



DOWNTOWN SAN MATEO OPPORTUNITY SITES **PROJECT UPDATE**

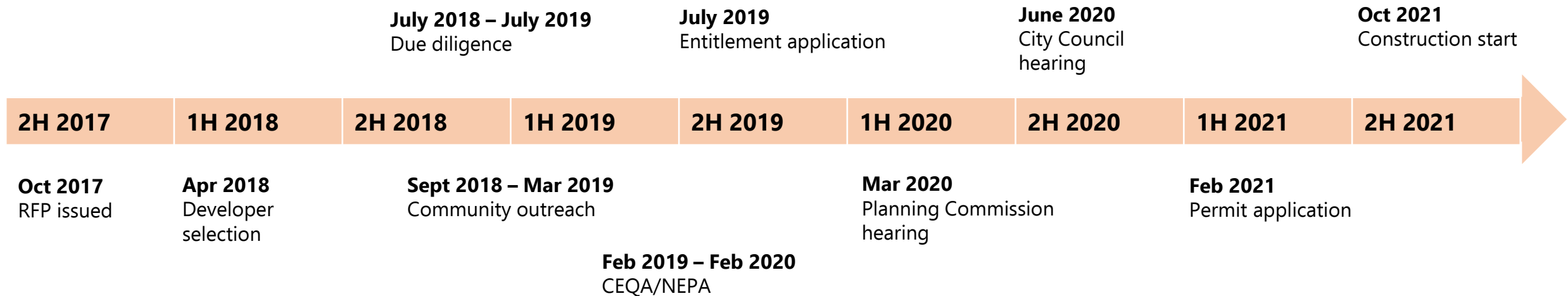
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City Council Study Session | November 18, 2019

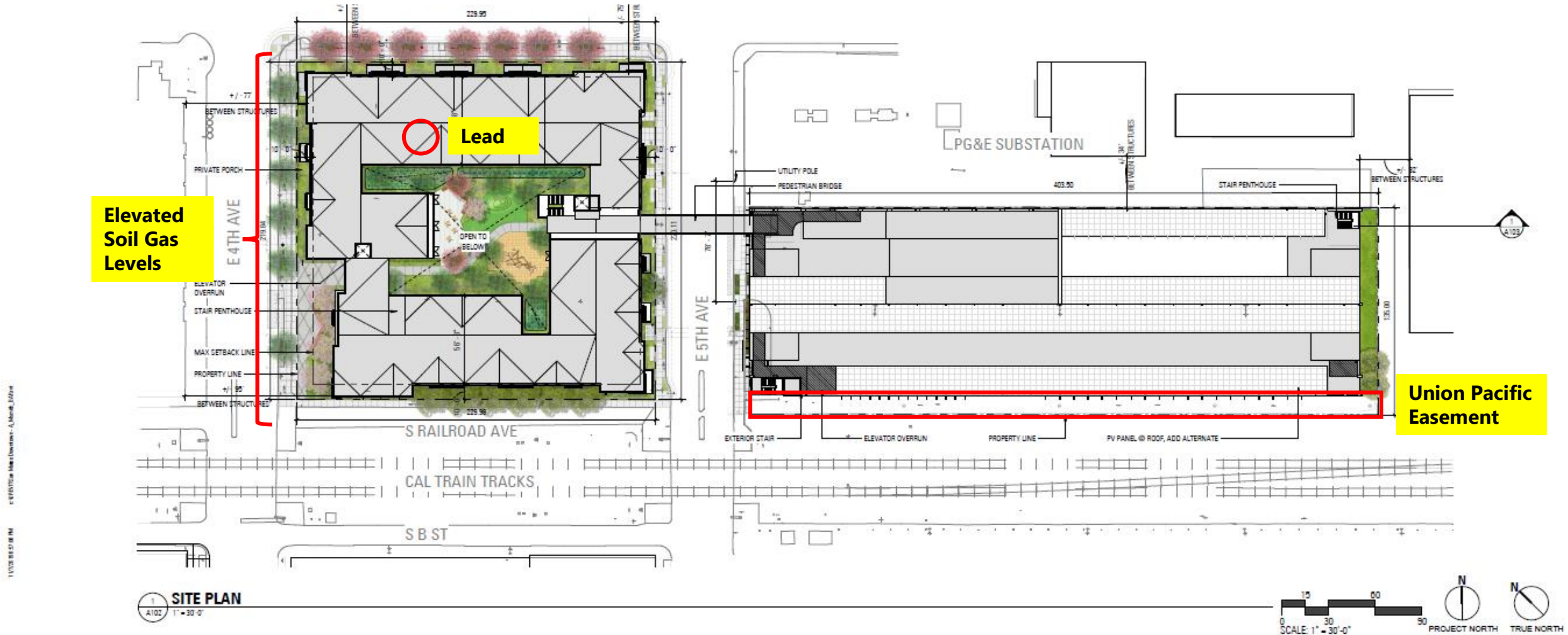
The Downtown San Mateo Opportunity Sites (DTSM) project is progressing on schedule toward a 2021 construction start.



