

Summary/Notes

CITY OF SAN MATEO

Below-Market Rate Program

Roundtable Meeting

Wednesday, October 9, 2019 – 3:00pm
City Hall, Conference Room C
330 20th Ave, San Mateo, CA



Attendees:

- 11 attendees consisting of citizens, realtor, housing developers, and housing advocacy groups
- Sandy Council, Housing Manager
- Darin Smith from Economic & Planning Systems (consultant)
- Debbie Schechter from Peninsula Conflict Resolution Center (facilitator)
- Housing and Planning staff members

Presentations:

- Sandy Council, Housing Manager and Darin Smith gave presentations on the purpose for the meeting, history of the below-market rate program in San Mateo, explanation of economic assumptions in looking at different affordability requirements, and a dive into the potential changes to developer incentives the City could make under the State/Local regulations that are in place at this time .

Comments:

- Economic Analysis
 - There was some discussion on how realistic the assumed land price of \$8,000,000 per acre was, particularly as it relates to the difference in cost for sites that are suitable for rental vs. for sale developments
 - There was also some discussion on the assumed soft costs on for sale developments being too low
 - Price per square foot was questioned as a metric due to the many different variables involved from number of bedrooms to bedroom size and even parking requirements
 - Many in attendance felt that a deeper look into Darin's report would reveal more to discuss on assumptions that were used
- Developer incentives:
 - The theme of flexibility came through from many in attendance as the incentives were discussed, particularly the development community
 - Some interest in City's current option of providing few 3 BR units in exchange of 15% requirement, but height limit may limit the "bulk volume" available to include the larger units.

- A major increase in BMR requirements can have the effect of stopping housing development
 - Mountain View's townhome requirements (25%) were discussed as being too restrictive for developers
 - Redwood City and Portland, OR 20% requirements were also brought up as an example of this
 - Could an increase be phased over time, so developers can adjust?
 - Could the requirements be examined periodically to adjust to market conditions?
- Many of the incentives seemed to be discussed through the lens of trying to find more affordable units at different levels
 - This is because the market has only yielded certain levels since the program began
 - Developers are open to providing mixed income units as long as City retains strong management of waitlist to fill the units.
 - Allowing offsite construction or land dedication can leverage development of units with deeper affordability by taking advantage of economies of scale. Some developers like the idea of partnering with a nonprofit to do this as a way to comply with inclusionary requirements. (if Measure P provisions expire)
- Measure P provides for integration of affordable units into the community instead of concentrating affordable units in one location.
- Re-structuring the program to allow for an in-lieu fee on ownership projects was discussed as an option (if Measure P provisions expire)
- Streamlining the approval process could be another potential incentive to developers to include more affordable units into projects
- One way to provide more affordable units could be to coordinate the below-market rate program with the public benefit requirement on sites that allow higher (75') buildings and density (75 DU/A) per the City's general plan through the density bonus program.

CITY OF SAN MATEO BELOW-MARKET-RATE INCLUSIONARY HOUSING PROGRAM MODIFICATIONS

Stakeholder Meeting

October 9, 2019

San Mateo City Hall



Economic & Planning Systems, Inc.
The Economics of Land Use

One Kaiser Plaza, Suite 1410 ■ Oakland, California 94612
510.841.9190 ■ www.epsys.com

AGENDA

- Welcome and purpose of the meeting
- Program background and context
- Considerations for program modifications
 - Inclusionary requirements
 - Incentives
- Next steps

WELCOME AND PURPOSE

- City Council is interested in amending the BMR program
 - Increasing affordable housing
 - Maintaining project feasibility
- Seeking stakeholder review and input on:
 - Development economics
 - Policy objectives/potential incentives

SAN MATEO BMR/INCLUSIONARY PROGRAM HISTORY

- **BMR/Inclusionary Housing Program established 1992 and revised 2010**
 - Applies to projects with 11+ units
 - For-Sale: 10% Affordable Units at 70% AMI OR 15% of units at 100% AMI
 - Rental: 10% Affordable Units at 50% AMI OR 15% of units at 60% AMI
 - In-Lieu Fees allowed for fractional units only
- **All developers have elected to provide the lower number of units**
 - Project values seem to be maximized through more market-rate units
- **Increasingly, developers are utilizing State density bonus program**
 - Projects can get more market-rate units by providing BMR units at different levels
 - Examples: Central Park South, AAA site, Trags, Essex at Central Park

SAN MATEO BMR/INCLUSIONARY PROGRAM CONTEXT

- San Mateo Affordable Housing Standards for 2019

Affordability Category	Percentage of County Median	2019 Max Income 3-person household	Maximum Rent (2-bedroom unit)	Maximum Sale Price (2-bedroom condo)
Extremely Low Income (ELI - 30)	30%	\$36,930	\$723	\$111,000
Very Low Income (VLI - 50)	50%	\$61,550	\$1,339	\$186,000
Low Income (LI - 60)	60%	\$73,860	\$1,647	\$236,000
Low Income (LI - 70)	70%	\$86,170	\$1,954	\$291,000
Low Income (LI - 80)	80%	\$98,480	\$2,262	\$330,000
Median Income (Mod - 100)	100%	\$123,100	\$2,878	\$449,000
Moderate Income (Mod - 110)	110%	\$135,410	\$3,185	\$597,000
Above Moderate Income (AMod - 135)	135%	\$166,185	\$3,955	\$726,000
Market Rate			\$4,600	\$888,784

[1] Per City policy, maximum incomes and associated rents are based on the mathematical proportion of median income (e.g., actually 60% of median income), whereas HCD's income limits do not always conform to these mathematical proportions.

