Category 4G Compiled Backup Documents Table of Contents

Prioritization of local general funds to accelerate the production of housing affordable to Lower-Income Households.

1. Housing Element excerpt - City Properties and Funding (pages H-41 to H-42) (p. 2)

2. Daily Journal article (September 14, 2026) - Five-Year Housing Fund Plan (p. 4)

3. Proposed Resolution (2026, unnumbered) - Pro-Housing Reserve Accounts Appropriation (p. 7)

4. Minute Order No. 5 (December 10, 2024) - 2000 S. Delaware Street Affordable Housing Project (p. 8)

5. Council Agenda Report (December 9, 2024) - 2000 S. Delaware Street Loan Documents and Appropriation (p. 9)

6. Council Agenda Report (September 22, 2026) - Support of Affordable Housing Appropriation (p. 12)

that exceed the City's voter-approved height and density limits (Measure Y). While Measure Y was in effect, any conflicts between these limits and the General Plan defaulted to Measure Y, restricting full implementation of the Land Use Element. Following extensive community outreach, on July 15, 2024, the City Council voted to place Measure T on the November 5, 2024 ballot. Measure T proposed repealing Measure Y, such that its limits within the ten General Plan Study Areas would be repealed (but largely retained elsewhere) to enable the full implementation of the General Plan's Land Use Map. Voters approved Measure T, which became effective on December 19, 2024, 10 days after the City Council certified the election results.

The passage of Measure T increased the capacity of the Sites Inventory in the Housing Element and planned for an expanded development capacity around the City of up to 19,760 new housing units through 2040. More information about the General Plan Update can be found at www.StriveSanMateo.org.

3.4.7 City Properties and Funding

In prioritizing public land for affordable housing, the City will comply with all requirements of the Surplus Land Act, which contains requirements and procedures for designating public properties as surplus and selling or leasing those properties. The Surplus Land Act requires that, before selling or leasing a property, local agencies must send a Notice of Availability to housing sponsors, local public entities, and local, regional and states agencies. Entities have 60 days to respond to the notice and 90 days to negotiate with respondents in good faith. The Surplus Land Act requires that, during the negotiation process, local agencies cannot prohibit a residential use or limit residential density below what is provided by zoning. When selecting a development partner, cities are generally required to prioritize affordable housing uses. Under the Surplus Land Act, State HCD would review disposition agreements for compliance with state law prior to the execution of a final sale or lease agreement.

The City of San Mateo is committed to supporting the development of affordable housing by utilizing City owned properties and funding to help achieve this goal. Two significant 100% affordable housing projects are currently underway on City owned parcels (formerly public parking lots). In compliance with the Surplus Land Act, the City issued Notices of Availability to interested parties and selected development partners for the two City properties described below.

480 E. 4th Avenue (Kiku Crossing) This project provides 225 affordable homes for families and individuals in San Mateo, including 22 units for formerly homeless households and eight units for individuals with intellectual and developmental disabilities, and 57 units for public employees. The affordability of the units will be a mix of ELI, VLI and LI. Construction started in January 2022 and was completed and occupied in 2024. It is built on City owned property and funded by a combination of City, State, and Federal dollars.

