

1ST & B – City Council Meeting
September 6, 2022



31-57 S B STREET REZONE
DOWNTOWN SAN MATEO
HARVEST PROPERTIES

About Harvest Properties



LOCALLY-BASED & COMMUNITY FOCUSED REAL ESTATE DEVELOPER

- Based in Oakland
- Founded in 2003
- Decades of experience owning and operating Bay Area real estate with a thoughtful and proactive approach to supporting the local community
- Recently entitled 290 entry level homes, with 10% dedicated to low-income buyers, across 15 acres in San Mateo, replacing 225,000 sf of non-transit served office space
- Members of our team, including at the Partner level, are residents of San Mateo and are passionate about our commitment to improving the Downtown for all community members
- Active in the San Mateo market since 2007
- Harvest's Partner is headquartered in San Mateo and has owned apartment buildings on the Peninsula since the 1960s



Site/Zoning Overview

Address:	31-57 S B Street
Parcel Size:	16,413 SF 0.37 acres
Existing Zoning:	C1-2/R5 - Neighborhood Commercial
DT Area Plan Designation:	Downtown Retail Core
C1-2/R5 – Permitted Uses	Retail (serving the immediate neighborhood), Office & Residential
FAR	2.0 / 3.0 with residential
Proposed Zoning:	CBD – Commercial Business District
CBD– Permitted Uses	Retail (retail core shopping area), Office, & Residential
FAR	3.0





- The 1st & B Property is located in the Downtown Retail Core Sub-Area per the Downtown Area Plan adopted in 2009.
- Within the Downtown Area Plan, the C-1 neighborhood commercial zoning designation were intended to be limited in the North B Tilton Avenue Sub-Area and not in the Downtown Retail Core Sub-Area where the 1st & B property is located.
- Neighborhood Commercial is defined by the General Plan as “shopping centers **serving the immediate neighborhood** and including off-street parking, or, clusters of street facing storefronts. These areas often include uses such as supermarkets, bakeries, drugstores, restaurants, delicatessens, barber shops, hair salons, laundromats, hardware stores, dry cleaners, small offices and other personal services
- The Downtown Area Plan envisions the Retail Core area to “continue to support the **retail core shopping** area [i.e., not neighborhood commercial]. . . This will require a good mix of ground floor retail uses that will contribute to foster retail vitality . . .” The Plan includes the policy to “encourage the establishment of offices with the Downtown Retail Core and commercially designated areas” (Policy II.8.) This intent matches with the General Plan’s Building Intensity Zone.
- Rezoning the Property CBD would also be consistent with the zoning of surrounding properties. All properties with the Downtown Retail Core designation and 3.0 FAR designation are zoned CBD on the south side of First Avenue

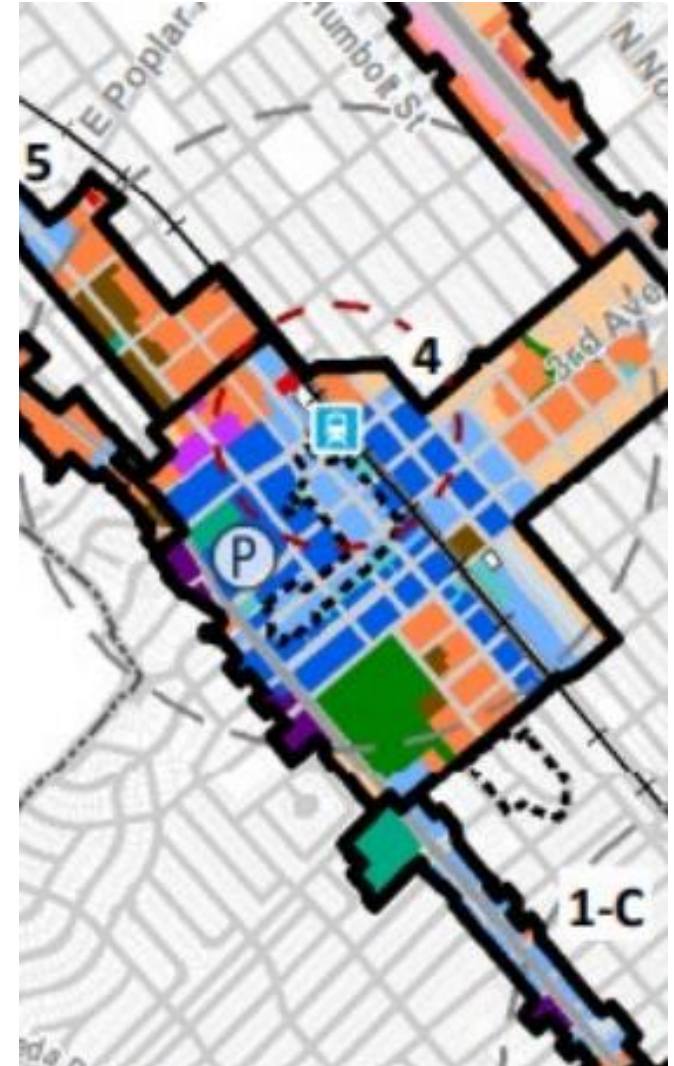


- The intent of the Downtown Area Plan appears to be to provide the 1st & B property the same development rights as other properties located immediately to its south and west that are in the same Sub-Area and have the same General Plan, Downtown Area Plan, FAR designations, and are in the Required Retail Frontage.
- Thus, it appears that the current neighborhood commercial zoning designation on the property doesn't align with the intent of the Downtown Area Plan.



