SUMMARY REPORT

San Mateo
Downtown Opportunity Sites

Reuse Appraisal

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June 2020

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A. Introduction

The former Redevelopment Agency of the City of San Mateo was dissolved in 2012 in accordance with California Law, and the San Mateo City Council approved a resolution that provides for the City of San Mateo (City) to serve as the Successor Agency to the former Redevelopment Agency. The Successor Agency is responsible for winding down all of the activities of the former Redevelopment Agency.

Two properties in downtown San Mateo, referred to as the Downtown Opportunity Sites, were transferred to the City of San Mateo from the Successor Agency in accordance with the Long Range Property Management Plan (LRPMP) that was approved by the California Department of Finance in 2014. As these Downtown Opportunity sites were acquired by the former Redevelopment Agency with property tax increment funds, a copy of the proposed sale or lease agreement and a summary report that describes specific financing elements of the proposed transaction must be available for public inspection prior to the public hearing.

This report demonstrates that the Downtown Opportunity Sites would be developed consistent with the LRPMP, and future development would provide transit-oriented affordable housing and public parking close to a major transit center, as well as accomplish environmental remediation of the site. All of the housing units would be affordable to lower income persons and families. One-quarter (25%) of the housing units would have a preference for occupancy by public employees who work for the City or County of San Mateo, any other taxing entity that is a successor to the former Redevelopment Agency, the State of California, or the Federal Government.

The project requirements and public benefits associated with future development of these sites increase project costs and decrease potential revenues so that the reuse value of the sites is considered to be $0 or less. Without the significant public funding that is proposed to financially assist future development, the project would have a significant funding gap, and the reuse value would be negative.

This Summary Report has been prepared in accordance with California Health and Safety Code Section 33433 (Section 33433) and contains the following information where it is relevant to the proposed transaction:

- The cost of the agreement to the City and the former Redevelopment Agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements, plus the expected interest on any loans or bonds to finance the agreements.
- The estimated value of the interest to be conveyed or leased, determined at the highest and best use permitted under the plan.
- The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease.
- An explanation regarding why the sale or lease of the property will assist in the elimination of blight.

- The purchase price or sum of the lease payments that the lessor will be required to make during the term of the lease.
- If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the redevelopment plan, then the City shall provide as part of the summary an explanation of the reasons for the difference.

The Downtown Opportunity Sites consist of the two City-owned surface parking lots in downtown San Mateo, 480 E. 4th Avenue and 400 E. 5th Avenue, which were originally purchased by the former Redevelopment Agency. Through a competitive developer selection process, the City Council of the City of San Mateo (City Council) selected MidPen Housing (MidPen) as the Developer for these sites. MidPen is currently seeking project entitlements, and the proposed project includes a 100% affordable housing project and a public parking garage. MidPen and the City are also in the process of negotiating the terms of the Disposition, Development, and Loan Agreement and related agreements (collectively referred to as DDLA or Agreements), which are proposed to be brought to the City Council for approval in July.

This report outlines the relevant parts of the proposed DDLA between Agency and the Developer. The DDLA requires the Developer to redevelop the site for affordable housing and a public parking garage. The purpose of this analysis is to determine the cost of the Agreements to the Agency. This report is based upon information in the proposed Agreements and is organized into the following sections:

A. **Introduction** – This section outlines the structure of the report and provides pertinent definitions.
B. **Project Description** – This section describes the properties, the Developer, the proposed project, and provides further background on the analysis.
C. **Summary of the Proposed Agreements** – This section outlines the major provisions of the DDLA, including the City's and the Developer's responsibilities.
D. **Cost of Agreements to the City** –This section describes the historical expenditures of the City and former Redevelopment Agency, potential revenues from the ground lease of the properties and the value of the tax increment generated by the DDLA.
E. **Highest and Best Use Value** – This section presents the value of the property at its highest and best use, as determined by an independent appraisal.
F. **Reuse Value** – This section estimates the value of the Property to be conveyed, determined at the use and with the conditions, covenants, and development costs required for the sale and development of the Property under the Agreements (referred to as the "reuse value" of the Property).
G. **Blight Alleviation** – This section explains why the sale and redevelopment of the Property pursuant to the Agreements will assist in the elimination of blight.

B. Project Description

The Downtown Opportunity sites consist of two properties in downtown San Mateo near the Downtown San Mateo Caltrain station that are proposed to be developed by the Developer (MidPen) as a combined development (Development) in accordance with the DDLA. This section provides an overview of the two properties, the Developer, the proposed Development, and provides further background on the analysis.

1. Downtown Opportunity Sites

The two Downtown Opportunity Sites were acquired by the former Redevelopment Agency and were designated for future development in the Long Range Property Management Plan (LRPMP) that was approved by the California Department of Finance (DOF) on December 17, 2014.[1] The approved LRPMP governs the disposition and use of these properties, and the Downtown Opportunity Sites were transferred to the City of San Mateo in March 2015 pursuant to the LRPMP.

The following briefly describes the location, existing use, acquisition history and proposed future development of the two Downtown Opportunity Sites:

- **480 E. 4th Avenue (Residential Property)** – This 50,573 square foot site is located between 4th Avenue and 5th Avenue adjacent to the railroad right of way, and the assessor parcel number for this property is 034-183-060. This property was acquired by the former Redevelopment Agency in 1998 for replacement public parking in the short term during the construction of other City parking garages and as a significant opportunity for future long-term redevelopment. The former Redevelopment Agency used eminent domain to purchase the property and paid $5,000,000 per a settlement agreement with the property owner. The LRPMP designated this site for future development and cited several City and redevelopment documents that contemplated the ultimate development of the site as transit-oriented development that would include housing. The site will continue to provide 110 public parking spaces prior to its proposed future development, and the City anticipates entering into a ground lease with MidPen to facilitate its development as affordable housing. As further described in Section 3, this property is also referred to as the Residential Property.
- **400 E. 5th Avenue (Garage Property) –** This 54,472 square foot site is located on 5th Avenue across the street from 480 E. 4th Avenue, and the assessor parcel number for this property is 033-281-140. This property was acquired in 1997 for $899,361 by the former Redevelopment Agency to serve as replacement public parking while the downtown Transit Center garage was being constructed. While the former Redevelopment Agency was primarily interested in providing replacement parking when the site was acquired, future development of the site was also considered. Although the property was purchased with redevelopment funds, the title was put in the City's name. In February 2009, the City Council approved a resolution granting the property to the former Redevelopment Agency. The