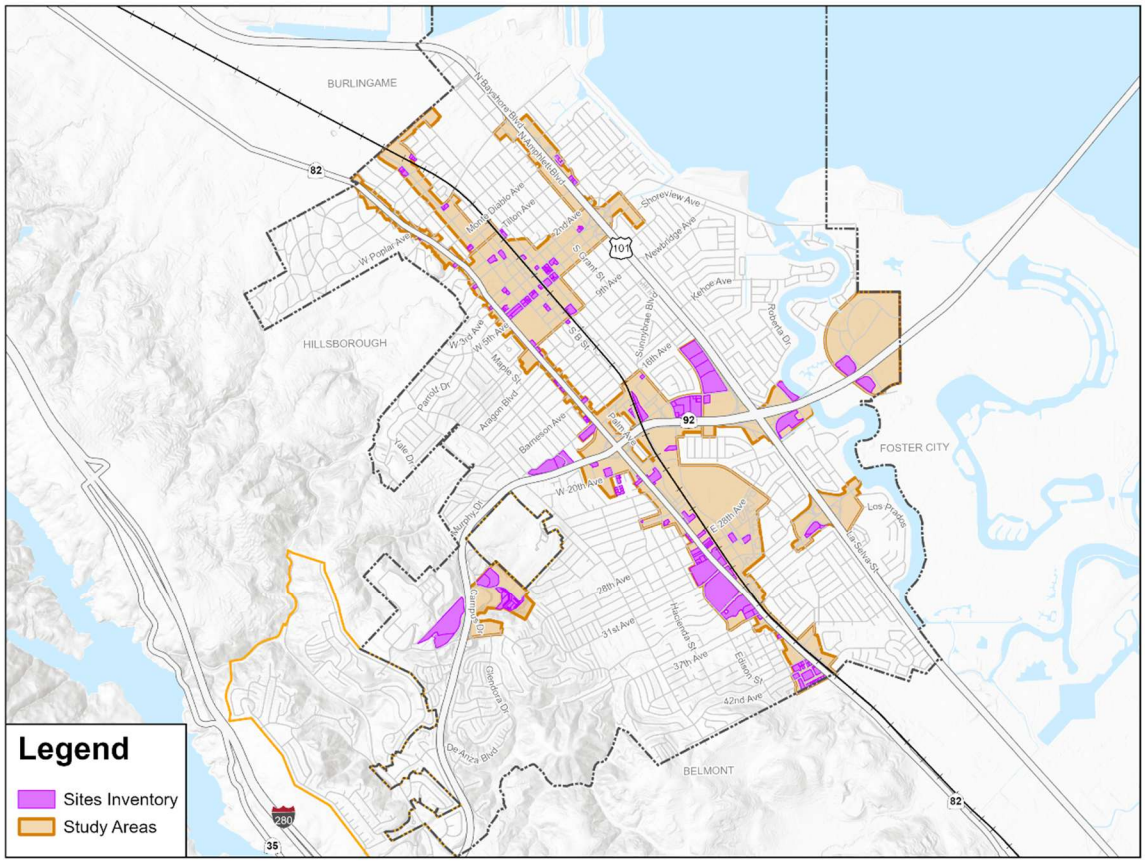
445 S. B Street (Bespoke) This project is a public-private partnership that will redevelop a full City block that includes a City owned property and a City monetary contribution. The project will provide 71 affordable apartment units (at ELI, VLI and LI levels), community facilities, and commercial and office space. The project is currently under review..

To support the ongoing development of new affordable housing in San Mateo, the City established a dedicated funding source in 2016 with the adoption of an Affordable Housing Commercial Linkage Fee (SMMC Chapter 23.61). In addition, the City has a policy to set aside 20% of the general fund property tax revenues from former Redevelopment Area (RDA) sites for its Housing Fund. Based on these two funding sources, as well as the Permanent Local Housing Allocation (PLHA), Below Market Rate (BMR) fractional and in-lieu fees, and other miscellaneous housing funds, the City's Affordable Housing Fund currently has

approximately $5.8M, and is estimated to generate approximately $26M over the next eight years. Using the estimate of $100k per affordable unit, the City estimates that it may be able to create 260 new affordable units throughout the 6th Housing Element Cycle. The Housing Fund was used to support both the Kiku Crossing and Bespoke affordable projects and the City continues to actively look for other partnership opportunities to construct additional affordable housing in San Mateo in the coming years. **Policy H 1.2** includes programs and implementing actions to support these affordable housing projects and utilize City funds and other identified City-owned sites to support the development of additional affordable housing.

In total, the City has contributed property and funding to support the development of **283 affordable housing units** and maintains a Housing Fund with dedicated revenue that has a target of constructing an additional **260 affordable housing units,** for a total of **543 new affordable housing units** during this cycle.

Figure 2: Sites Inventory Map



Universe: Sites Inventory, September 2025.

3.4.8 Missing Middle Housing

Missing middle housing and constraints to the development of such housing has been identified as a key programmatic priority for the City. Missing Middle housing describes small to medium-scale development such as duplexes, triplexes, and 4-10 unit projects that are compatible in scale with single-family homes

https://www.smdailyjournal.com/news/local/san-mateo-moves-ahead-with-five-year-housing-fund-plan-to-fund-low-interest-loan/article_ef2b4ad0-cb45-448b-bc6b-31af19ac0003.html

FEATURED

San Mateo moves ahead with five-year housing fund plan to fund low-interest loan program, preserve affordability requirements

By Alyse DiNapoli, Daily Journal staff
Sep 14, 2026



MORE INFORMATION



San Mateo is moving forward with a five-year plan on how to spend its roughly $14 million housing fund, with plans to launch a low-interest loan program, preserve existing affordable units at Bridgepointe Condominiums and expa financing options for developers, among others.