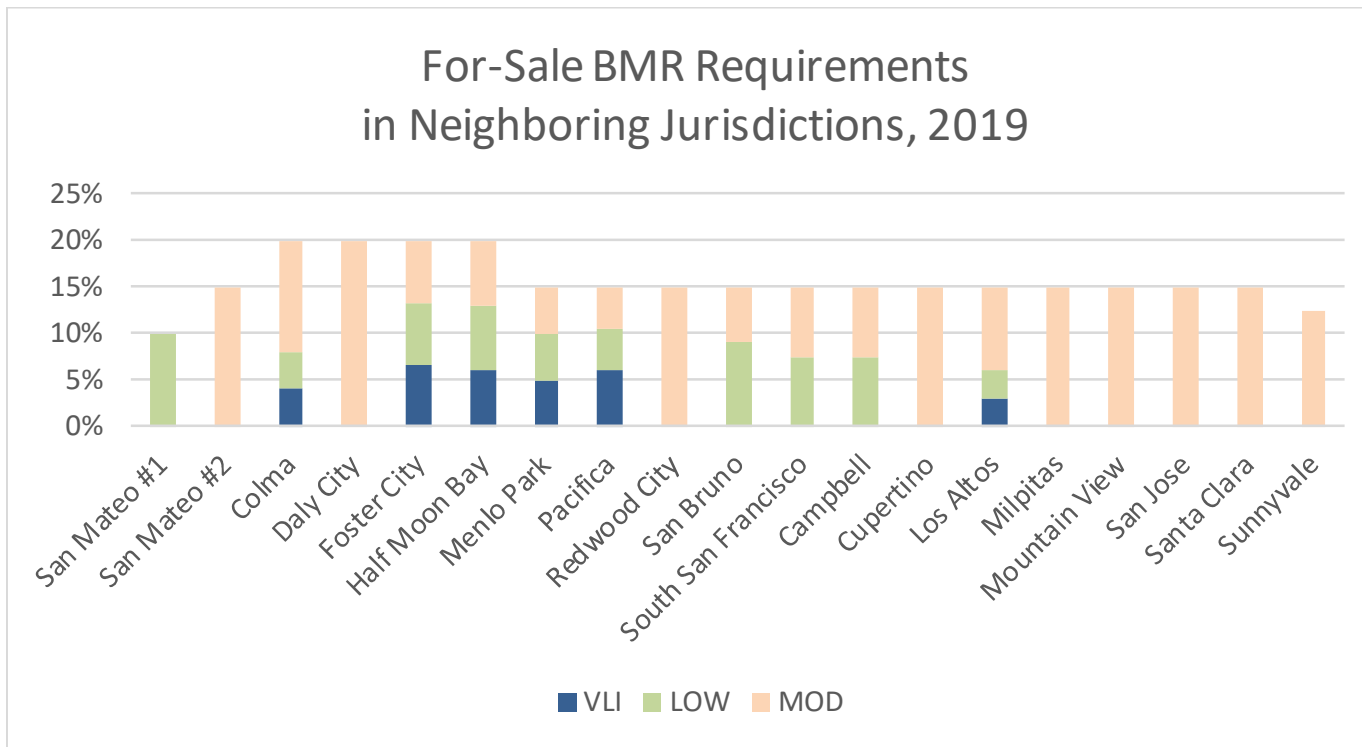
Source: State of CA HCD; City of San Mateo; Economic & Planning Systems, Inc.

CONSIDERATIONS FOR BMR PROGRAM MODIFICATIONS

- **EPS analysis has addressed the following questions:**
 - Are the BMR requirements consistent with neighboring jurisdictions?
 - Are the BMR requirements creating major feasibility issues?
 - Can the BMR requirement options be better balanced?
 - Can the BMR requirements be increased?
 - Can different standards be created for different housing types?
 - How can BMR program be modified if zoning allowances change?