Why CBD Zoning?

- CBD zoning provides the most flexibility and density at 3.0 FAR for commercial and/or residential
- CBD does not exclude any permitted use with-in C-1/R Neighborhood Commercial
- CBD zoning is in-line with the 2009 Downtown Area Plan intent for this site
- CBD zoning is most in-line with all three alternatives for the 2040 General Plan which each result in net new jobs and housing
- Without CBD zoning, the site risks the economic viability of the project:
 - Partnership purchased the site based on CBD zoning per discussions with former City Staff
 - Mixed-use residential and retail only does not meet market returns prohibiting the ability to place financing and raise equity



Why Not Commercial, Retail, & Residential

- The ownership at 1st & B Street collectively is one of the largest residential developers on the peninsula
- 1st & B does not lend itself to residential only due to financial feasibility, but the partnership is very focused on providing housing across the peninsula and specifically San Mateo
 - 290-units of entry level housing within San Mateo while removing 225k SF of office
 - 60-unit affordable housing public/private partnership within DTSM

Mixed-Use Inefficiencies/Challenges:

- **Small Site Footprint:** Incorporating three uses into a small site limits functionality and viability due to back of house requirements, residential services, and infrastructure taking up too much space
 - Sites that have incorporated these uses are 300-400% larger footprints
 - 1st & B – 0.37 Acres
 - Block 21 – 1.5 Acres
 - Talbots – 1.15 Acres
- **Inadequate Resident/Tenant Experience:** The mix of uses are forced and results in a loss or compromised set of amenities for residents and tenants.

Benefits of CBD Zoning

- **Create a Design and Uses Consistency Within the B Street Corridor** as the majority of surrounding buildings are zoned CBD
- **Increase in Day-Time Population to Support Local Businesses**
- **Focus Mixed-Use Density Along Transit** to mitigate traffic as well as a welcoming experience from the Caltrain Station
- **Enhanced Public Realm Space to Activate B Street** without scale of the project, it would not be feasible to support the public improvements
- **Increased Impact Fees and Future Revenues For the City** via increased potential density on-site

Summary of CBD Zoning at 1st & B



CBD PROVIDES MOST
CONSISTENT AND
FLEXIBLE ZONING FOR
DEVELOPMENT



FROM MAJOR TRANSIT
AND HIGHLY WALKABLE
(REDUCING TRAFFIC)



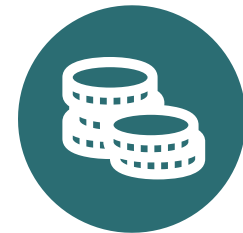
ENHANCED RETAIL,
PEDESTRIAN AND PUBLIC
REALM EXPERIENCE



INCREASE DAY-TIME
POPULATION TO SUPPORT
LOCAL BUSINESSES



IN LINE WITH DT SPECIFIC
PLAN & FUTURE GENERAL
PLAN'S GOALS AND
INITIATIVES



INCREASED IMPACT FEES
AND FUTURE CITY
REVENUES

*** Approximately**

**THANK YOU FOR YOUR TIME AND
CONSIDERATION!**

Contact us at dtsm@harvestproperties.com





Appendix

San Mateo – Development Footprint

For every 1.2 jobs created the Partnership is providing 1.0 unit of housing with the majority of units consisting of two, three, and four bedroom units.

Commercial Footprint	
Proposed Commercial SF	330,000 SF
Demolished Commercial SF	225,000 SF
Net New Commercial SF	105,000 SF
Net New Jobs (225 SF/Employee)	467
Residential Footprint	
Residential Units	388-Units
Number of Affordable Units	99-Units
Potential Residents – Min. Max	1,166 2,095 Residents
Unit Mix:	Studio: 8.0% 1bd: 6.8% 2bd: 24% 3bd: 36% 4bd: 26%

*Include developed and proposed projects

Onsite Units vs. Purpose Built Residential

Utilizing affordable housing funding sources in a purpose-built residential building provides the ability to leverage the City funds by 80-90%, equating to ~4x the unit production vs. being built onsite, similar to current private/private partnerships within the City such as Kiku Crossing and Talbots.

Onsite Units	Purpose Built (Offsite)
<ul style="list-style-type: none"> Less Potential Units No Federal or State Financing Compromised Floor Plates Within Mixed-Use Project Limited residential amenities 	<ul style="list-style-type: none"> Maximize Potential Units Leverage Affordable Housing Funding Sources Residential Community Residential Amenities & Services

Leveraging Commercial Linkage Fee - Example	
<i>Hypothetical Affordable Housing Project</i>	
# Units	60
Potential Shortfall / City Contribution	\$5,500,000
Per Unit Contribution	\$92,000
Total Costs	\$850,000
Leverage of City Funds	89%
Donut Delite Commercial Linkage Fee	\$950,000
Potential Units When Fee Applied to Residential Project	10.3 Units
DD # Units Developer Required Onsite	2.5 Units

Purpose Built Residential - Benefits

Purpose Built The benefit of building affordable units off site at a stand-alone residential project vs. on site in a commercial building is the ability to include amenities designed specifically with the needs and convenience of the residents in mind such as,

- Welcoming entrance and lobby area for privacy and comfort
- Residential community to build connections
- Community Room/Clubhouse
- Fitness Center
- Dedicated outdoor amenity areas such as:
 - Playgrounds
 - Community gardens
 - Outdoor seating & gathering areas
- Package Rooms & Storage Space



Sculptural play area with seating area