[1] The LRPMP governs the disposition and use of the non-housing properties owned by the former redevelopment agency, and the LRPMP was prepared by the Successor Agency in accordance with Health and Safety Code (HSC) §34191.5. As the Successor Agency had received a Finding of Completion in 2013, DOF approved the Successor Agency's use or disposition of all of the properties listed in the approved LRPMP including the two Downtown Opportunity Sites, which were designated for future development in the LRPMP.

property has been providing public parking since its acquisition, but approximately 13,598 square feet of the property has been utilized by the City for use as the Worker Resource Center.[2] The LRPMP designated this site for future development as a stand-alone development site or in combination with the development of 480 E. 4th Avenue. Given the property's configuration and its location in-between the Caltrain tracks and the PG&E downtown power substation, redevelopment of the property is constrained. The LRPMP cited several City and redevelopment documents that contemplated the use of the site for parking and/or eventual development to help strengthen the east side of downtown. The site will continue to provide 125 public parking spaces prior to its future development, and the City proposes to continue to retain ownership given its proposed future development as public parking. As further described in Section 3, this property is also referred to as the Garage Property.

An aerial map of the Downtown Opportunities sites is included as an attachment to the reuse appraisal that shows the location of each property, their parcel configuration, and the surrounding properties including the Caltrain tracks. (Please refer to Attachment 1 at the end of the reuse appraisal.)

As described in the LRPMP, the City has intended to solicit developers to redevelop these properties for many years, and the developer solicitation would require the development of replacement parking to be located on the property either on-site or nearby. The LRPMP envisioned that a qualified development team would be selected to undertake future development of the sites, and the City would enter into agreement(s) regarding the terms of the land acquisition between the City and a selected developer.

Consistent with the LRPMP, the City issued a competitive Request for Qualifications (RFQ) and a subsequent Request for Proposal (RFP) for the development of the combined properties as 164 units of housing (including housing affordable to very low, low and/or moderate income households) and a parking garage. The City selected MidPen as the developer based on a competitive selection process. Given recent changes in State Law for affordable housing developments, MidPen is now proposing to increase the number of housing units to incorporate 225 units of affordable housing in the Development.

The LRPMP stated that the purchase price to be paid by the developer for the properties under the terms of a development agreement would be not less than the fair reuse value of the property with the covenants, conditions, and development costs authorized pursuant to a disposition and development agreement, as determined by formal action of the City Council. In accordance with the LRPMP, the City of San Mateo intends to enter into compensation agreement(s) with the affected taxing entities regarding the disposition of any proceeds from the transfer of these sites to a third-party, as further described in this reuse appraisal.[3]

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[2] The Worker Resource Center is still located on this property but will be relocated prior to the redevelopment of the site.

[3] As described in San Mateo's approved LRPMP, DOF clarified in 2014 that a city does not have to reach compensation agreements with taxing entities prior to the Successor Agency's transfer of future development property to the city. DOF also clarified that a Successor Agency-to-city transfer can occur at any time after DOF approves a Successor Agency's LRPMP, and the city should reach a compensation agreement with the other taxing entities prior to the city's subsequent disposition of the property to a third party for development purposes. DOF also clarified that "The compensation agreements negotiated by and between the City and the other taxing entities are not subject to OB [Oversight Board] or Finance approval."

2. Developer

MidPen Housing (MidPen) was selected in 2018 by the City through the RFQ/RFP process to develop the combined properties as 164 units of affordable housing and an above grade parking garage. Also referred to as the Developer, MidPen is a non-profit developer headquartered in Foster City, California. Since MidPen was founded, it has developed or rehabilitated over 8,500 homes for low-income families, seniors and special needs individuals throughout Northern California with an additional 3,800 homes under construction or predevelopment. MidPen also manages 106 properties with a total of 7,501 units, and MidPen would be the property manager of the proposed development.

3. Proposed Development

As described above, MidPen was selected as the Developer and proceeded with the land use entitlement process for the development of 164 residential units, 164 residential parking spaces and 535 public parking spaces, which would fully replace the 235 spaces of public parking currently provided on the site.

All of the housing units would be located on the 480 E. 4th Avenue site, referred to as the Residential Property, while the residential and public parking spaces would be located in a parking garage on the 400 E. 5th Avenue site, referred to as the Garage Property. A pedestrian overpass is proposed to connect the two properties for ease of access to the residential parking.

Given the recent passage of Assembly Bill 1763 (AB 1763), MidPen and City staff brought forward several project items for City Council direction in Fall 2019, including a discussion of whether to increase the number of housing units pursuant to AB 1763, which allows for increased height and density for 100% affordable projects that are in close proximity to transit as is the case with the Downtown Opportunity Sites. At its November 18, 2019 meeting, the City Council gave direction to study the impacts of using AB 1763 to increase the unit count in the project and to return to the City Council for final direction with information on the design and financial impact of this change.

On February 3, 2020, the City Council provided final direction to proceed with a revised project that would allow seven stories in height for a total of 225 units, maintain the same number of residential parking spaces (164 spaces) and allow the remaining parking spaces in the garage to be available for public use. This revised project proposal is referred to as the Development hereafter, consistent with the language in the proposed DDLA.

In order to reduce residential parking demand, a larger portion of the additional units are studio apartments, which can serve seniors or other populations that are less likely to own cars. Given modifications to the design, the public parking garage would also contain three fewer parking spaces than was previously proposed for a total of 696 spaces. The City also approved a $3 million increase in City subsidy for the Development, which means that the City will contribute $7.5 million in affordable housing funds and $5 million in parking in-lieu funds to subsidize the Development.

A preference for "General Public Employees" would apply to twenty-five percent (25%) of the housing units in the Development, and the remainder of the units would have a local preference for people who live or work in San Mateo to the extent permitted by law and project funding sources. General Public Employees are defined as those who work for the City of San Mateo, County of San Mateo, any other taxing entities that are the successors to the former Redevelopment Agency, the State of California, or the Federal Government of the United States.

C. Summary of the Proposed Agreements

The proposed DDLA requires MidPen, the Developer, to develop affordable housing and a parking garage on the Downtown Opportunity Sites, which are collectively referred to as the Properties in the DDLA. This section describes key definitions and provisions of the proposed DDLA that are relevant to the proposed Development and the value of the property, as well as other legal agreements that are exhibits to the DDLA (collectively referred to as Agreements). It concludes with a summary description of the responsibilities of the City and Developer that are relevant to the implementation of the proposed Development and the value of the property.

