

**County of Santa Clara
Facilities and Fleet Department**



97749 B

DATE: August 13, 2019

TO: Board of Supervisors

FROM: Jeffrey D Draper, Director, Facilities and Fleet

SUBJECT: Delegation of Authority for the Palo Alto Teacher Housing

RECOMMENDED ACTION

Approve delegation of authority to the County Executive, or designee, to negotiate, execute, amend, or terminate agreements such as development agreements, regulatory agreements, funding agreements, ground leases, loan agreements, deeds of trust, and promissory notes with Mercy Housing Management Group, in connection with the planning, funding and development of Palo Alto Educator Workforce Housing at 231 Grant Avenue, in Palo Alto, CA, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on August 13, 2020. (Facilities and Fleet Department)

FISCAL IMPLICATIONS

As stipulated in the Request for Proposals (RFP), the project will rely on a financing plan that includes non-County funding, a ground lease and a combined \$12 million investment of County, City of Palo Alto, and participating school district funds. Previously, at the April 17, 2018 Board of Supervisors Meeting, the Board set aside \$6 million in the County's Stanford Affordable Housing Fund for its share of the \$12 million investment.

REASONS FOR RECOMMENDATION

On February 14, 2019, Facilities and Fleet Department (FAF) issued RFP-FAF-FY19-0175, Palo Alto Educator Workforce Housing Development, which was posted on BidSync and closed on May 13, 2019. The Review Board evaluated four proposals based on the Lead Developer's written proposals and interviews, utilizing evaluation criteria that included developer experience, architect experience, property management experience, developer concept and preliminary site plan, financing, and cost control innovations. Evaluation of the written proposals and presentations/interviews were conducted on June 25, 2019.

The top score was given to Mercy Housing Management Group, comprising of Mercy Housing and Abode Communities. These two organizations have experience successfully working together and leasing properties that include priority or set-aside units for teachers.

Abode Communities also has experience building teacher housing in Southern California. The development team's concept takes into consideration the local community's desire to preserve trees and allows for separating the site into two projects, giving greater flexibility in the development of the site.

Because of the above items, Delegation of Authority is requested to negotiate and execute the development agreement with Mercy Housing Management Agreement for the Palo Alto Educator Workforce Housing Development.

CHILD IMPACT

This action will have no/neutral impact on children or youth.

SENIOR IMPACT

This action will have no/neutral impact on seniors.

SUSTAINABILITY IMPLICATIONS

This action will have no/neutral sustainability implications.

BACKGROUND

On January 23, 2018, Item 11, the Board of Supervisors (Board) unanimously approved Supervisor S. Joseph Simitian's Board Referral, "Consider recommendations relating to the creation of housing at 231 Grant Avenue, Palo Alto site". The actions approved by the Board included directing Administration to seek out a partner to develop the 231 Grant Avenue site, resulting in the RFP process. Subsequently, on April 17, 2019, the Board approved Item 15, "Consider recommendations relating to funding for teacher/staff housing at 231 Grant Avenue in Palo Alto," directing the Administration to set aside \$6M in the County's Stanford Affordable Housing Fund to support the development of the aforementioned below-market-rate housing project.

CONSEQUENCES OF NEGATIVE ACTION

The County would not negotiate a development agreement with Mercy Housing Management Group at this time.

STEPS FOLLOWING APPROVAL

The Clerk of the Board will follow the regular process for this type of file.

LINKS:

- Linked To: 91054 : 91054
- Linked To: 89678 : 89678