

County of Santa Clara
Office of the County Executive
Office of Supportive Housing



105216

DATE: April 20, 2021
TO: Board of Supervisors
FROM: Consuelo Hernandez, Director, Office of Supportive Housing
SUBJECT: Delegation of Authority for 330 Distel Circle

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 in an amount not to exceed \$4,600,000 and other related agreements with EAH Housing, or its affiliate, in connection with the planning, funding and development of 330 Distel Circle, Los Altos, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive, and subject to Administration's review and approval of required land use entitlements and compliance with the California Environmental Quality Act (CEQA). Delegation of authority shall expire on April 20, 2026.

FISCAL IMPLICATIONS

There is no impact to the General Fund as a result of the recommended action. If approved, funding of up to \$4,600,000 would be drawn from the 2016 Measure A Affordable Housing Bond ("Housing Bond"). To implement the Housing Bond, the Board adopted Resolution BOS-2017-102 approving the issuance and sale of general obligations bonds on August 15, 2017 (Item No. 28). Through previous actions, the Board had committed \$616,352,928 of Housing Bond funds. If the Board approves the recommended action, the County's commitment of Housing Bond funds – for all Housing Bond-related programs – would be \$620,952,928 which is greater than the proceeds from the first bond issuance. At this stage, however, the County is only committing an up-to capital funding amount for each development with actual expenditures taking place over a three-to five-year period.

The Administration does not anticipate spending more than \$250,000,000 from the first bond issuance before May 2021, which is when the Administration intends to conduct the second bond issuance of \$300,000,000. The Administration and the Finance Agency anticipate returning to the Board in April 2021, with a Resolution authorizing the second issuance.

The recommended action would enable EAH Housing to borrow a portion of the \$4,600,000

for predevelopment costs such as architectural fees, engineering fees and environmental reports. Any funds borrowed by EAH Housing for predevelopment costs would be converted into a long-term permanent loan if the project is approved and completed.

Funding for the acquisition of the property by the County will also come from the Housing Bond and was approved by the Board on October 6, 2021 (Item No. 9)

REASONS FOR RECOMMENDATION

On December 2, 2020, the Office of Supportive Housing (OSH) issued a Request for Offers (RFO) to the Developer Qualified Pool (QP) established to develop affordable and supportive housing on County-owned properties. Proposals for 330 Distel Circle, Los Altos were due on January 28, 2021, and four developers submitted proposals.

A five-person Evaluation Committee convened to evaluate proposals on February 25th and 26th, 2021. Responses were evaluated based on the following four criteria:

1. The degree to which the preliminary site and development plan maximizes housing opportunities while also creating excellent resident-focused amenities and strong community benefits through site amenities and open space;
2. Respondent's Community Outreach Plans and Residential Services Plan;
3. The degree to which the Respondent can deliver the units as quickly as possible; and
4. The proposed financing instruments, and/or construction means and methods in order to minimize County's financial contribution.

The top score was given to EAH Housing. The selected developer provided the best proposal that balances the four criteria noted above. Specifically, the team's development concept takes into consideration the local community's desire to ensure the building fits within the built environment and allows for multiple financing scenarios.

Reasons for Delegation of Authority

Although delegations of authority are discouraged except under certain circumstances, this delegation of authority is necessary to allow the Administration to swiftly execute an agreement with EAH Housing and to deliver the units as quickly as possible.

CHILD IMPACT

The recommended action would have a positive impact on children. Selecting a developer to explore housing opportunities on the property allows the County an opportunity to explore future uses that could benefit children in the community.

SENIOR IMPACT

The recommended action could have a positive impact on seniors. Selecting a developer to explore housing opportunities on the property allows the County an opportunity to explore future uses that could benefit seniors in the community.

SUSTAINABILITY IMPLICATIONS

The recommended action balances public policy and program interests, and enhances the Board of Supervisor's sustainability goal of social equity by improving homeless and low-

income persons' access to permanent affordable housing.

BACKGROUND

Property Background

The District purchased the Property in 1990 to serve as their administration office. Since 2015 the District had been evaluating options to address the lack of sufficient administrative office space to meet ongoing and long-term business needs. In 2017, the District adopted a resolution to enter into a purchase and sale agreement for the property located at 5050 El Camino Real, Los Altos to serve as the District's new administrative office. Subsequently, on February 1, 2019 the District acquired the property located at 5050 El Camino Real.

At their meeting of November 20, 2019, the District adopted a resolution declaring the Property surplus and authorized the General Manager to negotiate a sale under the Surplus Land Act. On January 21, 2020, Administration submitted a letter of interest to negotiate a possible acquisition by the County.

Administration through OSH has been working with the City of Los Altos on a potential partnership to explore housing opportunities at the Property. After several months of discussions around each agency's respective roles, including a meeting with the City's Housing Subcommittee, an MOU was drafted that sets forth the City and County's respective support for an affordable housing development at the Property. In furtherance of the City's support of the potential project, on October 27, 2020, the Los Altos City Council approved a 100 percent discount from the City's impact fees estimated at \$4,644,344.

Community Engagement

On January 27, 2021 and February 11, 2021, the City and County held two community meetings to solicit early community input and created a webpage to keep the community informed as the project starts to unfold.

Developer Qualified Pool Background

On September 4, 2019, OSH issued a Request for Qualifications (RFQ) in search of qualified housing developers interested in developing permanent affordable and supportive housing on County-owned, County-controlled, or County-affiliated properties (e.g., properties owned by other public agencies and co-developed by the County). The goal of the RFQ is to maximize the supportive and ELI units on subject sites. However, the County solicited developers with the capacity to develop projects of various types (i.e., varying income levels, unit types, rental and for-sale, and mix of uses) because not all properties may be optimal for supportive housing. Proposals were due on October 22, 2019, and a five-person Evaluation Committee convened to evaluate proposals on February 26, 2020. Responses were evaluated based on development experience, mission alignment with the County, developer qualifying project count, developer capacity, and local preference. Eighteen proposals were submitted. Twelve developers have been placed in the Developer QP and four others may be invited to participate in an RFO depending on the number and quality of proposals submitted by the other 12 developers.

CONSEQUENCES OF NEGATIVE ACTION

The County would not negotiate a development agreement with EAH Housing Inc. at this time.

STEPS FOLLOWING APPROVAL

Upon Approval, the Clerk of the Board if asked to notify Consuelo Hernandez and Andrew Barnes with the Office of Supportive Housing.

LINKS:

- References: 103635 : Receive report from the Office of Supportive Housing relating to a Memorandum of Understanding with the City of Los Altos regarding housing opportunities at 330 Distel Circle, Los Altos. (Referral from October 20, 2020 Board of Supervisors meeting, Item No. 9)
- References: BOS-2020-169 : Adopt Resolution finding the acquisition of the property located at 330 Distel Circle, Los Altos, Assessor's Parcel No. 170-04-051 is exempt from the California Environmental Quality Act (CEQA); finding the acquisition serves a public purpose; and approving a delegation of authority to the County Executive, or designee, to negotiate and execute a Purchase and Sale Agreement and all other agreements and documents necessary or required for the consummation of the purchase of the Property, including but not limited to the Certificate of Acceptance and a short-term leaseback to the Seller, and to take all other necessary action to complete the acquisition, in an amount not to exceed \$10,400,000 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 September 22, 2022.