Residential Development – The City and the Developer desire for the Developer to develop the Residential Improvements, consisting of 225 units of multifamily rental housing for low income households located on 480 East 4th Avenue and the pedestrian bridge connecting to the parking garage in the airspace over the adjacent public street, referred to as the Residential Property. This portion of the proposed development is referred to as the Residential Development, and it will be ground leased to the Developer.

Garage Development – The City and the Developer desire for the Developer to construct the Garage Improvements consisting of the construction of six hundred ninety-six parking spaces (696) on 400 East 5th Avenue, which is referred to as the Garage Property. This portion of the proposed development is referred to as the Garage Development. The Garage Development will replace the 235 spaces of existing public parking. The Garage Improvements will include 532 spaces of public parking (297 more spaces than currently provided) and 164 spaces of dedicated residential parking. A portion of the public parking spaces may be used by the residential property through a shared parking agreement. The City will continue to own the Garage Property during its construction and when the Garage Improvements are completed.

Garage License Agreement – The City will issue a Garage License Agreement that will provide access to the Developer to undertake the Garage Development. The Garage License Agreement will terminate concurrently with the Certificate of Completion for the Garage Development. The Garage License Agreement will be an attachment to the DDLA.

Ground Lease – The City has agreed to ground lease the Residential Property to the Developer for a term of 99 years at the rate of $1 per year for the duration of the term given its future development as affordable housing. In accordance with Government Code Section 54221(f)(1)(F), the ground lease is exempt from the state Surplus Lands Act because the lease is for a housing development that will restrict 100 percent of the residential units to lower income households as defined in Health and Safety Code Section 50079.5. The ground lease will be an attachment to the DDLA.

City Loans and Financial Assistance – The Developer's construction and operation of the proposed development is not financially feasible without the City's financial contribution. The City is proposing to provide the Developer with City Loans and other financial assistance in consideration for the Developer's agreement to construct and operate the Residential Development and to construct the Garage Development consistent with the DDLA and associated agreements, including without limitation, relevant occupancy and affordability restrictions. The amount of the City Loans and financial assistance are intended to be equal to the amount of the City’s financial contribution necessary to make the Developer's acquisition of the leasehold interest in the Properties and the construction and operation of the Development financially feasible, after taking into consideration the restrictions on the use of the property per the DDLA. The City Loans and financial assistance are further described below.

Land Use Entitlements and Permit Contingency – The City (in its capacity as "lead agency") is anticipated to approve the entitlement application for the Development and has adopted a mitigated negative declaration as well as a finding of no significant impact in accordance with the California Environmental Quality Act and the National Environmental Policy Act.

Regulatory Agreement –The Regulatory Agreement and Declaration of Restrictive Covenants will be recorded against the Developer's leasehold interest in the Residential Property upon execution of the Ground Lease and will restrict the Residential Improvements to be constructed and occupied as affordable housing, with intended occupancy by low income households with incomes at or below 80% of Area Median Income.

Compensation Agreement – The Compensation Agreement is an agreement to be negotiated between the City and the taxing entities that are the successors to the former Redevelopment Agency to govern the distribution of any proceeds, if any, from the disposition of the Downtown Opportunity Sites.

In summary, the City and the Developer are entering into the DDLA to accomplish the Development, which includes the provision of 225 units of affordable housing on the Residential Property that will be restricted to occupancy by low income households pursuant to the DDLA and related agreements. The DDLA also provides for the Developer to develop the Garage Property into a new public parking structure that will provide at least 696 parking spaces on a new parking garage the Garage Property of which 532 spaces will be available to the public and 164 spaces will be provided exclusively for the residential units. A portion of the public parking spaces may be used by the residential property through a shared parking agreement if additional parking is needed to serve the residents. To accomplish the Development, the City and Developer will assume the following responsibilities.

1. City Responsibilities

The City would have the following key responsibilities according to the DDLA:

- Provide a long term ground lease of the Residential Property to the Developer for a term of 99 years at the rate of $1 per year for the duration of the term.
- License the Garage Property to the Developer during the construction of the Garage Improvements
- Enter into an appurtenant easement dedicating no less than 164 parking spaces on the Garage Property for the term of the Ground Lease to the Residential Development.
- Provide City Loans to the Developer totaling $12.5 million
- Provide necessary approvals to facilitate development of the Properties
- Waive all City-imposed planning application, environmental review, building permit, and plan check fees for the Development and reimburse the Developer for predevelopment related costs paid prior to the date when the DDLA is executed (equivalent to a City contribution of about $1.8 million to the development).
- Pay the City costs necessary to administer and carry out its respective responsibilities and obligations under the DDLA, which includes paying up to $500,000 for hazardous materials mitigation if required to accomplish the Development.
- Negotiate and execute the Compensation Agreement with all of the former Redevelopment Agency Taxing Entities.

2. Developer Responsibilities

The Developer would have the following key responsibilities according to the DDLA:

- Enter into a long term ground lease for the Residential Property in an "as is" condition.
- Obtain binding commitments for loans and funding sufficient to complete the project.
- Bear the costs of developing the site and constructing all improvements, except for work set forth in the DDLA to be performed or paid for by the City or others.
- Assure that the Residential Development will only be used for residential use as affordable housing consistent with the Ground Lease and the Regulatory Agreement
- Maintain all interior and exterior improvements, including landscaping, of the Residential Development in good repair and in a healthy condition and in accordance with a City-approved management plan.
- Shall not cause or permit the Residential Property or its Residential Improvements to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials, except to the extent such Hazardous Materials were present on or about the Site prior to the Closing Date.
- During the term of the Garage License Agreement, shall not cause or permit the Garage Property or its Garage Improvements to be used as a site for the use, generation, manufacture, storage, treatment, release, discharge, disposal, transportation or presence of any Hazardous Materials, except to the extent such Hazardous Materials were present on or about the Site prior to the Closing Date.
- Pay all real and personal property taxes, assessments and charges and all franchise, income, employment, old age benefit, withholding, sales, and other taxes assessed against it, or payable by it, at such times and in such manner as to prevent any penalty from accruing, or any lien or charge from attaching to the Residential Property or the Developer's leasehold interest in the Residential Property.
- Pay the Developer costs necessary to administer and carry out its respective responsibilities and obligations under the DDLA.
- Will not transfer, convey, assign or lease the site or buildings or improvements without prior approval of the City.

