



## HOUSING SUBCOMMITTEE AGENDA REPORT

**Meeting Date:** December 15, 2025

**From:** John Swiecki, Community Development Director

**Subject:** Presentation of Proposal from HEART Responding to RFP for Ownership and Management of Visitacion Garden Senior Housing

### Recommendation

That the subcommittee receive the presentation of HEART's proposal for ownership and management of Visitacion Garden senior apartments and recommend that the City negotiate a new ground lease with HEART.

### Background

The Visitacion Garden Senior housing development at 8 Visitacion Avenue contains 14 apartment units for low-income seniors (age 62+) and includes a senior recreation center ("Sunrise Room"). The former Brisbane Redevelopment Agency (RDA) purchased the site in 1995 for \$440,000. The RDA partnered with BRIDGE Housing, a non-profit affordable housing developer, to design, construct, and manage the affordable senior housing development. Construction was completed in November 1999. The RDA issued two loans to BRIDGE to fund the development of the property. The Brisbane Housing Authority was activated in 2011 through adoption of Resolution 2011-15. The Housing Authority is governed by a five-member Board of Commissioners, filled by the Brisbane City Council members. Following dissolution of the Brisbane Redevelopment Agency in 2012, the Housing Authority assumed control over the Low and Moderate Income Housing Funds previously held by the Redevelopment Agency.

Brisbane Housing Authority retains ownership of the land beneath the development while BRIDGE (under its subsidiary Brisbane Senior Housing, Inc.) owns the buildings and improvements and manages the facility under a 30-year ground lease ("lease") that expires in 2028. Under the terms of the existing lease, ownership of the building and improvements on the site will revert to the Housing Authority in 2028 unless a new lease is executed or the existing lease is extended.

BRIDGE reached out to City staff in 2023 to discuss possible extension of the lease. Following discussions among City staff, BRIDGE, and this Subcommittee, it was the consensus that a preferred path forward was to seek a new entity that would enter into the existing lease or, more likely, enter into a new lease, or a new entity that would manage and operate the facility.

Based on this direction, in July 2025, staff brought forward a draft Request for Proposal (RFP) to the full City Council in its capacity as the Housing Authority Board. Following authorization by the Council, the RFP was released in August 2025 (Attachment 1). One proposal was received from the Housing Endowment and Regional Trust of San Mateo County (HEART). The proposal was reviewed by staff as well as a review committee comprised of Douglas Frederick, HCD Housing

Program Manager of San Mateo County Department of Housing (which holds a loan on the property) and Leigh Macalino, Housing Management Analyst with the City of Redwood City. After reviewing the proposal and interviewing HEART, the internal review committee unanimously found HEART's proposal to be responsive to the RFP and recommended that the City enter into negotiations with HEART for a new lease.

## **Discussion**

HEART was established in 2003 as a Joint Powers Authority (JPA) between the County and its jurisdictions to operate a capital trust fund to provide short- and medium-term loans for the acquisition, predevelopment, and rehabilitation of affordable multifamily projects. In 2023, HEART formed an affiliate JPA (HEART-SV) to hold title in real estate developments and in 2024 purchased its first, and to date only, rental property in Redwood City. Armando Sanchez, Executive Director, has an additional 15 years of experience in affordable housing development and management.

Key features of HEART's proposal (Attachment 2) include the following:

### **OVERALL INTENT**

- HEART proposes to enter into a new 55 year ground lease and management agreement for Visitacion Garden, assigning its interest to HEART-SV, an affiliate JPA.

### **DEBT**

- HEART is willing to assume the existing debt on the property on the condition that an appraisal demonstrates that the leasehold interest and improvements have a value equal to or greater than the debt. If the valuation is less than the Debt, HEART requests a restructuring of the Debt. (See Fiscal Impact section below.)
- To pay for all costs associated with assuming the Project, including pay for the immediate repairs, the capital reserve, and the operating reserve, HEART is proposing a combination of a new \$350,000 City loan and a 15-year \$262,350 HEART loan.

### **TENANT MANAGEMENT AND RENT RESTRICTIONS**

- HEART will honor all existing leases and designated area median income (AMI) rent levels for tenants currently residing at the Project.
- Existing rent restrictions would be maintained with one modification: replacing two 40% AMI units with one 30% AMI unit and one 50% AMI unit to align rents with Housing and Community Development (HCD) published rent levels.
- HEART proposes using an off-site property management firm.

A full summary of relevant proposal elements can be found in HEART's letter of intent and proposed approach in Attachment 1. HEART has also provided a pro forma to demonstrate their

anticipated revenues and expenditures together with proposed debt management. HEART will make a full presentation of their proposal at the meeting.

### Next Steps

As outlined in the RFP, the subcommittee will make a formal recommendation to the full Council in its capacity as the Brisbane Housing Authority whether to engage in further negotiation with HEART for a new ground lease and the terms of that ground lease.

### **Fiscal Impact**

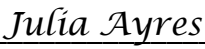
HEART has proposed to assume the existing debt on the property. Practically this would entail executing new loan agreements for the three existing loans (two City, one County). The two new loan agreements would equate to the existing loan amount plus accrued interest as one new loan, which would itself accrue interest on a 30-year term. Should the City move forward to negotiate with HEART, HEART has requested an appraisal which will determine whether HEART requests restructuring of the existing debt on the property. HEART also proposes a new \$350,000 City/Authority residual receipts loan at 3% interest to finance capital improvements and reserves on a 30 year term. There are adequate funds in the low and moderate income housing fund to fund the new loan request.


As residual receipts loans, loan payments would be paid out of surplus revenue/receipts. HEART's submitted pro forma shows the distribution of anticipated cash flow toward all three City loans, and shows that all three loans would have unpaid balances due at the end of the 30 year term. Staff anticipates that HEART would request entering into new loans for new terms at the end of the 30 year term to roll over the remaining loan balances.

### **Attachments**

1. Request for Proposals for Leasehold Interest and/or Management of the Visitacion Garden Senior Apartments
2. HEART of San Mateo County proposal

  
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Julia Ayres, Principal Planner

  
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