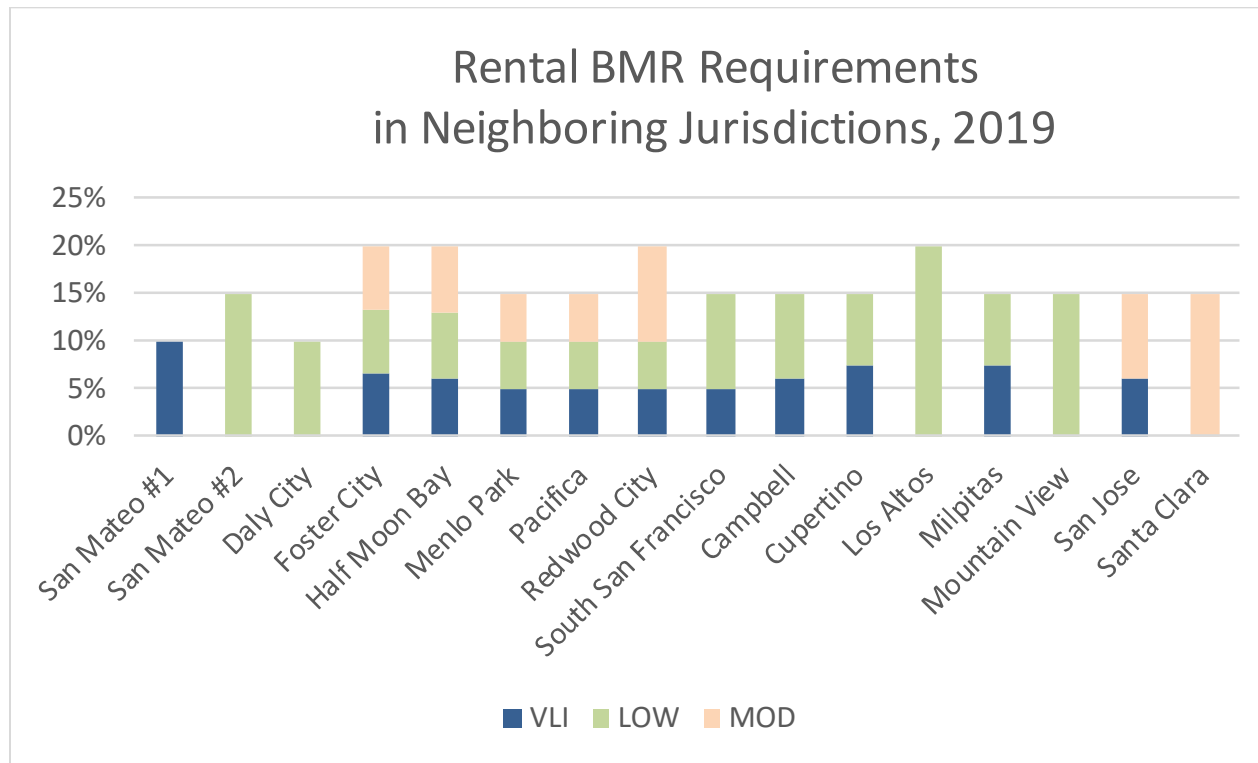
NEIGHBORING JURISDICTIONS

- San Mateo's current requirements are similar, and in some cases lower



NEIGHBORING JURISDICTIONS

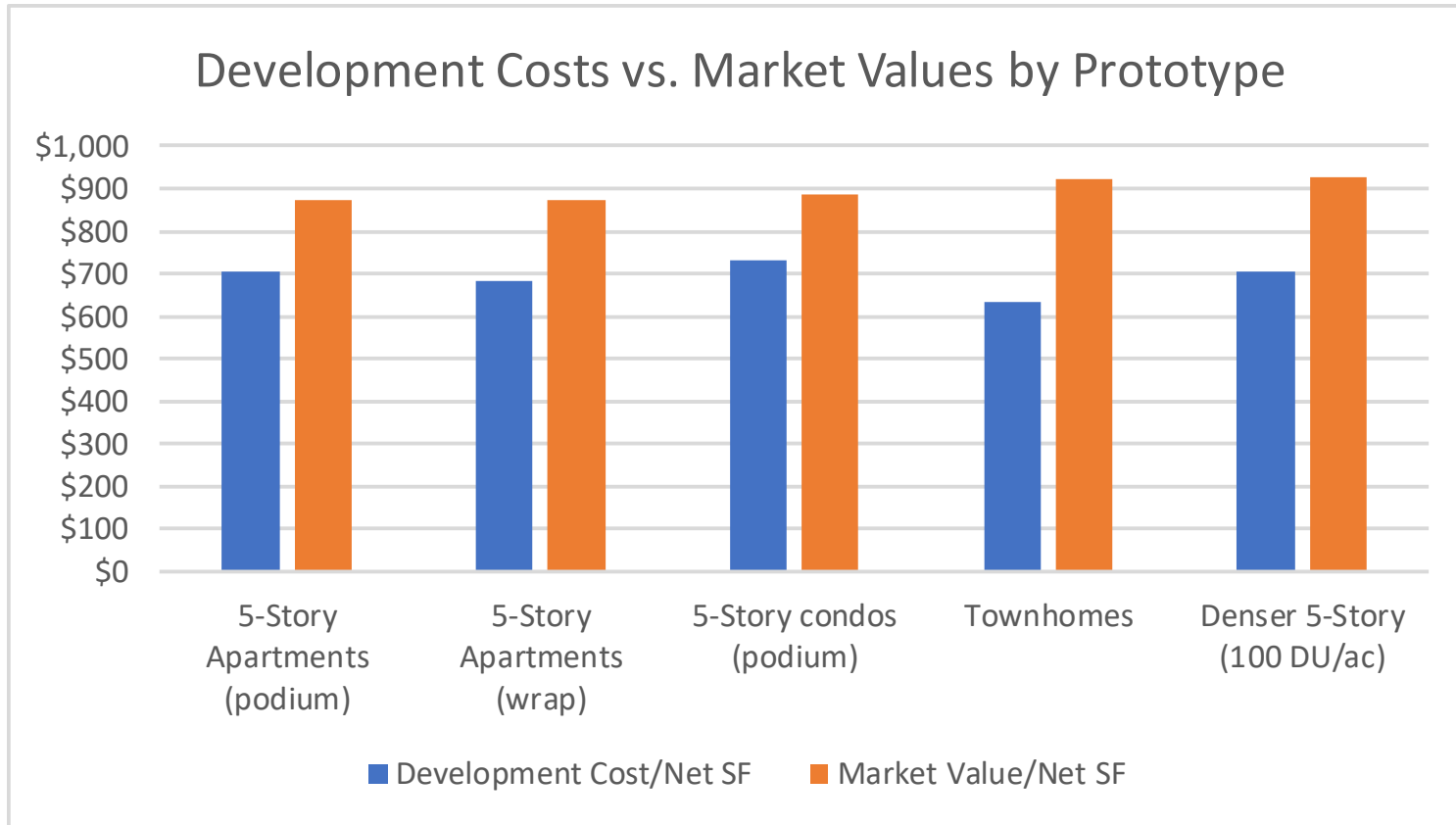
- San Mateo's current requirements are similar, and in some cases lower



FEASIBILITY

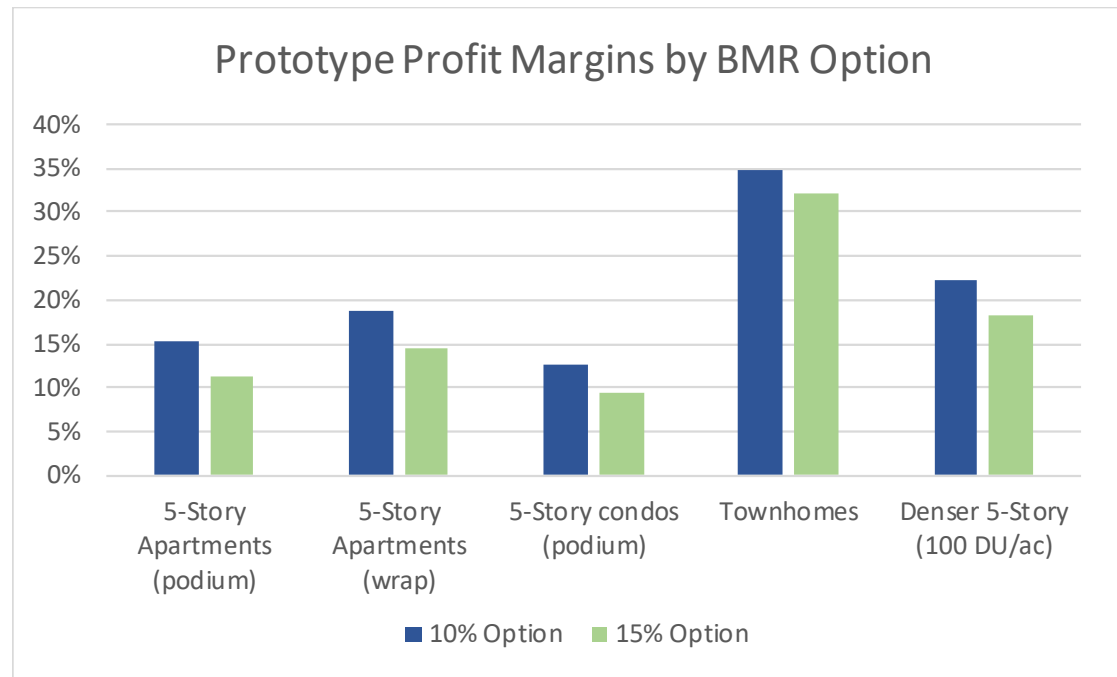
- San Mateo's current requirements appear to be supported by projects
- EPS created "prototype pro formas" for:
 - 5-story apartments over podium parking (50 DU/acre)
 - 5-story apartments with wrap parking (50 DU/acre)
 - 5-story condos with podium parking (50 DU/acre)
 - Townhomes (24 DU/acre)
 - "Denser" 5-story apartments with podium parking (100 DU/acre)
- Most prototypes appear feasible with current BMR standards
 - ~15%+ profit margin with combined market-rate and BMR units
 - Results include State density bonus as applicable