D. Cost of Agreements to the City

This section describes the projected City expenditures and revenues pursuant to the Agreements with the Developer. The cost of these Agreements to the City is defined as the net cost to the City, which is the difference between estimated City costs and revenues.

Given the nature of the proposed Development and the Agreements, future costs and revenues cannot be accurately predicted. Therefore, the projections presented in this report should be considered to be the best estimates currently available based upon analysis of information provided by the City, Developer and consultants as of February 2020. Actual costs and revenues to the City may vary from these projections.

1. Estimated City Cost

The City has incurred and will continue to incur costs related to the acquisition and development of the Downtown Opportunity Sites, which consist of two major components:

- Property Related Costs – These costs include expenditures by the City and former Redevelopment Agency for the acquisition of the properties as well as property related costs specified in the DDLA.
- City Loans and Financial Assistance –These costs include financial assistance provided by the City to fund the development as identified in the DDLA.

a. Property Related Costs

The two properties were purchased by the former Redevelopment Agency for $5,899,361:

- The Residential Property (480 E. 4th Avenue) was acquired for $5,000,000.
- The Garage Property (400 E. 5th Avenue) was acquired for $899,361.

Per the DDLA, the City will pay for all ad-valorem taxes for the Garage Property. The City shall also pay the cost of title insurance, transfer tax, if any for the Garage Property. The City shall pay for Title Company document preparation, recordation fees, and any additional costs to close the Escrow for the Garage Property. The City shall pay the escrow fees of the Title Company for the Garage Property, if any. These City obligations are estimated by the City to cost $0 because the City will continue to own the Garage Property, and the City is not anticipated to pay property taxes. (The City is a government entity, and the property is not anticipated to generate any possessory interest taxes given its primary proposed use as public parking.)

The Developer is responsible for paying the cost of title insurance, document preparation, recordation fees, transfer tax, if any, and any additional recording costs to close the Escrow for the Residential Property, as well as all ad valorem taxes for the Residential Property. The City has no obligation ($0) for these costs.

The only other potential property-related expenses that the City may incur are related to potential hazardous materials remediation. The Developer commissioned AEI Consultants to prepare a Phase I Environmental Site Assessments and a Limited Phase II Subsurface Investigation for both properties. Based on these studies, the City represents and warrants that it has no further knowledge, and no reasonable cause to believe, that any hazardous materials are located on or beneath the Property beyond what is described in these reports. However, in the event that an unknown source of Hazardous Materials is discovered after execution of the DDLA and remediation of Hazardous Materials is required to accomplish the Development, the City would pay for all further remediation costs up to $500,000. If remediation costs exceed $500,000, the Developer may elect to pay the additional remediation costs or terminate the DDLA at its sole discretion.

b. City Loans and Financial Assistance

Given the proposed use of the properties as affordable housing and a parking garage, the City has committed to provide City Loans and financial assistance if the Developer's Financing Plan reasonably demonstrates that this financial assistance is necessary to enable the construction of the Improvements contemplated by the DDLA.

The proposed principal amount of the City Loans is $12,500,000, which includes two major components:

- Residential Loans– $7.5 million to support the construction of the Residential Improvements, which will consist of $3 million from the Low-Moderate Income Housing Asset Fund from the former Redevelopment Agency and $4.5 million from City sources.
- Garage Loans– $5.0 million from the City's In-Lieu Parking Fund to assist with the cost of the Garage Improvements.

The City will also provide approximately $1.8 million in additional financial assistance (referred to as City Predevelopment and Fee Contribution) that consists of the following components:

- City Environmental and Planning Fee Contribution– About $300,000, which will reimburse the Developer for predevelopment expenses related to environmental review and the City's waiver of certain planning fees for the Development.
- City Building and Permit Fee Contribution– About $1.5 million, which reflects a waiver of most the City's building permit and plan check fees for the Development.

c. Total Cost to City

The total cost to the City including all of these cost components is projected to be about $20.7 million, as itemized below in Table 1.

Table 1
Total Cost to City
Downtown Opportunity Sites

Cost Items	Estimated Cost
Property Related Costs	
Residential Property Acquisition	$5,000,000
Garage Property Acquisition	$899,361
Subtotal– Property Acquisition Costs	$5,899,361
Hazardous Materials Remediation (Maximum Cost)	$500,000
Other Costs Related to Property Acquisition	$0
Total Property Acquisition and Related Costs	**$6,399,361**
City Loans and Financial Assistance	
Residential Property - Residential Loans	$7,500,000
Garage Property - Garage Loans	$5,000,000
City Predevelopment and Fee Contribution	$1,780,000
Total City Loans and Financial Assistance	**$14,280,000**
Total Costs to City	**$20,679,361**

Source: City of San Mateo, MidPen Housing.

2. Estimated City Revenue

Given their restricted use as affordable housing and parking, the Residential Property and Garage Property are not anticipated to generate substantial revenue to the City. Furthermore, the City will be providing about $14.3 million in City loans and financial assistance to help the Developer achieve financial feasibility so that the Development can occur.

a. Residential Property

After the DDLA is executed, the City would receive annual ground lease payments for the Residential Property of $1 per year for 99 years, based on the property's restricted use as affordable housing as described in the DDLA and related agreements. While the net present value of future ground lease payments of $1 per year would be less than $99, the reuse appraisal assumes that the City could receive an upfront payment of $99 from the developer in lieu of payments over time.

The City does not expect to receive any property tax or tax increment revenues from the Residential Property because the Developer (as a non-profit corporation) is anticipated to file for and receive a welfare property tax exemption on the property given its restricted use as affordable housing for lower income households.

b. Garage Property

As described earlier, the Developer will construct the Garage Improvements on the Garage Property (referred to as the Garage Development). The Garage Development will include approximately 696 spaces that will replace the 235 spaces of existing public parking, provide 164 spaces of dedicated residential parking and will provide the remaining spaces as public parking some of which may be made available to residents through a shared parking agreement. The City will continue to own the Garage Property during its construction and when the Garage Improvements are completed.

As all of the housing units on the Residential Property will be affordable, residents will not pay for parking for the 164 dedicated parking spaces. While parking revenues will be generated by the remaining spaces that will be available to the public, the market rate for the use of public parking is limited given that many of the cities along the Peninsula provide free or low cost parking in their downtowns to encourage patronage of local businesses and provide parking for employees that have to work late hours, such as those employed in local restaurants and bars.

