



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HOUSING

**File #:** 22-261

Board Meeting Date: 4/19/2022

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**Special Notice / Hearing:** None

**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Raymond Hodges, Director, Department of Housing

**Subject:** MOU with City of East Palo Alto for Due Diligence Activities Related to Potential Real Property Exchange

### **RECOMMENDATION:**

Adopt a resolution authorizing the County Executive, or Director of Department of Housing as designee, to execute a Memorandum of Understanding between the County of San Mateo and the City of East Palo Alto for due diligence activities regarding a potential real property exchange.

### **BACKGROUND:**

In 1972, the Redevelopment Agency of San Mateo County acquired a 1.85-acre property located at 1266 Beech Street, in East Palo Alto (San Mateo County Assessor's Parcel Number 063-600-060) ("County Property"). The County Property is a vacant lot situated at the terminus of Beech Street, and it is located within an existing single-family residential neighborhood. The County Property abuts Martin Luther King Jr. Park ("MLK Park"), a City of East Palo Alto public park, at its southern property line. The County Property has a zoning designation of "Parks and Recreation" (PR), which allows for public recreational uses, such as the adjoining park. The County Property has been vacant since it was acquired by the County.

The City of East Palo Alto ("City") is the property owner of 2277 University Avenue, an approximately 0.36-acre parcel in East Palo Alto (San Mateo County Assessor's Parcel Number 063-302-460) ("City Property"). The City Property has a zoning designation of "Mixed Use Corridor" (MUC), which allows mixed use structures and developments with different uses such as office, retail, service, residential, including medium and high-density residential, and other compatible uses. The City Property is surrounded by single-family residential, multi-family residential, a park, a fire station, retail, and other uses. A one-story house is situated on the City Property and is currently occupied by the David E. Lewis Community Reentry Center ("Reentry Center"), a facility that assists residents returning home from prison or jail with reintegration back into the community by providing housing, job training and placement, and substance abuse treatment. The Reentry Center has been in operation since 2007 and is financially supported by the County.

**DISCUSSION:**

The City has expressed to the County that it is interested in acquiring the County Property in order to expand MLK Park. In addition, County is interested in acquiring the City Property because it could ground lease the City Property to an affordable housing developer to build and operate affordable housing. The County Property is located in a low-density residential district in a location that is not in close proximity to transit and services. The City Property is located on a high-activity arterial road that has access to transit and a variety of neighborhood services, making the City Property ideally located for affordable housing purposes. In addition, the City Property’s zoning supports medium and high density residential, and the City has expressed support of the County’s desire to acquire the site for the purpose of developing high-density affordable housing.

The Parties are committed to exploring a potential exchange of the City Property and County Property (“Property Exchange”) and wish to enter into a Memorandum of Understanding (“MOU”) in order to conduct due diligence tasks over a one-year term to determine if a Property Exchange is mutually desirable and feasible. Identifying relocation needs for the Reentry Center is one of the due diligence tasks included in the MOU.

California Government Code section 25365(a) authorizes counties, by a four-fifths vote of the Board of Supervisors, to exchange real property with a city upon the terms and conditions that are agreed upon, where the real property to be acquired is required for County use. In addition, California Government Code section 37351 authorizes cities to exchange real property as is necessary or proper for municipal purposes.

**FISCAL IMPACT:**

The County will pay for costs associated with conducting the due diligence activities set forth in the MOU.