



Cox, Castle & Nicholson LLP
50 California Street, Suite 3200
San Francisco, California 94111-4710
P: 415.262.5100 F: 415.262.5199

Christian H. Cebrian
415.262.5123
ccebrian@coxcastle.com

File No. 77505

December 21, 2018

VIA E-MAIL LLM@CITYOFSANMATEO.ORG

Ms. Lily Lim
Senior Planner
City of San Mateo
330 West 20th Avenue
San Mateo, CA 94403

**Re: Request for Density Bonus and Incentive Consistent with Government Code
Section 65915 for Proposed Residential Project at 1-3 Waters Park Drive**

Dear Ms. Lim:

On behalf of AG-Strada Waters Park Owner, L.P., enclosed is our updated request for a density bonus, incentive, and application of parking standards consistent with State Density Bonus Law (Gov't Code § 65915) for the proposed 190-unit residential development ("Project") on approximately 11.12 acres located at 1-3 Waters Park Drive ("Property") in the City of San Mateo ("City").

The Project would include 19 units (10 percent of the total units) that would be restricted to rents affordable to low-income households ("Affordable Units"). Under State Density Bonus Law, the Affordable Units qualify the Project for a 20 percent density bonus and one incentive/concession (collectively, "incentive"). (Gov't Code § 65915(d).) In addition, State Density Bonus Law provides parking standards for density bonus projects, the application of which do not count as an incentive. (Gov't Code § 65915(p)(1), (p)(5).)

We request the 20 percent density bonus, an incentive consisting of a six percent increase in the allowable floor to area ratio ("FAR"), and application of the State Density Bonus Law parking standards, which permit the Project's proposed tandem parking (Gov't Code § 65915(p)(4)).

The FAR incentive will result in identifiable and actual cost reductions to provide for the project's affordable housing costs. Critically, the FAR increase is necessary to reduce the cost burden of the affordable units on the project so that the project can attract commercially reasonable financing. An incentive to make a project as a whole, including the affordable housing units, economically feasible is a well-established use of an incentive. (*Wollmer v. City of Berkeley* (2009) 179 Cal.App.4th 933, 945-46.)

The additional FAR will also allow for the units and square footage associated with the use of the State Density Bonus Law. The City has previously permitted a FAR incentive on this basis alone. (*See* 303 Baldwin Density Bonus Application.) The Project's requested FAR incentive is the equivalent of approximately 14 units.

Finally, although not necessary to qualify for the incentive, the requested FAR increase will also result in reduced open space and lot development costs. These cost savings will provide for the project's affordable housing cost. If the incentive is not granted, an additional 9,312 square feet (the footprint of 22,476 square feet of residential structures) of the project site would require lot development, including soils work and various landscaping improvements. At \$40 per square foot, these avoided costs would be \$372,480. This savings would be applied towards the costs of the affordable units.

Each of the three reasons is an independent actual and identified cost reduction to provide for affordable housing costs that is sufficient to justify the granting of the concession. Please keep in mind, the State Density Bonus Law expressly requires the City to interpret it "liberally in favor of producing the maximum number of total housing units." (Government Code Section 65915(r).)

Alternatively, because the FAR increase is necessary to avoid a loss of 14 units, the FAR increase would be a permitted waiver of a development standard that physically preclude development of the density bonus project. In the event the City does not grant the requested concession, the applicant requests a waiver of the FAR standard.

We look forward to working with you on bringing the Project, which will provide much needed housing, including affordable housing, to fruition. If you have any questions, please do not hesitate to contact me or Clark Morrison (415.262.5113).

Sincerely,



Christian H. Cebrian



10-16-20

Wendy Lao
City of San Mateo
330 West 20th Ave, San Mateo, CA

Dear Wendy,

Enclosed is an updated Density bonus letter per your request for a density bonus, incentive, and application of parking standards consistent with State Density Bonus Law (Gov't Code § 65915) for the proposed 190-unit residential development ("Project") on approximately 11.12 acres located at 1–3 Waters Park Drive ("Property") in the City of San Mateo ("City").

This current request is also consistent with the previous Density Bonus letter dated December 21, 2018 by Cox Castle Nicholson on behalf of AG Strada that was included with the previous planning application.

The Project includes 19 units (10 percent of the total units) that would be restricted to affordable to low-income households ("Affordable Units"). Under State Density Bonus Law, the Affordable Units qualify the Project for a 20 percent density bonus and one incentive/concession (collectively, "incentive"). (Gov't Code § 65915(d).) In addition, State Density Bonus Law provides parking standards for density bonus projects, the application of which do not count as an incentive. (Gov't Code § 65915(p)(1), (p)(5).)

With the PA modification application, we request the 20 percent density bonus, an incentive consisting of a seven percent increase in the allowable floor to area ratio ("FAR"), and application of the State Density Bonus Law parking standards, which permit the Project's proposed tandem parking (Gov't Code § 65915(p)(4)).

The FAR incentive is critical to help reduce the costs associated with providing affordable units creating economic feasibility and financing provisions needed for developing the project.

The additional FAR will also allow development of units with square footage associated with the use of the State Density Bonus Law as well as the footprint required to meet the required building code compliance to construct 190 units.

Lastly, as stated in the previous Density Bonus letter, the requested FAR increase will result in reduced lot development costs whereby these cost savings would be applied towards construction and development of the affordable units.

Sincerely

Nital Mehta, LEED AP, CID

Senior Project Manager

4511 Willow Rd, Pleasanton CA 94588