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Developers Sought for Affordable Housing Project

City Council to Consider Partner for “Workforce” Housing Project in Downtown San Mateo

San Mateo, CA — Following staff’s extensive review of proposals from nine development teams looking to partner with San Mateo on a workforce housing project, the Council will discuss selecting a developer to negotiate with on the long-awaited transformation of two City-owned properties.

The City Council prioritized housing and publicly-accessible parking for its Downtown parcels at 480 E. 4th Ave. and 400 E. 5th Ave., sites purchased with former redevelopment agency funds that are currently used as surface parking lots adjacent to the Caltrain line. City staff announced today a shortlist of development teams and a recommendation the Council consider choosing from two finalists that offer varying approaches to meeting established goals for these transit-oriented sites.

The options will be discussed at the Monday, April 16 Council meeting and the staff recommendation as well as the submitted proposals are now available for public review. At this time, Council is only considering the selection of a team to negotiate with on development terms. Any project proposal must undergo public and environmental review during a standard planning process.

The requirements for consideration included maximizing the allowed number of rental housing units on the two sites, which comes to 164 units, and offering a minimum 35 percent of the units as affordable. The Council also sought developers that could maximize the provision of “workforce” housing affordable to households earning between 60 percent and 120 percent of the Area Median Income, AMI, and below. The project must also include a minimum 535 publicly-accessible parking spaces, as well as parking required for the housing component.

Projects must comply with existing zoning codes, including voter-approved height as well as density limits, and developers must involve the community during the entitlement process. The teams were also graded on an ability to minimize the amount of public subsidy needed to support the public parking and affordable housing requirements. The sites are being offered under a long-term ground lease with San Mateo retaining ownership.

Staff’s recommend finalists are MidPen Housing and Raintree Partners. However, the Council has the discretion to choose from any of the development teams that submitted proposals.

The nonprofit MidPen Housing proposes a fully-affordable housing project in which half of the units are allocated for households at 60 percent AMI or below, and the remaining half for those earning between 80 percent and 120 percent of AMI. It includes 535 public parking spaces and 164 residential spaces. MidPen’s proposal would rely heavily on outside funding sources such as competitive federal tax credits and San Mateo County affordable housing funds, as well as a \$9.5 million contribution from the City.

Raintree Partners submitted a variety of options that would determine the required City subsidy. One proposal is for 35 percent of the units to be affordable to households earning between 80 percent and 100 percent of AMI, with the remainder rented at market rates. This option suggests a City contribution of \$10 million, and includes 535 public parking spaces as well as 205 residential spaces. Raintree proposes reducing the City’s contribution to \$9.5 million if a portion of the residential parking spaces are shared with the public; or increasing the public subsidy to \$12 million while offering 40 percent of the units as affordable. The project is otherwise privately financed and is not dependent on receiving any outside funding sources.

The remaining shortlist of development teams were ranked to include Domicile I, Eden/Pacific Companies, and Sares Regis/Related Companies.

Background:

San Mateo's former redevelopment agency purchased the sites colloquially known as the former Kinko's and the Worker Resource Center lots in the 1990s. The parcels are located at the intersection of Fifth and Railroad Avenues, about a 5-minute walk from the Downtown Caltrain station. The City is required to redevelop these sites per the State-approved terms that enabled San Mateo to retain these parcels following the 2012 dissolution of redevelopment agencies.

The City issued a request for qualifications to the development community in January 2017, and followed up with a request for proposals that outlined Council-approved priorities for the sites. These are some of the last, primarily undeveloped, City-owned parcels available for redevelopment. Following public hearings, the Council prioritized leveraging the sites for affordable housing and public parking in Downtown.

Regardless of with which development team the City chooses to work, a formal planning application and public entitlement process is required. Community input will be an integral part of the process with the development team required to engage the public during the planning stages.

Visit <https://www.cityofsanmateo.org/3807/Downtown-Opportunity-Sites-RFP> to review the development team proposals. The City Council meets 7 p.m., Monday April 16 at City Hall, 330 W. 20th Ave.

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