Given the anticipated costs to operate and maintain the Garage Improvements, the Garage Property is not anticipated to generate revenue to the City after taking into account the City's long term obligations to maintain and replace building elements of the public parking structure over time. The estimated net parking revenue from the Garage Property is estimated to be $0. (Please see further information below in Section F regarding parking revenue and operating expense data related to the Garage Property.)

The City also does not expect to receive any property tax or tax increment revenues from the Garage Property as the City will remain the owner and will be eligible for a property tax exemption on the property given its governmental ownership and public use.

c. Total Revenue to City

The estimated revenue to the City from the Residential Property and Garage Property are therefore projected to be $99 or less, as shown below in Table 2.

Table 2
Total Revenue to City
Downtown Opportunity Sites

Revenue Sources	Ground Lease Payments	Parking Net Revenue
Residential Property	$99	$0
Garage Property	$0	$0
Total Revenue to City	**$99**	**$0**

Note: While the net present value of future ground lease payments of $1 per year would be less than $99, the reuse appraisal assumes that the City could receive an upfront payment of $99 from the developer in lieu of payments over time.

Source: City of San Mateo, MidPen Housing.

3. Net Cost to City

The estimated net cost to the City is the difference between projected revenues and costs, as shown below in Table 3. The net cost to the City is estimated to be $20,679,262 or less.

Table 3
Net Cost to City
Downtown Opportunity Sites

Net Cost to City	Estimated Revenue
Total Cost to City	$20,679,361
Less: Total Revenue to City	($99)
Net Cost to City	**$20,679,262**

Source: City of San Mateo, MidPen Housing.

E. Estimated Value at Highest and Best Use

As described earlier, the two Downtown Opportunity Sites were acquired by the City and the former Redevelopment Agency, and they were both designated for future development in the LRPMP. The highest and best use for both properties is multifamily residential at 50 dwelling units per acre according to the City's General Plan and Zoning Ordinance.

State Density Bonus Law (DBL) allows mixed income housing developments that include specified minimum percentages of housing units that are affordable to households at certain target income levels to receive a 35% density bonus. With the use of DBL, 164 market rate and affordable housing units could be developed on the combined Downtown Opportunity Sites, based on an increase in density from 50 dwelling units per acre, as allowed by the Central Business Support Zone, to about 68 dwelling units per acre. The highest and best use of these properties is considered to be 164 mixed income housing units.

As described earlier, Assembly Bill 1763 (AB 1763) allows increased height and density for 100% affordable projects that are in close proximity to transit, and the proposed number of affordable housing units is proposed to increase from 164 units to 225 units. This increase in the allowable number of units is not considered to be the highest and best use of the property as the increased number of units is only allowed for a 100% affordable housing development. As will be shown in Section F, the reuse value for the properties is significantly less than the value at their highest and best use as mixed income multifamily housing.

MidPen commissioned Valbridge Property Advisors (Valbridge) to perform appraisals for each of the Downtown Opportunity Sites at their highest and best use as 164 multifamily residential units. Valbridge's appraisal analysis and valuation conclusions are included in their Appraisal Reports dated August 24, 2018, which are available from the City upon request.

The Valbridge appraisal reports indicate the following values for the Downtown Opportunity Sites based on the highest and best use of the properties:

- Residential Property (480 E. 4th Avenue) – The 50,573 square foot site is valued at $9,090,000 or about $180 per land square foot.
- Garage Property (400 E. 5th Avenue) – This 54,472 square foot site is valued at $9,740,000 or about $180 per land square foot.

Based on the Valbridge appraisals, the combined value of the two Downtown Opportunity Sites is $18,830,000 at their highest and best use.

F. Estimated Fair Reuse Value

The reuse value is the value of the Downtown Opportunity Sites given the allowable development program and the reuse restrictions associated with the properties given the conditions, covenants, and development obligations that are required in the DDLA and associated agreements regarding the lease and development of the Property as affordable housing and parking.

The reuse value of the Downtown Opportunity Sites is estimated in this report utilizing a residual land value analysis that assumes the proposed development program and the reuse restrictions that are contained in the draft DDLA and related agreements as of March 2020. The residual land value analysis takes into account all of the costs associated with the proposed development program for the two properties and compares these costs with the potential revenues that could be generated by the developments given the reuse restrictions on the properties.

Given the planned development for the two Downtown Opportunity Sites, revenues from both properties will be significantly restricted, and future revenues will not be sufficient to support the projected development costs without substantial public assistance from the City and other public entities. Thus, the residual land value analysis in this report incorporates all of the public and private sources that will provide funding for the development and considers these sources as development revenues, which are then compared with the anticipated development costs as further described below.

1. Estimated Development Revenues (Sources)

Given the nature of the planned development for the two Downtown Opportunity Sites and the restricted amount of revenues, the Developer has been working diligently over the past two years to assemble public and private funding sources that will be sufficient to fully fund the development costs for the Residential Property and the Garage Property. The Developer's proposed funding plan achieves this goal, but the proposed development is not financially feasible without substantial public subsidies as there is a significant gap between the amount of supportable private debt that future project revenues can support and the cost of development.

a. Residential Property

The Developer (MidPen) provided financial projections of revenue and expenses for the Residential Property that were used as the basis for the reuse appraisal. The development on the Residential Property consists of 225 affordable housing units that will be rented to lower income households at an average household income of about 58 percent of the San Mateo County Areawide Median Income (AMI). The typical household size of future residents is likely to be similar to the City's typical household size at about 3 persons per household, which means that the typical household will have an income of about $71,000 based on 2019 San Mateo County AMI data.

Rents will be restricted to thirty percent of income (30%), and the average rent of the development will be about $1,675 per month.[4] The Developer is applying for Federal rental assistance (Project Based Rental Assistance) to provide additional income from a portion of households in the development that have the lowest household incomes and cannot afford to pay much in rent.

[4] The affordable rent is calculated net of tenant-paid utilities, which are estimated to average about $110 per month.

As shown below in Table 4, the Residential Property is projected to generate about $6.0 million per year in income after taking into account a vacancy and turnover of units. After taking into account operating expenses, this income will leverage about $63.8 million in permanent debt, of which about $38.3 million is secured by rental income (Permanent Loan– Tranche A) and about $25.5 million is secured by Project Based Rental Assistance (Permanent Loan– Tranche B).