Apartment building acquired for educator workforce housing: Housing Endowment and Regional Trust of San Mateo County, County Office of Education purchase existing apartment building in 1st-of-its-kind workforce housing program

Housing construction throughout the region, for market rate and affordable units, has dramatically slowed in the last couple years, as inflationary pressures continue raising costs and lending conditions tighten. But cities still face ambitious housing requirements from the state. In San Mateo, the city must plan for more than 7,000 units between 2023-31, with about 3,975 units of those set aside as affordable housing.

While the city has seen a spike in the number of development applications, not as many have been fully completed. There have been about 392 affordable units completed between 2023-25 in San Mateo, according to annual housing progress report data.

One of the more significant parts of the proposal is a $5 million allocation for an ongoing loan program aimed at affordable housing developers — which would loosen up a currently rigid structure where funding is disbursed at fixed periods throughout the year.

The plan would also include an $75,000 annual increase in its allocation of legal assistance.

“We have heard through the tenant protections and anti-displacement outreach, through communications with legal services providers and feedback from the community, that there is a need for more legal services to prevent evictions and ultimately to prevent homelessness,” Housing Manager Rachel Horst said during the meeting.

Another $5 million from the existing fund would go to a city-owned property at 4142 S. El Camino Real and roughly $680,000 over five years for an accessory dwelling unit loan program. The latter program would offer five $100,000 loans annually — on top of $10,000 in technical assistance — to moderate-income homeowners who build ADUs and rent them at below-market-rates. The city would partner with HEART, The Housing Endowment and Regional Trust, on the program, which has also launched another low-interest program last year for mobile homeowners.

According to the proposal, $1.5 million would go toward preserving affordability requirements at Bridgepointe Condominiums, where restrictions on 59 units expire at the end of next year.

The city's recent emergency rental assistance level would be funded at its current $220,000 level. To address increasing costs of homeowner association dues, the city also recommended a $500,000 fund to assist below-market-rate condo owners.

"We've got to do everything we possibly can to help BMR homeowners stay and grow," Councilmember Lisa Diaz Nash said during the meeting.

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Alyse DiNapoli, Daily Journal staff
Daily Journal staff

CITY OF SAN MATEO
RESOLUTION NO. __ (2026)

APPROPRIATING $1M IN LOW AND MODERATE INCOME HOUSING ASSET FUNDS, $3M IN COMMERCIAL LINKAGE FEE FUNDS AND $1M IN GENERAL FUND HOUSING SET-ASIDE FUNDS INTO THE CITY OF SAN MATEO PRO-HOUSING RESERVE ACCOUNTS

WHEREAS, on August 19, 2026, the Community Relations Commission held a public meeting to receive public comments and provide input on City housing funding priorities;

WHEREAS, on September 8, 2026, the City Council received an update and provided direction on a five-year funding strategy for housing programming, including whether to pursue a Prohousing Designation, a competitive program run by the California Department of Housing and Community Development (HCD) that gives designated jurisdictions priority for a variety of HCD funding opportunities; and

WHEREAS, the City's 2023-2031 Housing Element (HE) workplan, among other things, calls for identifying ways to create a stand-alone housing fund and prioritizing local housing funds to assist in the production of affordable units under Policy H1.2: Utilize Public Funding and Properties for New Affordable Housing; and

WHEREAS, the City's Housing Element Policy H1.2 (Utilize Public Funding and Properties for New Affordable Housing) calls for the City to support affordable housing development at City-owned sites; and

WHEREAS, to be competitive for a Prohousing Designation, establishing an affordable housing fund is a key recommendation under Category 4B Fiscal Incentives in the Prohousing Designation application; and

WHEREAS, the City has sufficient funds in its various restricted housing funds, including the Housing Successor Fund (Fund 255), Commercial Linkage Fee (Fund 270), and General Fund Housing Set-Aside (Fund 130) to support the above-named Housing Element policies, and policies related to affordable housing production, preservation and rehabilitation; and

WHEREAS, the City Council, on September 8, 2026, directed staff to pursue Prohousing Designation and to establish and capitalize new Pro-Housing Reserve Accounts with an initial amount of $5,000,000 to support the production, preservation and rehabilitation of affordable housing; and

WHEREAS, a total appropriation of $5,000,000, of which $1,000,000 is from the Housing Successor fund (Fund 255), $3,000,000 is from the Commercial Linkage Fee fund (Fund 270), and $1,000,000 from the General Fund Housing Set-Aside fund (Fund 130) is necessary to establish the Pro-housing Reserve Accounts.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAN MATEO, CALIFORNIA, HEREBY RESOLVES that:

1. This fund appropriation is not a project of CEQA because it is an organizational or administrative activity that will not impact the environment (CEQA Guidelines Section 15378(b)(5).

