

# DOMICILE I

DATE: March 1, 2018

TO: Kathy Kleinbaum, Deputy City Manager  
City of San Mateo, 330 W. 20th Ave, San Mateo, CA 94403

FROM: Alan Talansky, Executive VP for Development  
EBL&S Property Management, Inc.  
803 Laurel Avenue, San Mateo, CA 94401

FOR: DOMICILE I, LLC

RE: RESPONSE TO QUESTIONS REGARDING RFP

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## Responses to City Staff Questions

1. The City Council has stated a preference to not have the project be restricted only to public employees and instead offer a preference to public employees. How does this change your proposal and/or the approach to how the rental units will be handled?

Changing to a preference for public employees rather than a restriction will not affect our proposal, or our approach to handling the rental units. EAH, specifically, has long experience administering such "preferences."

2. Describe how you will establish rents for the restricted income units. Are they individually based on tenant's actual income rather than based on assumed household size/category? If so, how does this affect your operating budget?

EAH will verify the household income for each applicant and assign the rent according to the assumed household size and the City's published standard rent provided as part of the RFP.

3. How will you determine the distribution of the 80 to 120% of AMI units? Will there be any eligibility requirements for the remainder of the units (besides preference for public employees)?

The project proposes 35 of the units at 80% AMI, and 23 of the units at 120% AMI. This includes a mix of studios, 1-bedroom and 2-bedroom units in the same proportion as the remaining 106 units. There will not be any maximum income eligibility requirements for the remaining 106 units, however, rents for these units are to be **capped at 140% AMI**.

## RESPONSE

**4. The Council desires to see a mix of unit types, is it possible to provide more two-bedroom units? How does that change your proposal?**

In response to the Council's expressed desire, we have modified our proposal to add additional 2-bedroom units while keeping the current unit count of 164, and without changing the building area or height. Our current, proposed bedroom mix is as follows below. We are open to working with City staff to determine the optimum unit mix, including the number of 2-bedroom units included in the project.

- One-bedroom units: 114
  - Two-bedroom units: 21
  - Studios: 29
- |                    |            |
|--------------------|------------|
| <b>TOTAL UNITS</b> | <b>164</b> |
|--------------------|------------|

**5. If the City were to provide the \$12.8 million in funding for the parking garage upfront instead of the proposed loan structure, how does that change the financial terms of the proposal?**

If the City were to provide \$12.8 million upfront in funding for the proposed project, no lease payment would be necessary as outlined in the proposal. If the City elects to make an upfront payment less than that amount, the lease payment structure would be based on that amount. The project sponsors are open to deploying City capital or loans in place of the sponsor's capital, should the City determine this is an investment option they want to pursue. Domicile I is open to a variety of options to finance and develop the parking structure.

**6. Are there specific terms that you would require in the Exclusive Negotiating Agreement?**

We would suggest including the following terms in the Exclusive Negotiating Agreement:

- If required by the lender/investor, the ground leases may be subordinated to loan/investment documents for a defined term of years.
- A single point of contact to guide us through the City approval and ground-leasing process.
- Close coordination with City staff to predetermine milestones for the project.
- Clear definition of the role of the Successor Agency in any negotiations.
- Licenses to access the site to perform studies, etc.