

RE: Bespoke Cover Letter

April 28<sup>th</sup>, 2023

City Council of San Mateo  
City of San Mateo  
330 W 20<sup>th</sup> Ave  
San Mateo, CA 94403

Dear Council Members,

Over the past two and a half years, our collective team has engaged with City Staff, the Planning Commission, and the previous and current City Council on our public private partnership project, Bespoke, encompassing the entire city block bounded by 4<sup>th</sup> and 5<sup>th</sup> Avenue, B Street, and Railroad Avenue. We are excited to come back in front of you this calendar year to reaffirm our previously stated goal of providing affordable housing, developing an extension to the successful B Street Retail environment, being a champion for local businesses, and designing a project that maintains the fabric of the surrounding neighborhood.

The purpose of this letter is to provide a brief overview of the applicant team, the history of the Bespoke project, what we have heard from the community during the course of our development, and a summary of the current development project.

#### ***Development Team***

The applicant team is comprised of Harvest Properties, Prometheus Real Estate Group, and Alta Housing - all locally-based, highly experienced, and community-focused developers. Harvest and Prometheus have been active in the San Mateo market for over five decades and currently manage approximately 320 residential units and 850,000 square feet of office space in San Mateo. Prometheus is currently developing the former Trag's site located at 303 Baldwin site in Downtown San Mateo, which will create a high-quality, uniquely designed building with the goal of enhancing the public realm near the Downtown Caltrain station and serve as the company's new headquarters. Harvest properties is currently under construction on a 290 unit home development that will replace four office building totaling 225,000 square feet and provide a significant amount of for-sale entry level housing. Alta Housing has been committed to providing affordable housing in Silicon Valley since its inception over 50 years ago with the help of local community leaders. Known for innovative development, outstanding resident support, and high-quality maintenance of its buildings, Alta Housing manages over 850 units to house more than 2,000 low-income residents across the Bay Area.

#### ***History of Bespoke***

The history of the Bespoke project dates back to the summer of 2020 when the applicant team started to have informal discussions with the City of San Mateo regarding its parcel on 4<sup>th</sup> Avenue and Railroad

Avenue. Those discussions subsequently developed into a Request for Proposals from the City of San Mateo which formally accepted the applicant's proposal in the second quarter of 2021. Since then, the applicant team has collaborated with City Staff to execute an Exclusive Negotiating Agreement and meet an agreed upon schedule to submit the Preliminary Title Report, Phase I and Geotechnical Studies, Pre-Application, and Formal Entitlements Application in addition to completing the applicant-led CEQA studies and commencing the CEQA scoping necessary for the project. Throughout the past two and a half years, the applicant team has collaborated with City Staff and spent millions of dollars in pursuit of the best development project.

### ***What Our Team Has Heard***

The development team has spent considerable time reaching out to and connecting with San Mateo residents, local retail partners, and City Leadership throughout official City-led sessions to informal coffee meetings in Downtown. The themes we have heard from these various sessions are as follows:

- ❖ Provide affordable housing
- ❖ Champion local businesses
- ❖ Create an active retail environment
- ❖ Concentrate jobs around transit
- ❖ Maintain the fabric of the neighborhoods

Our development project has responded to these themes and we are excited to share with the City Council our currently proposed project.

### ***Bespoke Project Summary***

The Bespoke project includes 60 residential units, an increase of eight units from the Request for Proposal response, that will be designated as family-friendly units, meaning that over 50% of the units are two- and three- bedroom – housing up to 260 individuals. All of the units will be income restricted between the 30% to 80% area medium income threshold. The housing project is supported by 38 dedicated parking spaces in addition to spaces shared with the commercial office after typical working hours. The ground floor of the housing project includes a dedicated space for Self Help for the Elderly, a local non-profit stalwart of San Mateo, which provides services to over 40,000 seniors in the San Mateo community and the Bay Area.

The curated development locates approximately 12,000 square feet of retail storefront space along B Street, wrapping around the corner onto 4<sup>th</sup> and 5<sup>th</sup> Avenues, allowing for the extension of San Mateo's already lively downtown core. Control over the entire block allows for the project to put forth a continuous design aesthetic that improves the pedestrian experience across the entire block and reflects the City's stated goals regarding pedestrians in the downtown.

The commercial portion of the project includes a total of ~150,000 square feet of office space. This office project reflects the City's stated desire of developing new commercial office in smart locations; i.e. close

to transit and close to existing retail cores – helping to provide a stable daytime population in support of downtown. This project ticks both of those boxes. Secondly, the project strives to be on the leading edge of sustainable design including a mass timber structure, LEED Gold Certification as well as WELL Building Core & Shell Certification, and Carbon Neutrality. Finally, the commercial project will pay approximately \$20 million in impact fees and \$4.3 million in commercial linkage fees.

To allow this collective project to move forward, the following commitments by the City and the Commercial developer are included:

- ❖ City contribution of \$2.75M to the housing project in the form of a residual receipts loan
- ❖ City to contribute the city-owned parking lot via a non-escalating 99-year ground lease at \$1 per year
- ❖ Commercial Developer to contribute \$2.9M to the affordable housing project
- ❖ Commercial Developer to finance and construct the parking garage inclusive of the housing project's parking

Greater detail on all of the project's deal terms can be found in the Term Sheet document.

We appreciate the time to update the City Council as to the status of our public-private partnership and hope that Bespoke can serve as a template for future public-private partnerships where a commercial development can provide economic support to catalyze housing production for the community. We look forward to discussing the project's deal terms in greater detail with you all.

Sincerely,  
The collective Alta, Harvest, and Prometheus Team