



County of San Mateo

Inter-Departmental Correspondence

Department: HOUSING

File #: 23-62

Board Meeting Date: 1/31/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Raymond Hodges, Director, Department of Housing

Subject: Amendment to the Standard Agreement with the State of California Department of Housing and Community Development ("State HCD") for the Operation and Management of Shores Landing, an Affordable Housing Project for Extremely Low-Income Seniors in Redwood City

RECOMMENDATION:

Adopt a resolution:

- A) Authorizing and directing the Director of the Department of Housing, or designee, to execute an amendment to the Homekey Program Standard Agreement executed between the County of San Mateo ("County") and the State of California Department of Housing and Community Development ("State HCD") to add MP Shores Landing, LLC (proposed Lessee of Ground Lease with the County), a wholly-owned and controlled subsidiary of MidPen Housing Corporation, as a third party to the Agreement; and
- B) Authorizing and directing the Director of the Department of Housing, or designee, to execute any and all other documents and/or amendments required by State HCD to execute an amendment to the Standard Agreement and receive authorization from State HCD to enter into a Ground Lease with MP Shores Landing, LLC.

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 the Board, the Department of Housing ("DOH"), on behalf of the County of San Mateo ("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”). On December 1, 2020, The County entered into a Homekey Program Standard Agreement (Standard Agreement) with State HCD making available \$18,048,000 for the acquisition. With authorization from the Board on December 3, 2020, DOH acquired the Property using both Homekey funds and local Coronavirus Aid, Relief, and Economic Security (CARES) Act funds. This Property is a 95-unit permanent affordable housing site, which will include, when constructed, a community room, 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.

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.

DISCUSSION:

On March 23, 2021, pursuant to Resolution No. 078081, the Board authorized DOH to execute an Exclusive Negotiating Agreement with MP Land Holdings, LLC, 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, which sets forth the responsibilities of MidPen and the County regarding the operation and management of the Property. The Board also authorized DOH to negotiate and execute a lease agreement to eventually transfer to MidPen, or a wholly-owned and controlled subsidiary of MidPen, an ownership interest in the Property at such time that the Project has achieved sustainable operations or as the Parties may mutually agree, and any and all documents necessary to implement the same.

Since then, pursuant to the resolution, DOH and MidPen have commenced negotiations on a Ground Lease agreement that will give leasehold title of the property to MP Shores Landing, LLC, a wholly-controlled affiliate of MidPen Housing for a term of fifty-five (55) years. The draft Ground Lease agreement is currently under final review by State HCD pursuant to Exhibit D, Section 24 of the Standard Agreement which states that the County cannot sell, assign, transfer, or convey the Project, or any interest therein or portion thereof, without the express prior written approval of State HCD. As a part of State HCD’s approval process of the Ground Lease, an amendment of the Standard Agreement is required to add MP Shores Landing, LLC as a party to the terms and conditions stated therein. Once the Standard Agreement formally adds MP Shores Landing, LLC as a party to the original agreement, State HCD will be able to proceed with their review of the Ground Lease Agreement and provide authorization for MidPen and DOH to enter into the Ground Lease.

In accordance with State HCD’s requirements, the resolution includes an Attachment A that: (1) is formatted in a way that differs from the standard County resolution to comply with State HCD’s requirements; and (2) must be executed contemporaneously with the standard County resolution.

FISCAL IMPACT:

There is no financial impact to the County upon adding MP Shores Landing, LLC as a party to the Standard Agreement with State HCD.