FEASIBILITY



BALANCE OF OPTIONS

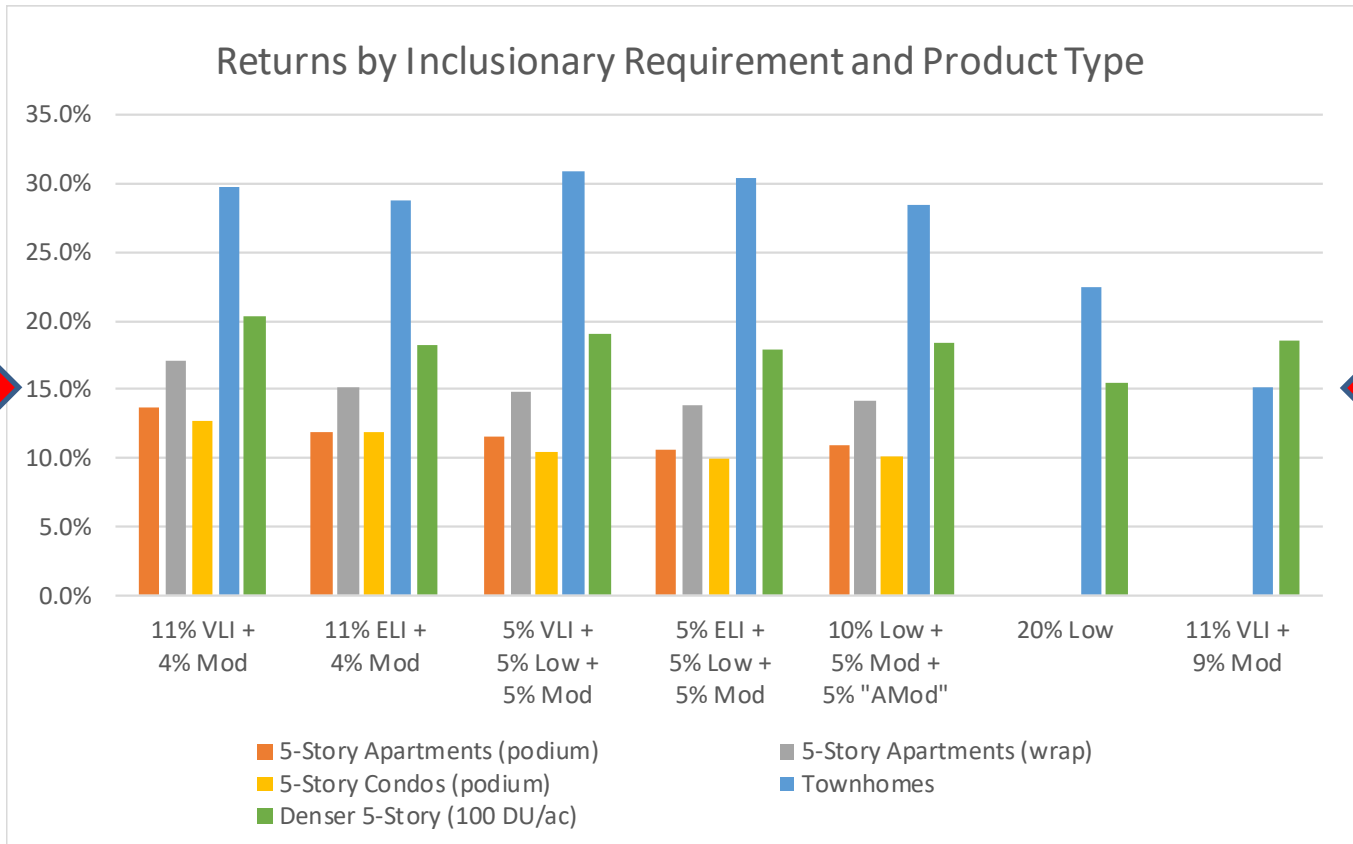
- Like State density bonus program, City's current requirements promote fewer units at lower income levels



POTENTIAL TO INCREASE

- **Current 10% requirements can increase marginally for most prototypes**
 - State density bonus provides maximum units at 11% VLI
 - Podium buildings face greatest feasibility concern due to cost/value balance
- **Council has expressed interest in achieving 15+% inclusionary**
 - All want to achieve a mix of incomes
 - Some hope to include Extremely Low Income units at 30% AMI
 - Some want to explore still higher requirements for townhomes and projects >50 DU/acre (if allowed under new zoning)

POTENTIAL TO INCREASE



STANDARDS BY HOUSING TYPE

- City could consider a higher standard for townhomes
 - Townhomes appear to generate highest financial returns but may underutilize residential land
 - Higher BMR standard for townhomes may help to level the playing field with higher density housing
 - Mountain View just adopted a BMR update with a 15% requirement for most housing, but 25% for townhomes
- All other housing prototypes seem to have similar economics, which suggests standards should be similar to current standards

BMR WITH ZONING CHANGES

- 50 DU/Acre maximum zoning falls well below other feasible densities
 - Peninsula cities now building 100+ DU/acre within 5-story buildings
 - So. San Francisco entitling projects up to 180/acre with community benefits
- Increasing density (with or without height change) may allow City to require higher BMR standards
 - Analysis indicates 20% BMR could work at 100 DU/acre, including a mix of very low, low, and moderate income units

QUESTIONS ON INCLUSIONARY ECONOMICS?

- Do you understand the approach taken for this analysis?
- Are the underlying cost and value assumptions reasonable?
- Are the feasibility thresholds for various options reasonable?

DEVELOPER INCENTIVES

FLEXIBILITY WITH CONSTRAINTS

- **Density Bonus Law**
 - 1–3 incentives based on affordability levels
 - City requirements provide developers with both extra density and incentives
- **Measure P Voter Initiative**
 - Requires affordable units onsite
 - Sunsets in 2020 unless vote of people extends
- **City BMR Program Regs (2010)**
 - Can revise provisions not governed by State DB or Measure P

ALTERNATIVES TO ONSITE CONSTRUCTION

- **In Lieu Fee**
 - Not allowed (DB), except for fractional units, or 5–10 units (P)
- **Offsite Construction**
 - If onsite is economically infeasible, within San Mateo City (P)
 - Same as above, plus must be completed at same time as Market Units (BMR)
 - As part of land dedication (see below–DB)
- **Land Dedication**
 - See above for Measure P and City BMR
 - At least one acre, within ½ mile, identified source of funding, concurrent approvals (DB)
- **Acquire Existing Units with Rent Restrictions**
 - Not allowed (DB, P)

DEVELOPER INCENTIVES/CONCESSIONS

- **Extra Density beyond State DB**
 - Not allowed by Measure P
- **Fee Reductions/Defer Payments**
 - CDD has initiated citywide development fee analysis
- **City Subsidy**
 - Future City Council study session for priority funding
 - Would trigger prevailing wage for entire development
- **Expedited Approvals**
 - City task force to look at entire development approval process

DEVELOPER INCENTIVES/CONCESSIONS

- **3 Bedroom Unit Mix Option**
 - Must provide at least 10% (P)
 - Example 40 unit project, all 2-bedroom: 15% affordable would require 6 BMRS (total 12 bedrooms). Allowed to provide 4 3-bedroom BMR units (BMR)
- **BMR Unit Design/Size**
 - Exterior design must be similar to market units (P)
 - No of bedrooms same proportion as market units, size can be 10% smaller, and must be scattered throughout development (BMR) unless:
 - City provides funding, or
 - Significant number of affordable units, or
 - Specialized resident services
- **Zoning**
 - FAR, setbacks, lot coverage, tandem parking (DB)
 - Other as requested by developer–demonstrate need (DB)

DEVELOPER INCENTIVES

- **OTHER CONSIDERATIONS**
 - RHNA Targets
 - Marketability Issues
 - Very Low Ownership
 - Moderate Rental

QUESTIONS ON INCENTIVES?