Appendix Table A-1 at the end of this report shows the projected Permanent Loans as well as the estimated revenues (sources) for the two properties, as further described below.

Table 4
Estimated Revenues and Supportable Debt
Downtown Opportunity Sites

	Residential Property	Garage Property	Total Development
Rental Income			
Residential Rent	$4,522,000	$0	$4,522,000
Project Based Voucher Rental Assistance	$1,720,000	$0	$1,720,000
Other Income	$27,000	$407,000	$434,000
Less: Vacancy	($313,000)	$0	($313,000)
Effective Gross Income (EGI)	$5,956,000	$407,000	$6,363,000
Less: Project Expenses	($1,471,000)	($407,000)	($1,878,000)
Net Operating Income	**$4,485,000**	**$0**	**$4,485,000**
Supportable Debt	**$63,816,000**	**$0**	**$63,816,000**

Source: MidPen Housing

b. Garage Property

The development on the Garage Property will replace the 235 existing public spaces on Downtown Opportunity Sites with a new garage that will provide 164 dedicated parking spaces for residents of the Residential Property, replacement public parking and additional public parking to serve the downtown. The City will continue to own the Garage Property during its construction and when the Garage Improvements are completed, the City will own, operate and maintain the parking on the Garage Property. As the owner, the City will also be responsible for the long term replacement and upgrade of the Garage Improvements over time.

The City operates a series of parking garages in downtown San Mateo as well as surface parking lots and on-street parking spaces throughout the downtown. Based on the City's experience from managing the two existing surface parking lots on the Downtown Opportunity Sites as well as parking throughout the downtown, City staff provided estimates regarding the future revenues and costs from parking.

As described above, residents will not pay for parking at the 164 dedicated parking spaces given its restricted use as affordable housing. The remaining parking spaces will be available to the public on an hourly and monthly permit parking basis.[5] The projected revenues from public parking on the Garage Property of $407,000 are estimated based on the highest average revenue per space for permit parking ($430/space) and for hourly parking ($334/space) on the two existing surface parking lots using actual parking revenue data from Fiscal Year 2018/19.

Operating expenses for these parking spaces are similarly projected based on the City's experience from operating parking throughout the downtown taking into account that the parking on the Garage Property will be in a new structure that has different utility utilization and operating characteristics from on-street parking and surface lot parking. In addition, a replacement reserve has been included given that the City will be responsible for the long term replacement and upgrade of the Garage Improvements over time.

Appendix Table 2 provides supporting information regarding projected parking revenues and expenses for the Garage Property, while Appendix Table 3 provides supporting information regarding the FY 2018/19 parking revenues for the existing surface parking on the Downtown Opportunity Sites.

As shown above in Table 4, revenues from parking are not projected to exceed expenses on the Garage Property. No permanent debt can be supported as net operating income is projected to be $0. Furthermore, the City is providing $5 million in Garage Loans to help fund the development of the Garage.

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[5] As described earlier, a portion of the public spaces could be provided to residents of the Residential Property through a shared parking agreement.

c. Development Revenues (Sources) for Both Properties

The Developer has submitted a funding plan for the development of both properties that has been reviewed by City staff and used by Seifel Consulting to prepare this reuse appraisal. Given the use of the Downtown Opportunity Sites as affordable housing and parking, revenue from these properties will not be sufficient to support the cost of their development, and numerous public sources will be required to provide financial assistance to the development.

Each of the key revenue sources is described below, and Appendix Table A-1 summarizes the estimated revenues that are associated with the Residential Property and the Garage Property for each of them:

- **Permanent Loans (Both Tranches) –** As described above, the Developer anticipates receiving two tranches of permanent debt. Tranche A will be the permanent loan that will be serviced from net operating income (NOI) from the Residential Property based on affordable rents established by the California Tax Credit Allocation Committee at specific restricted income levels. Tranche B will be the permanent loan that will be serviced from Federal rental assistance payments from 80 Project Based Vouchers that the Developer anticipates receiving from the County of San Mateo Housing Authority. Both loan tranches are anticipated to have a 1.15 debt coverage ratio of NOI to debt service based on a 35 year amortization period and an interest rate of about 4.5%. Given these anticipated revenues, the project's net operating income can support permanent debt of about $63.8 million, which represents only about one third of anticipated development costs.
- **Subordinate Surplus Cash Debt –** The Developer anticipates securing a private loan from a financial intermediary such as the Housing Trust of Silicon Valley, which would allow MidPen to leverage the surplus cash flow from residential income to service an additional loan of about $7.6 million that would be subordinate to the Tranche A and B loans. The amount of the loan will be dependent on the availability of Federal rental assistance.
- **Limited Partner Equity Investment**– The Developer expects to receive about $65.6 million in private equity investment from an investor limited partner in exchange for Federal Low Income Housing Tax Credits. This amount of equity investment is dependent on many market factors.
- **City Loans**– As described earlier, the City of San Mateo would provide two City Loans to the property. The Residential Loan of $7.5 million is proposed to be paid out of residual receipts from the Residential Property and would have a 0% simple interest rate and a 55 year term. The Garage Loan of $5.0 million will be provided by the City to fund the parking structure on the Garage Property would also have a 0% simple interest rate and payments would be deferred.
- **City Predevelopment and Fee Contribution**– The City will also provide about $1.8 million in additional financial assistance, which will consist of reimbursements to the Developer for predevelopment expenses related to environmental review and the waiver of certain planning, building and permit fees as described above.
- **Oher Public Funding Assistance**– The Developer has received a commitment for a soft loan from the County of San Mateo for $1,500,000 and anticipates receiving an additional $9,500,000 at a future date. Assuming the full $11 million County loan is approved, it would be paid out of residual receipts and would also have a 0% simple interest rate and a 55 year term. MidPen will be submitting an application to receive $5,000,000 from the State of California Infill Infrastructure Grant program,

which would be available during construction and roll over into permanent financing at 0% simple interest and deferred payment.

- **Developer Fee**– To help meet the development's funding gap, the Developer is also proposing to contribute about $17 million of their developer fee as General Partner equity in the development.