Multiple developments over the past year have introduced new opportunities and constraints.

1. Title & Environmental Issues
2. Sustainability Targets
3. Construction Phasing
4. Increasing Median Incomes & Regulatory Changes
5. New Housing Legislation

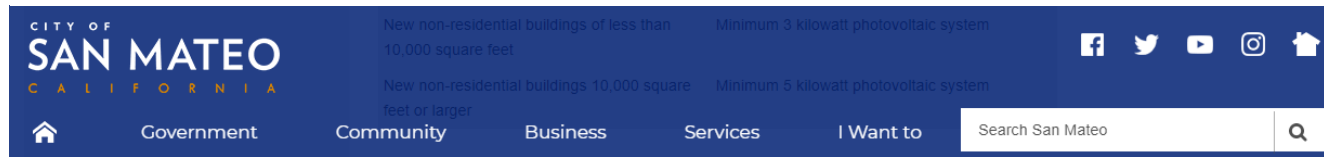
Let's review these developments and their implications, starting with **Title & Environmental Issues.**



The past year, both the City and MidPen raised the bar in terms of their **Sustainability Targets.**

City of San Mateo Mandatory Green Building Measures

Effective January 1, 2020



Electric Vehicle Readiness

The City's amendment will require a higher number of electric vehicle (EV) Capable parking spaces than what is required by the State for new construction projects. An EV Capable space contains electrical capacity and raceway; however it is not required to contain the actual electrical vehicle supply equipment (EVSE) installed. In addition, the City's amendment requires new non-residential projects to install EVSE in a portion of their parking spaces.

Building Type	Reach Code
New One- and Two-family dwellings and Town-houses	Require complete circuit and receptacle (outlet)
New Multifamily Buildings	15% EV Capable spaces
New Non-residential Buildings	10% EV Capable spaces and 5% EVSE installed spaces

2017: 10% EV-ready stalls = **70**

2020: 15% EV-ready residential stalls = **25**

10% EV-ready public stalls = **81**, of which 27 are EV-installed

Net increase of 36 EV-ready stalls, of which 27 EV-installed



Edwina Benner Plaza, Sunnyvale

MidPen's 1st All-Electric Community



Community outreach and general contractor collaboration also articulated tradeoffs of a **Phased Construction Schedule**.



We've been researching how this project could best serve public employees in a manner consistent with City goals.

1. Area Median Incomes increased +20% since 2017; City employee salaries increased by <10%
2. A market analysis found 80% of public employees earn a wage less than 80% of AMI
3. A survey of +800 public employees indicated limited demand for proposed rents

Higher earning public employees participating in the survey preferred an older suburban San Mateo apartment and/or more amenities.

2 Bedroom Rent:

- Older suburban San Mateo apartment: \$2,800
- DTSM unit targeting 80-120% AMI: \$3,000
- Newer luxury San Mateo apartment: \$3,500

This research indicates we can serve the target population through a 100% Tax Credit Community.