- What makes the biggest difference to feasibility?
- Which incentives should be focused on in the near-term, and why?

WRAP UP QUESTIONS?

- What affordability options would you recommend to Council?
- Is there any other information you'd like the Council to know regarding the BMR program?

NEXT STEPS

- Incorporate stakeholder feedback into analysis
- Return to Council with analysis and recommendations
- Adopt amendments to current requirements
- Study Session on how to prioritize City Housing funding resources

Table 1
Estimated Unit Cost by Type
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

	Rental 4-6 Stories, Wood- Frame + Podium Parking	Rental 4-6 Stories, Wood- Frame Wrap	Ownership 4-6 Stories, Wood- Frame + Podium Parking	Ownership Townhomes	Denser Rental 4- 6 Stories, Wood- Frame + Podium Parking
Development Program Assumptions [1]					
Base Density/Acre	50	50	50	24	100
Gross Unit Size	1,200	1,200	1,200	1,350	950
Net Unit Size	1,000	1,000	1,000	1,350	800
Number of Bedrooms	2	2	2	2	1
Number of Persons per Unit [2]	3	3	3	3	2
Parking Spaces/Unit	1.5	1.5	1.5	1.5	1.5
Cost Assumptions					
Direct Costs					
Direct Construction Costs/Gross SF [3]	\$300	\$300	\$315	\$285	\$315
Direct Construction Costs/Unit	\$360,000	\$360,000	\$378,000	\$384,750	\$299,250
Parking Construction Costs/Space	\$50,000	\$40,000	\$50,000	included	\$50,000
Parking Construction Costs/Unit	\$75,000	\$60,000	\$75,000	included	\$75,000
Subtotal, Direct Costs/Unit	\$435,000	\$420,000	\$453,000	\$384,750	\$374,250
Indirect Costs as a % of Direct Costs [4]					
Indirect Costs/Unit	\$152,250	\$147,000	\$158,550	\$134,663	\$130,988
Total Cost/Unit without Land	\$587,250	\$567,000	\$611,550	\$519,413	\$505,238
Land/Acre [5]	\$8,015,040	\$8,015,040	\$8,015,040	\$8,015,040	\$8,015,040

[1] Density assumption provided by City of San Mateo. Number of units, unit sizes, and average number of parking spaces informed by recently built units (2015-2018) in San Mateo.

[2] An average of 3 persons is used for this analysis based on Census data indicating the average family size in San Mateo is approximately 3 persons, and State law (Health and Safety Code Section 50052.5) indicates that a 2-bedroom unit should be assumed to be occupied by a 3-person household. 2 persons for the 1-bedroom prototype.

[3] Includes costs for architecture and engineering; entitlement and fees; project management; appraisal and market study; marketing, commissions, and general administration; financing and charges; insurance; developer fee and contingency.

[4] Includes on-site work, offsite work, vertical construction, general requirements, overhead and developer fees. Based on a 2018 application for a multifamily development in San Mateo. EPS assumes ownership units have higher levels of finish (lighting, appliances, etc.) that increase costs by \$15/sq.ft. compared to similar rentals. Townhome cost is derived from the proportional cost to a multifamily unit per RSMMeans.

[5] Based on the appraisal of the Bay Meadows site at 2775 South Delaware Street and its comparables, dated June 14, 2018. Land cost per unit varies by inclusionary requirement based on City's Density Bonus Ordinance.

Source: City of San Mateo; CoStar; Redfin; Economic & Planning Systems, Inc.

Table 2
Affordable Housing Income and Pricing Limits, 2019
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Affordability Category	Percentage of County Median	2019 Max Income 3-person household	Maximum Rent (2-bedroom unit)	Maximum Sale Price (2-bedroom condo)
Extremely Low Income (ELI - 30)	30%	\$36,930	\$723	\$111,000
Very Low Income (VLI - 50)	50%	\$61,550	\$1,339	\$186,000
Low Income (LI - 60)	60%	\$73,860	\$1,647	\$236,000
Low Income (LI - 70)	70%	\$86,170	\$1,954	\$291,000
Low Income (LI - 80)	80%	\$98,480	\$2,262	\$330,000
Median Income (Mod - 100)	100%	\$123,100	\$2,878	\$449,000
Moderate Income (Mod - 110)	110%	\$135,410	\$3,185	\$597,000
Above Moderate Income (AMod - 135)	135%	\$166,185	\$3,955	\$726,000
Market Rate			\$4,600	\$888,784

[1] Per City policy, maximum incomes and associated rents are based on the mathematical proportion of median income (e.g., actually 60% of median income), whereas HCD's income limits do not always conform to these mathematical proportions.

Source: State of CA HCD; City of San Mateo; Economic & Planning Systems, Inc.

Table 3
Estimated Unit Values by Type and Income Level - Rental/Podium
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item	Market Rate	Above	Moderate	Median Income	Low Income	Low Income	Low Income	Very Low	Extremely Low
		Moderate Income (135% of AMI)	Income (110% of AMI)	(100% of AMI)	(80% of AMI)	(70% of AMI)	(60% of AMI)	Income (50% of AMI)	Income (30% of AMI)
Income Limit [1]	N/A	\$166,185	\$135,410	\$123,100	\$98,480	\$86,170	\$73,860	\$61,550	\$36,930
Total Annual Housing Costs at 30% of Income	N/A	\$49,856	\$40,623	\$36,930	\$29,544	\$25,851	\$22,158	\$18,465	\$11,079
Less Utility Costs/Year [2]	N/A	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Annual Rent	\$55,200	\$47,456	\$38,223	\$34,530	\$27,144	\$23,451	\$19,758	\$16,065	\$8,679
Monthly Rent	\$4,600	\$3,955	\$3,185	\$2,878	\$2,262	\$1,954	\$1,647	\$1,339	\$723
Operating Expenses per Unit/Year [3]	\$13,800	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Net Operating Income	\$39,330	\$34,633	\$25,862	\$22,354	\$15,337	\$11,828	\$8,320	\$4,812	-\$2,205
Capitalization Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Apartment Unit Value	\$874,000	\$769,616	\$574,708	\$496,744	\$340,818	\$262,854	\$184,891	\$106,928	-\$48,999
Development Cost of Affordable Unit before Land Cost		\$587,250	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250
Land Cost [4]		\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868
Total Development Cost of Affordable Unit		\$705,118	\$705,118	\$705,118	\$705,118	\$705,118	\$705,118	\$705,118	\$705,118
Affordability Gap [5]		\$0	\$130,410	\$208,374	\$364,300	\$442,264	\$520,227	\$598,190	\$754,117