2. The appropriation of $1,000,000 from the Low and Moderate Income Housing Asset Fund (Fund 255), $3,000,000 from the Commercial Linkage Fee fund (Fund 255), and $1,000,000 from the General Fund Housing Set-Aside fund (Fund 130) into the City of San Mateo Prohousing Reserve Accounts is approved.

CITY OF SAN MATEO
CITY CLERK'S DEPARTMENT

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OFFICE OF THE CITY CLERK
CITY OF SAN MATEO
330 WEST TWENTIETH AVENUE
SAN MATEO, CA 94403

Date: December 10, 2024 Minute Order No. 5

To: City of San Mateo Community Development Department

In the matter of: 2000 S. Delaware Street Affordable Housing Project – Loan Documents, Regulatory Agreement, Ground Lease and Supplemental Appropriation

(Agenda Item 16)

At the meeting of the City Council of the City of San Mateo on December 9, 2024, at which were present Council Members: Diaz Nash, Newsom Jr, Loraine, Lee, and Hedges.

The Council adopted a Resolution appropriating $500,000 from the General Fund Housing Set-Aside to provide a loan to MP 2000 Delaware, LLC in the amount of $500,000 for the 2000 S. Delaware Street affordable housing project; approved an Amended and Restated Ground Lease and Regulatory Agreement restricting the units at 2000 South Delaware to households at specified income levels, and approved a Loan Agreement, a Deed of Trust, and a Promissory Note; and authorize the City Manager to execute all documents and make any appropriate changes that do not differ from the Term Sheet.

Motion passed 5-0.

Moved: Loraine, Seconded: Newsom
Ayes: Diaz Nash, Newsom, Hedges, Lee, and Loraine

Martin McTaggart
CITY CLERK

CITY OF SAN MATEO

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Agenda Report

Agenda Number: 16 | Section Name: {{section.name}} | Account Number: 10-3133 | File ID: {{item.tracking_number}}

TO: City Council

FROM: Alex Khojikian, City Manager

PREPARED BY: Community Development Department

MEETING DATE: December 9, 2024

SUBJECT:
2000 S. Delaware Street Affordable Housing Project – Loan Documents, Regulatory Agreement, Ground Lease and Supplemental Appropriation

RECOMMENDATION:
Adopt a Resolution appropriating $500,000 from the General Fund Housing Set-Aside to provide a loan to MP 2000 Delaware, LLC in the amount of $500,000 for the 2000 S. Delaware Street affordable housing project; approve an Amended and Restated Ground Lease and Regulatory Agreement restricting the units at 2000 South Delaware to households at specified income levels, and approve a Loan Agreement, a Deed of Trust, and a Promissory Note; and authorize the City Manager to execute all documents and make any appropriate changes that do not differ from the Term Sheet.

BACKGROUND:
The 2000 S. Delaware Street affordable housing project (2000 S. Delaware) is 60-unit, deed-restricted affordable development on City-owned land at 2000 S. Delaware St., owned by MidPen Housing (MidPen, operating as MP 2000 Delaware, LLC). 2000 S. Delaware was constructed and operated by Westlake Realty Group as a moderate-income affordable housing development (at or below 120 percent AMI) until MidPen acquired the property in September 2024.

At its August 19, 2024 meeting, the City Council approved the reassignment of the 2000 S. Delaware ground lease from Westlake Realty Group to MidPen and amendments to deepen the affordability of the units from moderate-income to low-income. The City Council also approved a term sheet that included a $500,000 loan commitment to MidPen in exchange for restricting the units to low-income and directed staff to return with a regulatory agreement, loan agreement, and other documents required to fulfill the requirements of the Term Sheet.