2017

Single
Occupant

≤ 50%	≤ 60%	≤ 80%	≤ 100%	≤ 120%	AMI
\$46,100	\$55,320	\$73,760	\$92,200	\$110,640	Income
Library Assistant I (45K) Office Assistant I (45K) Para-Educator I (34K)* Program Assistant I (45K)	Custodian (50K) Elementary Teacher (55K)* Landscape Laborer (50K) Maintenance Worker I (53K) Police RCD Spec. I (49K)	Accounting Assistant (60K) Building Inspector (73K) Comm. Service Off. I (57K) Executive Assistant (66K) Librarian I (60K) Police Dispatcher I (72K) Program Serv. Coord. (60K)** Pump Stn. Mechanic I (68K)	Business Sys. Analyst I (84K) Firefighter (88K) HR Analyst I (77K) Network Tech. (76K) Plan Checker I (78K) Planner Associate (87K) Public Works Sup. (92K) Supervising Librarian (77K) WWTP Operator I (77K)	City Atty. Dep. I (93K) Managing Arborist (98K) Police Officer (98K) Senior Mgmt Analyst (93K) + 120% AMI in 2017 Police Sergeant (118K) Principal Planner (119K) Senior Engineer (119K)	Jobs

2019

Single
Occupant

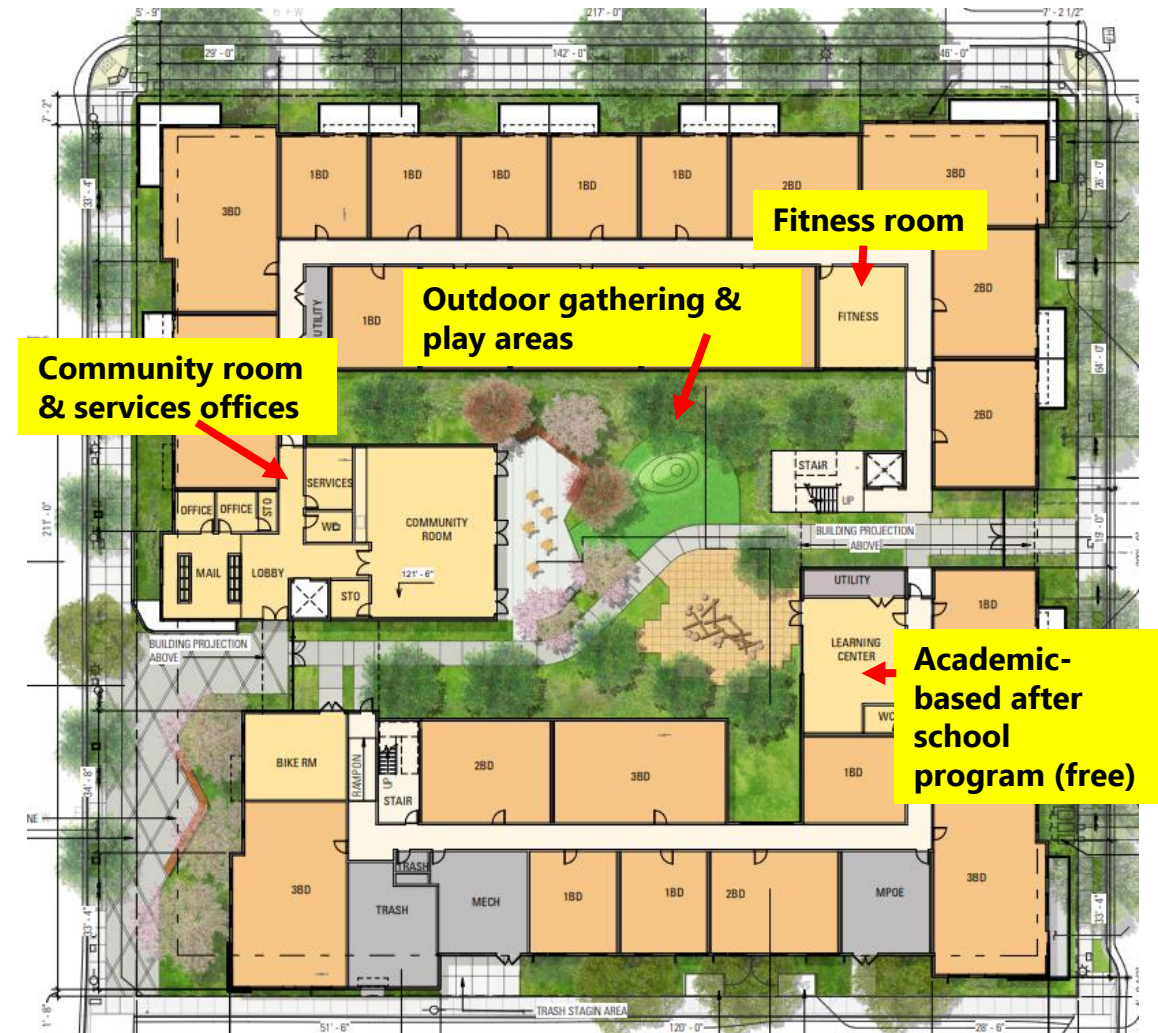
≤ 50%	≤ 60%	≤ 80%	≤ 100%	≤ 120%	AMI
\$56,450	\$67,740	\$90,320	\$112,900	\$135,480	Income
Accounting Asst I (54K) Central Services Water (44K) Custodian (55K) Landscape Laborer (55K) Library Assistant I (47K) Med Services Asst. II (32K)*** Office Assistant (32K)*** Para-Educator I (37K)* Police RCD Spec. I (53K) Program Assistant II (54K)	Accounting Assistant (65K) Comm. Service Off. I (61K) Elementary Teacher (58K)* Executive Assistant (66K) Librarian I (64K) Maintenance Worker I (58K)	Building Inspector (78K) Firefighter Trainee (84K) HR Analyst I (85K) Network Tech. (71K) Plan Checker I (84K) Police Dispatcher I (77K) Pump Stn. Mechanic I (68K) Special Ed Teacher (89K)* Supervising Librarian (88K) WWTP Operator II (86K)	Business Sys. Analyst I (93K) City Atty. Dep. I (102K) Firefighter (99K) Managing Arborist (109K) Planner Associate (95K) Police Officer (110K) Public Works Sup. (102K) Senior Mgmt Analyst (102K)	Fire Captain (132K) Police Sergeant (132K) Principal Planner (130K) Senior Engineer (130K)	Jobs