[1] Market rate rent informed by CoStar survey of 2-bedroom units in developments built 2015-2018 in San Mateo. BMR unit rents informed by 2019 income limits for San Mateo County as determined by HUD, State of CA HUD, and County of San Mateo.

[2] 2018 utility allowance schedule for San Mateo County. Assumes natural gas heating and cooking.

[3] Operating expenses assume 25% of rental income for market rate and a per-unit estimate from a 2018 CTCAC application for a proposed development in San Mateo for BMR.

[4] Assumes affordable housing projects funded by proceeds of this program would be 100% affordable and therefore qualify for the maximum density bonus.

[5] Affordability gap equals the subsidy required to construct this type of unit and offer it at the prescribed affordable price.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

Table 4
Estimated Unit Values by Type and Income Level - Rental/Wrap
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item	Market Rate	Above	Moderate	Median Income	Low Income	Low Income	Low Income	Very Low	Extremely Low
		Moderate Income (135% of AMI)	Moderate Income (110% of AMI)	(100% of AMI)	(80% of AMI)	(70% of AMI)	(60% of AMI)	Income (50% of AMI)	Income (30% of AMI)
Income Limit [1]	N/A	\$166,185	\$135,410	\$123,100	\$98,480	\$86,170	\$73,860	\$61,550	\$36,930
Total Annual Housing Costs at 30% of Income	N/A	\$49,856	\$40,623	\$36,930	\$29,544	\$25,851	\$22,158	\$18,465	\$11,079
Less Utility Costs/Year [2]	N/A	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400
Annual Rent	\$55,200	\$47,456	\$38,223	\$34,530	\$27,144	\$23,451	\$19,758	\$16,065	\$8,679
Monthly Rent	\$4,600	\$3,955	\$3,185	\$2,878	\$2,262	\$1,954	\$1,647	\$1,339	\$723
Operating Expenses per Unit/Year [3]	\$13,800	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Net Operating Income	\$39,330	\$34,633	\$25,862	\$22,354	\$15,337	\$11,828	\$8,320	\$4,812	-\$2,205
Capitalization Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Apartment Unit Value	\$874,000	\$769,616	\$574,708	\$496,744	\$340,818	\$262,854	\$184,891	\$106,928	-\$48,999
Development Cost of Affordable Unit before Land Cost		\$567,000	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000
Land Cost [4]		\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868
Total Development Cost of Affordable Unit		\$684,868	\$684,868	\$684,868	\$684,868	\$684,868	\$684,868	\$684,868	\$684,868
Affordability Gap [5]		\$0	\$110,160	\$188,124	\$344,050	\$422,014	\$499,977	\$577,940	\$733,867

[1] Market rate rent informed by CoStar survey of 2-bedroom units in developments built 2015-2018 in San Mateo. BMR unit rents informed by 2019 income limits for San Mateo County as determined by HUD, State of CA HUD, and County of San Mateo.

[2] 2018 utility allowance schedule for San Mateo County. Assumes natural gas heating and cooking.

[3] Operating expenses assume 25% of rental income for market rate and a per-unit estimate from a 2018 CTCAC application for a proposed development in San Mateo for BMR.

[4] Assumes affordable housing projects funded by proceeds of this program would be 100% affordable and therefore qualify for the maximum density bonus.

[5] Affordability gap equals the subsidy required to construct this type of unit and offer it at the prescribed affordable price.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

Table 5
Estimated Unit Values by Type and Income Level - Ownership/Podium
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item	Market Rate [1]	Above Moderate Income (135% of AMI)	Moderate Income (110% of AMI)	Median Income (100% of AMI)	Low Income (80% of AMI)	Low Income (70% of AMI)	Low Income (60% of AMI)	Very Low Income (50% of AMI)	Extremely Low Income (30% of AMI)
Household Income [2]	N/A	\$166,185	\$135,410	\$123,100	\$98,480	\$86,170	\$73,860	\$61,550	\$36,930
Income Available for Housing Costs/Year [3]	N/A	\$58,165	\$47,394	\$36,930	\$29,544	\$25,851	\$22,158	\$18,465	\$11,079
Less Non-Mortgage Housing Costs [4]	N/A	\$14,322	\$11,670	\$10,100	\$9,643	\$8,438	\$7,884	\$7,330	\$4,398
Income Available for Mortgage	N/A	\$43,843	\$35,729	\$26,831	\$19,901	\$17,413	\$14,274	\$11,135	\$6,681
Mortgage Interest Rate [5]	N/A	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Mortgage Repayment Period (years)	N/A	30	30	30	30	30	30	30	30
Condominium Unit Value [6]	\$888,784	\$726,000	\$597,000	\$449,000	\$330,000	\$291,000	\$236,000	\$186,000	\$111,000
Development Cost of Affordable Unit before Land Cost		\$611,550	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550
Land Cost [7]		\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868	\$117,868
Total Development Cost of Affordable Unit		\$729,418	\$729,418	\$729,418	\$729,418	\$729,418	\$729,418	\$729,418	\$729,418
Affordability Gap [8]		\$3,418	\$132,418	\$280,418	\$399,418	\$438,418	\$493,418	\$543,418	\$618,418

[1] Market rate pricing informed by Redfin survey of 2-bedroom condo units in developments built 2015-2018 in San Mateo.

[2] 2019 3-person household income limits for San Mateo County.

[3] Assumes 30% of income for BMR for-sale units at 100% of AMI or below, 35% of income for BMR units above 100% of AMI.

[4] Includes taxes at 1.2% of unit value, plus insurance, HOA dues, and utilities per City schedule.

[5] Based on City standards for calculating below-market-rate housing sale prices.

[6] Assumes a 5% down payment for all income levels, per City BMR price-setting standards.

[7] Assumes affordable housing projects funded by proceeds of this program would be 100% affordable and therefore qualify for the maximum density bonus.

