From: Andrew Hudacek
To: Kathy Kleinbaum
Cc: Andrew Hudacek; Ken Busch; Zimbler, Robin (Robin.Zimbler@related.com); Matthew Chin; Mark Kroll; Bill Witte (WWitte@Related.com); Alex Seidel (aseidel@seidelarchitects.com)
Subject: San Mateo RFP - Sares Regis/Related written responses to team specific questions
Date: Tuesday, February 27, 2018 12:39:00 PM
Attachments: image004.png

Kathy,

Per your request, please find below the questions that our team was given prior to our interview and written answers which reflect the discussion in the room on 2/16/18. Please let us know if you need any further information. We look forward to working with the City should we be selected for this opportunity.

- Q1 – The City Council has a stated concern with having the affordable units in a separate building from the market rate units. Is it possible to integrate income levels in both buildings?
  - Yes.
  - Our baseline proposal is for an affordable building on 5th and a market rate solution on 4th because it is the most efficient use of City dollars and requires the least amount of City contribution. In fact, Related is the most active and experienced developer of mixed income housing in California, at all income levels, and almost any mix could be implemented, but there are financial impacts. We can move affordable units from the 5th avenue site to the 4th and make both buildings "mixed income" buildings but it would require more up front dollars from the City.
  - If the City would like to pursue this, we would need to know how many units of each income level the City would like to move over from 5th to 4th avenue and then we can simply run our models to calculate the financial impact. It would then be up to the policy makers to decide which public policy tradeoff is best for the City and its constituents.
- Q2 – The City Council has stated a concern with the primary pedestrian access to the garage being midblock on the 400 E. 5th Avenue site. Is there a design solution that would allow for pedestrian access directly off of 5th Avenue?
  - Yes. We have adjusted our design and included renderings (see enclosed) showing our building elevation on 5th Avenue which includes a vehicular entrance and a separate pedestrian entrance to the garage. The design, presentation to the street and signage is meant to be consistent with other public parking garages in the downtown parking district.
- Q3 – Are there specific terms that you would require in the Exclusive Negotiating Agreement?
  - Yes but none that are out of the ordinary. Most critical is exclusivity and a determined baseline period for negotiations i.e. 12 months.
- Q4 – What is the proposed operating structure for the public parking?
  - The parking structure will be constructed under a GMP by Clark Pacific who is dedicated to our team. It would be done as a turn-key delivery to the City of San Mateo or its parking authority. Upon completion, it would be owned & operated by the City and or its Parking authority and provides a long term sustainable net positive revenue stream.
- Q5 – What is the timing of the developer fee for the affordable/workforce component?
  - A – We have structured the affordable/workforce component as a 4% Low Income Housing Tax Credit (LIHTC) project. For 4% LIHTC projects, the State Tax Credit Allocating Agency (TCAC) allows a developer fee equal to 15% of the project's unadjusted eligible basis to cover both the developer's overhead costs and profit; however, for a project with fewer than 100 units, anything above $2,500,000 must be deferred and paid from cash flow. The industry typically underwrites to this standard and, as such, we have included a $4,129,000 developer fee in our underwriting. This includes the $2,500,000 cash fee and a $1,629,000 deferred fee. Of the $2,500,000 cash fee,

we are proposing that $1,000,000 be paid at construction loan closing. The balance—$1,500,000—would be "at risk" in that it would not get paid until completion of the affordable/workforce component. The $1,629,000 deferred fee would be paid over the tax credit compliance period (15 years) from 50% of the annual cash flow of the project. The other 50% of annual cash flow would go to the City to repay the residual receipts loan.

SAN MATEO CALTRAIN STATION

VIEW FROM 5TH AVE AT PUBLIC GARAGE ENTRY

Thank you,

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