This year, State legislators passed **AB 1763**.

- Legislation allows increased height and density for affordable housing near transit
- Possible implications for DTSM project:
 - Additional 30 – 70 housing units
 - 2 story height increase
 - 6 – 9 month project delay
 - Less than 1:1 parking ratio for housing and/or reduced public parking
 - Require 100% tax credit income mix to be financially feasible
- More analysis needed to detail implications

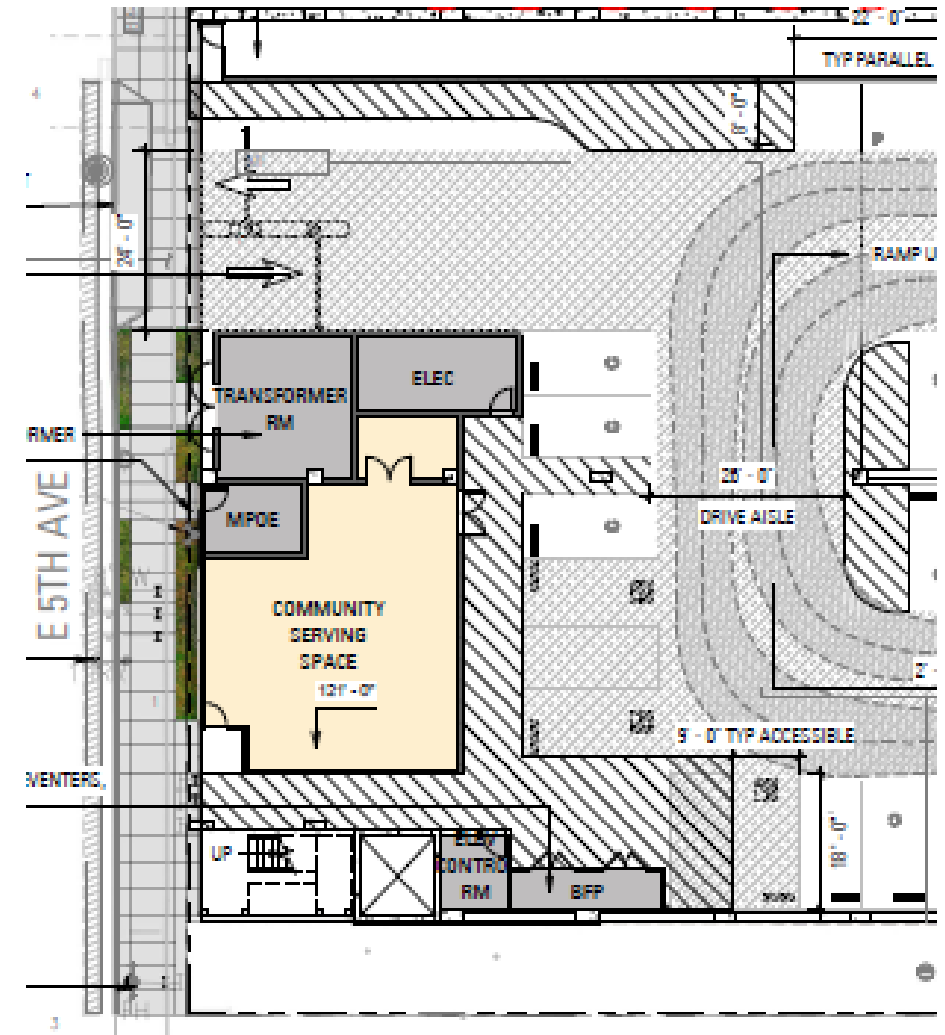
Opportunities exist to reduce project costs through **Internal Fee Waivers**.