[8] Affordability gap equals the subsidy required to construct this type of unit and offer it at the prescribed affordable price.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

Table 6
Estimated Unit Values by Type and Income Level - Ownership/Townhome
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item	Market Rate [1]	Above Moderate Income (135% of AMI)	Moderate Income (110% of AMI)	Median Income (100% of AMI)	Low Income (80% of AMI)	Low Income (70% of AMI)	Low Income (60% of AMI)	Very Low Income (50% of AMI)	Extremely Low Income (30% of AMI)
Household Income [2]	N/A	\$166,185	\$135,410	\$123,100	\$98,480	\$86,170	\$73,860	\$61,550	\$36,930
Income Available for Housing Costs/Year [3]	N/A	\$58,165	\$47,394	\$36,930	\$29,544	\$25,851	\$22,158	\$18,465	\$11,079
Less Non-Mortgage Housing Costs [4]	N/A	\$14,322	\$11,670	\$10,100	\$9,643	\$8,438	\$7,884	\$7,330	\$4,398
Income Available for Mortgage	N/A	\$43,843	\$35,729	\$26,831	\$19,901	\$17,413	\$14,274	\$11,135	\$6,681
Mortgage Interest Rate [5]	N/A	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
Mortgage Repayment Period (years)	N/A	30	30	30	30	30	30	30	30
Townhome Unit Value [6]	\$1,242,209	\$726,000	\$670,000	\$449,000	\$330,000	\$291,000	\$236,000	\$186,000	\$111,000
Development Cost of Affordable Unit before Land Cost		\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413
Land Cost		\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960
Total Development Cost of Affordable Unit		\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373
Affordability Gap [7]		\$127,373	\$183,373	\$404,373	\$523,373	\$562,373	\$617,373	\$667,373	\$742,373

[1] Market rate pricing informed by Redfin survey of 2-bedroom townhome units in developments built 2015-2018 in San Mateo.
 [2] 2019 3-person household income limits for San Mateo County.
 [3] Assumes 30% of income for BMR for-sale units at 100% of AMI or below, 35% of income for BMR units above 100% of AMI.
 [4] Includes taxes at 1.2% of unit value, plus insurance, HOA dues, and utilities per City schedule.
 [5] Based on City standards for calculating below-market-rate housing sale prices.
 [6] Assumes a 5% down payment for all income levels, per City BMR price-setting standards.
 [7] Affordability gap equals the subsidy required to construct this type of unit and offer it at the prescribed affordable price.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

Table 7
Estimated Unit Values by Type and Income Level - Denser Rental/Podium
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item	Market Rate	Above	Moderate	Median Income	Low Income	Low Income	Low Income	Very Low	Extremely Low
		Moderate Income (135% of AMI)	Moderate Income (110% of AMI)	(100% of AMI)	(80% of AMI)	(70% of AMI)	(60% of AMI)	Income (50% of AMI)	Income (30% of AMI)
Income Limit [1]	N/A	\$147,758	\$120,395	\$109,450	\$87,560	\$76,615	\$65,670	\$54,725	\$32,835
Total Annual Housing Costs at 30% of Income	N/A	\$44,327	\$36,119	\$32,835	\$26,268	\$22,985	\$19,701	\$16,418	\$9,851
Less Utility Costs/Year [2]	N/A	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980	\$1,980
Annual Rent	\$46,800	\$42,347	\$34,139	\$30,855	\$24,288	\$21,005	\$17,721	\$14,438	\$7,871
Monthly Rent	\$3,900	\$3,529	\$2,845	\$2,571	\$2,024	\$1,750	\$1,477	\$1,203	\$656
Operating Expenses per Unit/Year [3]	\$11,700	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000
Vacancy	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Net Operating Income	\$33,345	\$29,780	\$21,982	\$18,862	\$12,624	\$9,504	\$6,385	\$3,266	-\$2,973
Capitalization Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Apartment Unit Value	\$741,000	\$661,775	\$488,479	\$419,161	\$280,524	\$211,206	\$141,888	\$72,569	-\$66,067
Development Cost of Affordable Unit before Land Cost		\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238
Land Cost [4]		\$59,371	\$59,371	\$59,371	\$59,371	\$59,371	\$59,371	\$59,371	\$59,371
Total Development Cost of Affordable Unit		\$564,608	\$564,608	\$564,608	\$564,608	\$564,608	\$564,608	\$564,608	\$564,608
Affordability Gap [5]		\$0	\$76,129	\$145,447	\$284,084	\$353,402	\$422,720	\$492,039	\$630,675

[1] Market rate rent informed by CoStar survey of 1-bedroom units in developments built 2015-2018 in San Mateo. BMR unit rents informed by 2019 income limits for San Mateo County as determined by HUD, State of CA HUD, and County of San Mateo.

[2] 2018 utility allowance schedule for San Mateo County. Assumes natural gas heating and cooking.

[3] Operating expenses assume 25% of rental income for market rate and a per-unit estimate from a 2018 CTCAC application for a proposed development in San Mateo for BMR.

[4] Assumes affordable housing projects funded by proceeds of this program would be 100% affordable and therefore qualify for the maximum density bonus.

[5] Affordability gap equals the subsidy required to construct this type of unit and offer it at the prescribed affordable price.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