The sale of 2000 S. Delaware from Westlake Realty Group to MidPen closed on September 27, 2024. The Assignment and First Amendment to the Ground Lease (Assignment and First Amendment) that was approved by City Council at the August 19, 2024 meeting was recorded on this date. The Assignment and First Amendment was intended to be in effect in the interim period between the closing date and the execution of an Amended and Restated Ground Lease. The Amended and Restated Ground Lease is included as Attachment 6.

The Regulatory Agreement is included as Attachment 2. The Loan Agreement, Deed of Trust, and Promissory Note are included as Attachments 3, 4, and 5, respectively.

DISCUSSION:
Funding Recommendation
The City Council approved the staff recommendation to provide $500,000 to MidPen in the form of a residual receipts loan (Loan) to subsidize the deeper affordability level at 2000 S. Delaware. The Loan has a 55-year term with three percent simple interest. Repayments on the Loan will be made out of residual receipts after the repayment of a loan from MidPen

to 2000 S. Delaware, which is expected to take 15 years. A residual receipts loan is a loan that is repaid out of a project's annual revenue after all operating expenses, debt service, deposits into reserves, and other obligatory payments are paid.

Staff recommends a supplemental appropriation for this Loan from the General Fund Housing Set-Aside (Housing Set-Aside). The Housing Set-Aside is one of the most flexible Housing funds in terms of allowable uses, including preservation. The balance of this Fund is approximately $6.87 million.

MidPen Ownership of 2000 S. Delaware

MidPen conducted two outreach meetings prior to the transition in ownership to discuss the upcoming changes and address any questions or concerns from residents. Residents were informed that rents will not change for the first year of ownership.

As noted in the August 19, 2024 agenda report, current tenants will be income-certified, with a potential rent adjustment to reflect the household's income level when their current lease expires, and a new lease term begins. MidPen staff is currently auditing tenant files to create a rectification process for the development. No tenants will be displaced, including tenants who are income-certified up to and above 120 percent AMI. As units occupied by tenants above the 80 percent AMI threshold become vacant, they will be rented to these lower income households, thus deepening the affordability of the building over time without any tenant displacement. Also, the Regulatory Agreement and Amended and Restated Ground Lease, together with the marketing plan proposed by MidPen, will result in restricting the affordability of the units to low-income households. In addition, on November 25, MidPen opened the marketing period for seven vacant units at 2000 S. Delaware, which will be rented to households at or below 80 percent AMI. Applications for available units will be accepted starting the week of December 2, 2024.

Regional Housing Needs Allocation (RHNA) Credit

State law allows for some preserved units to be counted towards a portion of a jurisdiction's Regional Housing Needs Allocation, or RHNA. In order to qualify, the preservation project must meet certain criteria, including restricting the units to low or very-low-income households for a minimum 55-year period and receiving "committed assistance" from the jurisdiction in the form of funds or in-kind assistance. In general, "acquisition/conversion" projects may qualify for RHNA credit, but this typically involves converting market-rate units to deed-restricted units. However, staff is still researching whether some units at 2000 S. Delaware could be counted towards the RHNA in the 2024 Annual Progress Report (APR).

BUDGET IMPACT:

The Loan to MidPen for 2000 S. Delaware will require an appropriation of $500,000 from the General Fund Housing Set-Aside, which has a fund balance of approximately $6.87 million. The Resolution appropriating these funds is provided as Attachment 1.

ENVIRONMENTAL DETERMINATION:

This action is not a project subject to CEQA, because it can be seen with certainty that approval of loan documents, a regulatory agreement, a ground lease and a supplemental appropriation related to an existing residential building will not cause a physical change in the environment. (Public Resources Code Section 21065.)

NOTICE PROVIDED:

All meeting noticing requirements were met.

ATTACHMENTS

Attachment 1 — Proposed Resolution
Attachment 2 — Regulatory Agreement
Attachment 3 — Loan Agreement
Attachment 4 — Deed of Trust
Attachment 5 — Promissory Note
Attachment 6 — Amended and Restated Ground Lease

STAFF CONTACT

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CITY OF SAN MATEO

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Agenda Report

Agenda Number: 14 | Section Name: CONSENT CALENDAR | Account Number: 34-3133 | File ID: 26-12647

TO: City Council

FROM: Alex Khojikian, City Manager

PREPARED BY: Community Development Department

MEETING DATE: September 22, 2026

SUBJECT:
Support of Affordable Housing — Appropriation

RECOMMENDATION:
Adopt a Resolution to appropriate $1M in Low- and Moderate-Income Housing Asset Funds, $3M in Commercial Linkage Fee Funds, and $1M in General Fund Housing Set-Aside Funds into the Pro-Housing Reserve Account to support the production, preservation, and rehabilitation of affordable housing.