- Internal Plan Check and Building permit application fees estimated to be \$875,000
- Impact Fees **still** apply to cover infrastructure demands from project
 - Parks Impact Fee has credit option for on-site amenities but requires minimum threshold
 - Propose \$250,000 reduction of \$3.3 million Parks Impact Fee



Design, cost, management and relocation realities pose tradeoffs of including **Community Serving Space** in the garage.

- Community serving space:
 - 1,200 square feet
 - \$500,000 to build
 - Shared between Worker's Resource Center and community uses in afternoon/evening
- Management and programming of community uses in off-site location is challenging
- Difficult to relocate Worker's Resource Center twice in short period; may want to consider permanent relocation



How the City decides to move forward in response to these developments has implications for the project financing gap.

Scenario	Gap Reduction
Base Case	\$0
Option 1: 100% Tax Credit Units	\$5.5 M
Option 2: Concurrent Construction	\$2 M
Option 3: More City Subsidy	\$1.5 – 2 M

City staff and MidPen are seeking Council feedback on the following decision points.

1. Should the housing project be **built concurrently** with the parking garage?
2. Should the **income targets of the project be revised** to serve households of up to 80% of AMI?
3. Should the City **waive a portion of the development review fees** for this project?
4. Should the City consider reducing the threshold for allowed credits against the **Park Impact Fee** for affordable housing projects?
5. Does the Council want to include the **Community Room** in the project?
6. Should the housing project be designed to be **100% electric** (no natural gas service)?
7. Does the Council want to explore amendments to the project under **AB 1763**?
8. Is the Council willing to commit **additional City resources** to this project, as needed?



Base Case – Unit Mix and Rents

AMI Category		Studio		1 BR		2 BR		3 BR	
		Units	Net Rent	Units	Net Rent	Units	Net Rent	Units	Net Rent
Low Income, Tax Credit	≤ 30%	5	\$671	7	\$717	3	\$848	5	\$962
	≤ 50%	0	\$0	14	\$1,267	7	\$1,508	13	\$1,724
	≤ 60%	0	\$0	16	\$1,542	5	\$1,838	6	\$2,105
	≤ 80%	4	\$1,954	18	\$2,092	7	\$2,498	11	\$2,868
Moderate Income, Non-Tax Credit	≤ 120%	0	\$0	24	\$2,505	9	\$2,993	8	\$3,592
	Mgr Unit	0		0		2		0	
	Total Units	9		79		33		43	

Current Area Median Income Levels – San Mateo County

% of Area Median Income	Number of Household Members					
	1	2	3	4	5	6
120%	\$135,480	\$154,800	\$174,120	\$193,440	\$208,920	\$224,400
100%	\$112,900	\$129,000	\$145,100	\$161,200	\$174,100	\$187,000
80%	\$90,320	\$103,200	\$116,080	\$128,960	\$139,280	\$149,600
70%	\$79,030	\$90,300	\$101,570	\$112,840	\$121,870	\$130,900
60%	\$67,740	\$77,400	\$87,060	\$96,720	\$104,460	\$112,200
50%	\$56,450	\$64,500	\$72,550	\$80,600	\$87,050	\$93,500
40%	\$45,160	\$51,600	\$58,040	\$64,480	\$69,640	\$74,800
30%	\$33,870	\$38,700	\$43,530	\$48,360	\$52,230	\$56,100