In summary, permanent loans are only able to support about 35 percent of the anticipated development costs. The City and other public agencies are anticipated to provide $30.3 million in funding to subsidize the development, and the County Housing Authority will likely provide 80 Project Based Vouchers that are anticipated to leverage about $25.5 million in debt (via the Tranche B loan). In addition, Federal Low Income Housing Tax Credits are proposed to leverage $65.6 million in private equity to help pay for residential development costs. Without this substantial public commitment, the development would not be financially feasible as these sources represent $121.4 million in funding. Table 5 below summarizes the estimated revenues for each major funding category.

2. Estimated Development Costs (Uses)

The Developer has been conducting due diligence on the property and has prepared recent estimates of the development costs associated with the Downtown Opportunity Sites given their planned development as affordable housing and public parking. Each of the key cost factors is described below, and Appendix Table A-4 shows the estimated costs for each of these categories that are associated with the Residential Property and the Garage Property (excluding the cost to lease land):

- **Property Related Costs**– Property related costs include demolition, land remediation, title, escrow and legal costs related to the DDLA and Ground Lease.
- **Hard Construction Costs**– Hard construction costs include onsite and offsite public improvements as well as building construction costs. The Developer is proposing a high quality, sustainable design with exterior architectural detailing in keeping with the City's downtown design guidelines.
- **Project Related Soft Costs**– Project related soft costs include professional fees, such as architecture, engineering and legal, government fees and building permit costs, project reserves, marketing costs and other project costs including the cost of appraisal, tax credit syndication and technical consultants.
- **Project Financing**– Project financing costs include construction loan interest and fees, as well as permanent financing costs to secure loans.
- **Developer Fee and Overhead**– The developer fee and overhead costs are the amount that is allowed according to the California Tax Credit Allocation Committee based on the project costs. As described above, a significant portion of the developer fee will be contributed as General Partner equity to help fund the development.

The total development costs of the Residential Property are approximately $165.3 million while the costs for the Garage Property are about $18.9 million, as summarized below in Table 5.

3. Residual Land Value (Reuse Value)

As described earlier, the reuse value is the value of the Downtown Opportunity Sites given the allowable development program and the reuse restrictions associated with the properties. The reuse value is calculated based on the residual land value, which is the difference between the estimated development revenues and costs. As the total estimated revenues (sources) from development of the Downtown Opportunity Sites are $184,246,000, and the total estimated development costs are $184,246,000, the reuse value is $0. Similarly, the reuse values for the Residential Property and for the Garage Property are each $0.[6] Without the approximately $121.4 million in funding that is attributable to Federal, State and local sources, the project would have a significant funding gap, and the reuse value would be negative.

Table 5
Reuse Value Based on Residual Land Value Analysis
Downtown Opportunity Sites

	Residential Property	Garage Property	Total Development
Estimated Development Revenues (Sources)			
Permanent Loans	$63,816,000	$0	$63,816,000
Subordinate Surplus Cash Debt	$7,550,000	$0	$7,550,000
Limited Partner Equity Investment	$55,564,000	$10,036,000	$65,600,000
City Loans	$7,500,000	$5,000,000	$12,500,000
City Predevelopment and Fee Contribution	$0	$1,780,000	$1,780,000
Other Public Funding Assistance	$16,000,000	$0	$16,000,000
Developer Contribution	$14,910,000	$2,090,000	$17,000,000
Subtotal - Development Revenues	**$165,340,000**	**$18,906,000**	**$184,246,000**
Estimated Development Costs (Except Land)			
Property Related Costs (Except Land)	$1,369,000	$154,000	$1,523,000
Hard Construction Costs	$119,482,000	$13,521,000	$133,003,000
Project Related Soft Costs	$15,151,000	$1,945,000	$17,096,000
Project Financing	$10,681,000	$1,196,000	$11,877,000
Developer Fee Payable at Permanent Closing	$18,657,000	$2,090,000	$20,747,000
Subtotal - Development Costs	**$165,340,000**	**$18,906,000**	**$184,246,000**
Residual Land Value (Fair Reuse Value)	**$0**	**$0**	**$0**

Source: City of San Mateo, MidPen Housing.

[6] As described earlier, the ground lease payment for the Residential Property is $1 per year for 99 years, which reflects the property's restricted use as affordable housing and supports the reuse value of $0.

The City proposes to retain the properties as publicly owned properties that would be developed to achieve the development of 225 units of affordable housing, which would include the replacement of the existing public parking spaces, the provision of parking for the new residents and the provision of public parking spaces to serve the downtown community. All of the housing units would be affordable to lower income persons and families.

As described earlier, 25% of the housing units would have a preference for occupancy by public employees who work for the City or County of San Mateo, any other taxing entity that is a successor to the former Redevelopment Agency, the State of California, or the Federal Government, to the extent this preference is permitted by law and project funding sources. In recognition of these restrictions, the City intends to ground lease the Residential Property for a nominal lease payment of $1 per year to MidPen, the non-profit developer.

The City intends to enter into a compensation agreement with the taxing entities to govern the distribution of any proceeds from the disposition of the properties. Given that the reuse value of both properties is $0, and the reuse value would be negative if not for the significant commitment of public resources, the property value for the purposes of compensation agreements is considered to be $0 for the Residential Property and $0 for the Garage Property.

G. Blight Elimination

The Downtown Opportunity Sites suffer from the following "blighting conditions" that were identified by the former Redevelopment Agency in its final Implementation Plan, which will be alleviated with redevelopment of the properties:

- Environmental contamination – hazardous materials on the properties will be remediated.
- Inadequate parking and commercial vacancies – new parking structure will provide improved public parking that will enhance retail vitality in the downtown by serving the needs of local businesses.
- Graffiti, accumulated garbage, weeds, and non-conforming uses and signs – new development will eliminate the current blighting conditions that occur from the large expanses of open parking.
- Residential overcrowding – new housing development will provide much needed affordable housing, which will serve households that may be currently experiencing overcrowding.

H. Conclusion

The proposed redevelopment of the Downtown Opportunity Sites will help meet the City's and former Redevelopment Agency's revitalization goals for the downtown as well as address a significant portion of the affordable housing needs of the City and other public agencies, including the City, County and School Districts. The Downtown Opportunity Sites would be retained by the City in order to provide 225 units of much-needed affordable housing and to provide parking for the new residents and to serve the downtown community.

