conditions to be satisfied prior to closing. Real Property has been working diligently to satisfy as many of those conditions as possible prior to this Board action. A Phase 1 Environmental Site Assessment was conducted, which revealed no potential environmental hazards. A Property Condition Report was commissioned, which indicated the property and facility is in good condition. The mechanical systems, including independent HVAC systems for each room were inspected and determined to be in good order. A review of a Preliminary Title Report revealed no interests recorded against the Property that would pose risk of interfering with the County's use of the Property. An Appraisal Report was commissioned to determine the fair market value of the Property. That report supported the purchase price of \$17,000,000.

Real Property prepared and negotiated the Agreement. County Counsel has reviewed and approved the Resolution, and the Agreement as to form.

FISCAL IMPACT:

The Agreement is expressly contingent on the approval of funding by the Board of Supervisors. The County has submitted an application for Homekey funding, which is pending. Funding for the acquisition may be from Homekey, the County General Fund, and/or alternative sources of funding.

Staff will return to the Board at a future date for the Board's approval of funding and authorization for the County Manager to execute a Certificate of Acceptance to consummate the acquisition.