BACKGROUND:
This item follows the September 8, 2026, City Council meeting, at which the City Council received an update on housing funds and provided direction on a five-year funding strategy for housing programming. At this meeting, the City Council also directed staff to pursue a Prohousing Designation, a competitive program run by the California Department of Housing and Community Development (HCD), which may provide priority access to state funding opportunities, including the Prohousing Incentive Program (PIP) grant, including the Prohousing Incentive Program (PIP) grant.

To be competitive for Prohousing Designation, which uses a scoring system to award the designation, jurisdictions can earn points for “fiscal incentives” that include contributing to a local (or regional) trust fund. Contributions must occur annually, and the total must be substantial enough to accelerate the production or preservation of affordable housing. This requirement dovetails with the City’s 2023-2031 Housing Element, which, under Policy H 1.2, calls for *identifying ways to create a stand-alone Housing Fund and prioritizing local housing funds to assist in the production of affordable units*.

At the September 8, 2026 meeting, Council directed staff to create a dedicated account for tracking with an initial amount of $5M. A reserve account will be established within each contributing fund to designate and track the authorized amount. The recommended amount of $5M is based on potential requests for funding that staff anticipate in the coming years, and could support two to three affordable housing projects, depending on the size of the loans awarded.

Funds will be awarded via an over-the-counter process, meaning that developer applications will be reviewed as they are received, and projects will be awarded as funds are available, with no set deadlines. For each project that receives these loan funds, staff would work to leverage the City’s loan with County and state grant and loan resources, and potentially with federal sources, thus multiplying the impact of the City’s investments.

The City has sufficient funds in its various restricted housing funds, including the Low and Moderate Housing Asset Fund (Fund 255), Commercial Linkage Fee (Fund 270), and General Fund Housing Set- Aside (Fund 130) to support these programs.

The Proposed Resolution in Attachment 1 establishes Pro-Housing Reserve Accounts and appropriates $5M total: $1M

from the Low and Moderate Housing Asset Fund, $3M from the Commercial Linkage Fee fund, and $1M from the General Fund Housing Set-Aside fund. Setting aside these funds in "Pro-Housing Reserve" accounts creates more transparency, facilitates clear tracking, and signals the City's capacity and intent to fund affordable housing development activities in production, preservation, and rehabilitation.

The Prohousing Reserve accounts can also be used to hold funds appropriated to implement another action item from Housing Element Policy *H 1.2: Utilize Public Funding and Properties for New Affordable Housing,* which calls for the City to assess feasibility of developing the City-owned parcel at 4142 S. El Camino Real with affordable housing, with an emphasis on extremely- and very low-income units.

Next Steps

Staff will return to the City Council at a later date with a detailed implementation plan for an over-the-counter loan program, which would include adoption of loan guidelines and application form, template loan documents (the loan agreement, regulatory agreement, and ancillary documents to establish the City's funding requirement), and a template for funding awards to eligible projects.

As potential acquisition and development plans materialize for the 4142 S. El Camino Real site, staff will return with an additional appropriation from one or more of these restricted housing funds. As recommended by Council, the City will invest approximately $5M over five years towards the development of City-owned properties. Additional funds will be appropriated as the City receives revenue in future budget cycles.

BUDGET IMPACT:

This report recommends appropriation of $1M in Low and Moderate Housing Asset Funds (Fund 255), $3M in Commercial Linkage Fee Funds (Fund 270), and $1M in General Fund Housing Set-Aside Funds (Fund 130). There are sufficient funds in each to support these activities. Balances as of July 1, 2026 are as follows: $5,381,000 in Fund 255; $3,795,000 in Fund 270; and $6,470,000 in Fund 130. Taking into account projected expenditures for FY2026-27 and subsequent years, staff estimates that a sufficient balance will remain in each of these funds after the appropriation to the Pro-Housing Reserve accounts are made.

ENVIRONMENTAL DETERMINATION:

This Resolution is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5)).

STRATEGIC PLAN ALIGNMENT

This staff report supports the Housing initiative.

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Proposed Resolution

STAFF CONTACT

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