I. Limitations to this Analysis

While Seifel has made reasonable efforts to verify the accuracy of the figures, information and analysis presented in this report and presumes that the information received from the City and Developer can be relied upon as being accurate and timely, Seifel makes no warranty or guarantee as to the accuracy of this information or to the projections that are based on this information. Although Seifel has prepared the analysis in this report based on reasonable assumptions and information, projections of current and future revenues may be lower or higher than what is shown in this report and may not reflect actual future revenues received or costs incurred by the City, Developer or any other entity. The tables and analysis in this report have been prepared for the sole purpose of providing background information and analysis to assist the City and other public agencies in understanding the financial characteristics.

The information presented in this report and the financial estimates used to support the reuse appraisal were prepared based on relevant development, financial, appraisal and real estate data collected from the City and Developer as of February 2020 before the coronavirus shelter-in-place order occurred, and this report does not represent any modifications to this data that may have occurred after February 2020.

Attachment 1
Aerial Map of Sites

Appendix Tables

Appendix Table A-1
Estimated Development Revenues (Sources)
Downtown Opportunity Sites

Development Revenues (Sources)	Residential Property	Garage Property	Total Development
Permanent Loans			
Permanent Loan– Tranche A	$38,294,000	$0	$38,294,000
Permanent Loan– Tranche B	$25,522,000	$0	$25,522,000
Subtotal	$63,816,000	$0	$63,816,000
Subordinate Surplus Cash Debt	$7,550,000	$0	$7,550,000
Limited Partner Equity Investment	$55,564,000	$10,036,000	$65,600,000
City Loans			
Residential Loans	$7,500,000	$0	$7,500,000
Garage Loans	$0	$5,000,000	$5,000,000
Subtotal	$7,500,000	$5,000,000	$12,500,000
City Predevelopment and Fee Contributi	$0	$1,780,000	$1,780,000
Other Public Funding Assistance			
County Affordable Housing Program	$11,000,000	$0	$11,000,000
State Infill Infrastructure Grant	$5,000,000	$0	$5,000,000
Subtotal	$16,000,000	$0	$16,000,000
Developer Contribution			
General Partner Equity (from MidPen)	$14,910,000	$2,090,000	$17,000,000
Deferred Developer Fee	$0	$0	$0
Subtotal	$14,910,000	$2,090,000	$17,000,000
Total	**$165,340,000**	**$18,906,000**	**$184,246,000**

Source: City of San Mateo, MidPen Housing.

Appendix Table A-2
Estimated Net Operating Income to City from Public Spaces on Garage Property
Downtown Opportunity Sites

Revenues and Operating Costs	Public Parking Total	Public Parking Per Public Space
Parking Revenues (532 public spaces)		
Permit Revenue[a]	$229,000	$430
Hourly Parking Revenue[b]	$178,000	$334
Total Parking Revenues to the City	**$407,000**	**$765**
Parking Operating Costs[c] (532 public spaces)		
Utilities	$70,000	$132
Cleaning	$75,000	$141
Parking Meter Management	$50,000	$94
Allocated Staffing Oversight and Enforcement	$75,000	$141
Total Operating Costs	**$270,000**	**$508**
Replacement Reserve (Garage Structure)[d]	$137,000	$258
Total Expenses	**$407,000**	**$765**
Net Operating Income	**$0**	**$0**

a. Future permit revenue is based on the FY 2018/19 permit revenue per space for the residential property, which generates the highest revenue per space.
b. Future hourly parking revenue is based on the FY 2018/19 hourly revenue per space for the garage property, which generates the highest revenue per space.
c. Projected operating expenses are based on the City's experience with operating its existing public parking properties.
d. The replacement reserve is based on 0.5% of the replacement parking cost estimated at $39,500 per space for 696 parking spaces.

Source: City of San Mateo, MidPen Housing.

Appendix Table A-3
Existing Parking Revenues to City (FY 2018/19)
Downtown Opportunity Sites

Existing Parking	FY 2018/19 Parking Revenues: Total	FY 2018/19 Parking Revenues: Per Public Space
Residential Property (110 existing spaces)		
Permit Revenue	$47,250	$430
Hourly Parking Revenue	$21,403	$195
Subtotal	$68,653	$624
Garage Property (125 existing spaces)		
Permit Revenue	$14,400	$115
Hourly Parking Revenue	$41,786	$334
Subtotal	$56,186	$106
Both Properties		
Permit Revenue	$61,650	$262
Hourly Parking Revenue	$63,189	$269
Total Parking Revenues to the City	**$124,839**	**$531**

Source: City of San Mateo, MidPen Housing.

Appendix Table A-4
Estimated Development Costs (Uses)
Downtown Opportunity Sites

Development Costs (Uses)	Residential Property	Garage Property	Total Development
Property Related Costs (Except Land)			
Title, Escrow and Legal Related Costs	$31,000	$4,000	$35,000
Demolition and Land Remediation	$1,338,000	$150,000	$1,488,000
Subtotal	$1,369,000	$154,000	$1,523,000
Hard Construction Costs			
Site Work and Building Construction	$101,079,000	$11,493,000	$112,572,000
General Contractor Costs and Contingenc	$18,403,000	$2,028,000	$20,431,000
Subtotal	$119,482,000	$13,521,000	$133,003,000
Project Related Soft Costs			
Professional Fees (Architecture & Engine	$3,847,000	$431,000	$4,278,000
Legal Fees	$276,000	$26,000	$302,000
Government Fees	$6,234,000	$698,000	$6,932,000
City Environmental and Planning Fee Co	$136,000	$136,000	$272,000
City Building and Permit Fee Contributio	$1,131,000	$377,000	$1,508,000
Developer Building and Permit Processin	$521,000	$174,000	$695,000
Operating and Service Reserves	$1,356,000	N/A	$1,356,000
Marketing-Advertising	$200,000	$0	$200,000
Other Project Costs	$765,000	$26,000	$791,000
Soft Cost Contingency	$685,000	$77,000	$762,000
Subtotal	$15,151,000	$1,945,000	$17,096,000
Project Financing			
Construction Interest & Fees	$10,497,000	$1,176,000	$11,673,000
Permanent Financing	$184,000	$20,000	$204,000
Subtotal	$10,681,000	$1,196,000	$11,877,000
Developer Fee and Overhead			
Developer Fee Payable at Permanent Clo:	$3,747,000	$0	$3,747,000
Fee Contributed as General Partner (GP)	$14,910,000	$2,090,000	$17,000,000
Subtotal	$18,657,000	$2,090,000	$20,747,000
Total Development Cost	**$165,340,000**	**$18,906,000**	**$184,246,000**

Source: City of San Mateo, MidPen Housing.