Table A-1
Feasibility Impacts of Alternative Affordable Housing Requirements - Rental 4-6 Stories, Wood-Frame + Podium Parking
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item [1]	Current Ordinance		Additional Scenarios				
	10% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	20% Inclusionary
	VLI (50% AMI)	LOW (60% AMI)	11% VLI (50% AMI) 4% MOD (110% AMI)	11% ELI (30% AMI) 4% MOD (110% AMI)	5% VLI (50% AMI) 5% LOW (70% AMI) 5% MOD (110% AMI)	5% ELI (30% AMI) 5% LOW (70% AMI) 5% MOD (110% AMI)	10% LOW (60% AMI) 5% MOD (110% AMI) 5% AMOD (135% AMI)
Base Density (DU/Acre)	50	50	50	50	50	50	50
Eligible Percent Density Bonus	32.5%	27.5%	35.0%	35.0%	20.0%	20.0%	20.0%
Density (DU/Acre) after Density Bonus [3]	66	64	68	68	60	60	60
Base Units (for Inclusionary Req.)	100	100	100	100	100	100	100
Units in Project after Density Bonus	133	128	135	135	120	120	120
Development Costs/Unit excl. Land	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250	\$587,250
Land Cost/Unit after Density Bonus	\$120,527	\$125,235	\$118,741	\$118,741	\$133,584	\$133,584	\$133,584
Total Development Costs/Unit	\$707,777	\$712,485	\$705,991	\$705,991	\$720,834	\$720,834	\$720,834
Housing Fees/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Costs	\$94,134,330	\$91,198,080	\$95,308,830	\$95,308,830	\$86,500,080	\$86,500,080	\$86,500,080
Units by Price Point							
Market Rate Units	123	113	120	120	105	105	100
Value/Market Rate Unit	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000
Aggregate Market Rate Unit Value	\$107,502,000	\$98,762,000	\$104,880,000	\$104,880,000	\$91,770,000	\$91,770,000	\$87,400,000
AMod Income Units (135% of AMI)	0	0	0	0	0	0	5
Value/Moderate Income Unit	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$3,848,081
Moderate Income Units (110% of AMI)	0	0	4	4	5	5	5
Value/Moderate Income Unit	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708
Aggregate Moderate Income Unit Value	\$0	\$0	\$2,298,831	\$2,298,831	\$2,873,539	\$2,873,539	\$2,873,539
Moderate Income Units (100% of AMI)	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (80% of AMI)	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (70% of AMI)	0	0	0	0	5	5	0
Value/Moderate Income Unit	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$1,314,272	\$1,314,272	\$0
Low Income Units (60% of AMI)	0	15	0	0	0	0	10
Value/Low Income Unit	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891
Aggregate Low Income Unit Value	\$0	\$2,773,367	\$0	\$0	\$0	\$0	\$1,848,911
VLI Units (50% of AMI)	10	0	11	0	5	0	0
Value/VLI Unit	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928
Aggregate VLI Unit Value	\$1,069,278	\$0	\$1,176,206	\$0	\$534,639	\$0	\$0
ELI Units (30% of AMI)	0	0	0	11	0	5	0
Value/VLI Unit	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999
Aggregate VLI Unit Value	\$0	\$0	\$0	-\$538,988	\$0	-\$244,994	\$0
Total Project Value	\$108,571,278	\$101,535,367	\$108,355,037	\$106,639,843	\$96,492,450	\$95,712,817	\$95,970,531
Profit (Total Value - Total Costs)	\$14,436,948	\$10,337,287	\$13,046,207	\$11,331,013	\$9,992,370	\$9,212,737	\$9,470,451
Profit Margin	15.3%	11.3%	13.7%	11.9%	11.6%	10.7%	10.9%

[1] Applies inclusionary requirement to the base number of units in project before density bonus.

Sources: City of San Mateo; Economic & Planning Systems, Inc.

Table A-2
Feasibility Impacts of Alternative Affordable Housing Requirements - Rental 4-6 Stories, Wood-Frame Wrap
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item [1]	Current Ordinance		Additional Scenarios				
	10% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	20% Inclusionary
			11% VLI (50% AMI)	11% ELI (30% AMI)	5% VLI (50% AMI)	5% ELI (30% AMI)	10% LOW (60% AMI)
	VLI (50% AMI)	LOW (60% AMI)	4% MOD (110% AMI)	4% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)	5% AMOD (135% AMI)
Base Density (DU/Acre)	50	50	50	50	50	50	50
Eligible Percent Density Bonus	32.5%	27.5%	35.0%	35.0%	20.0%	20.0%	20.0%
Density (DU/Acre) after Density Bonus [3]	66	64	68	68	60	60	60
Base Units (for Inclusionary Req.)	100	100	100	100	100	100	100
Units in Project after Density Bonus	133	128	135	135	120	120	120
Development Costs/Unit excl. Land	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000	\$567,000
Land Cost/Unit after Density Bonus	\$120,527	\$125,235	\$118,741	\$118,741	\$133,584	\$133,584	\$133,584
Total Development Costs/Unit	\$687,527	\$692,235	\$685,741	\$685,741	\$700,584	\$700,584	\$700,584
Housing Fees/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Costs	\$91,441,080	\$88,606,080	\$92,575,080	\$92,575,080	\$84,070,080	\$84,070,080	\$84,070,080
Units by Price Point							
Market Rate Units	123	113	120	120	105	105	100
Value/Market Rate Unit	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000	\$874,000
Aggregate Market Rate Unit Value	\$107,502,000	\$98,762,000	\$104,880,000	\$104,880,000	\$91,770,000	\$91,770,000	\$87,400,000
AMod Income Units (135% of AMI)	0	0	0	0	0	0	5
Value/Moderate Income Unit	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616	\$769,616
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$3,848,081
Moderate Income Units (110% of AMI)	0	0	4	4	5	5	5
Value/Moderate Income Unit	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708	\$574,708
Aggregate Moderate Income Unit Value	\$0	\$0	\$2,298,831	\$2,298,831	\$2,873,539	\$2,873,539	\$2,873,539
Moderate Income Units (100% of AMI)	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744	\$496,744
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (80% of AMI)	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818	\$340,818
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (70% of AMI)	0	0	0	0	5	5	0
Value/Moderate Income Unit	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854	\$262,854
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$1,314,272	\$1,314,272	\$0
Low Income Units (60% of AMI)	0	15	0	0	0	0	10
Value/Low Income Unit	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891	\$184,891
Aggregate Low Income Unit Value	\$0	\$2,773,367	\$0	\$0	\$0	\$0	\$1,848,911
VLI Units (50% of AMI)	10	0	11	0	5	0	0
Value/VLI Unit	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928	\$106,928
Aggregate VLI Unit Value	\$1,069,278	\$0	\$1,176,206	\$0	\$534,639	\$0	\$0
ELI Units (30% of AMI)	0	0	0	11	0	5	0
Value/VLI Unit	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999	-\$48,999
Aggregate VLI Unit Value	\$0	\$0	\$0	-\$538,988	\$0	-\$244,994	\$0
Total Project Value	\$108,571,278	\$101,535,367	\$108,355,037	\$106,639,843	\$96,492,450	\$95,712,817	\$95,970,531
Profit (Total Value - Total Costs)	\$17,130,198	\$12,929,287	\$15,779,957	\$14,064,763	\$12,422,370	\$11,642,737	\$11,900,451
Profit Margin	18.7%	14.6%	17.0%	15.2%	14.8%	13.8%	14.2%

[1] Applies inclusionary requirement to the base number of units in project before density bonus.

Sources: City of San Mateo; Economic & Planning Systems, Inc.

Table A-3
Feasibility Impacts of Alternative Affordable Housing Requirements - Ownership 4-6 Stories, Wood-Frame + Podium Parking
City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item [1]	Current Ordinance		Additional Scenarios				
	10% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	20% Inclusionary
			11% VLI (50% AMI)	11% ELI (30% AMI)	5% VLI (50% AMI)	5% ELI (30% AMI)	10% LOW (70% AMI)
	LOW (70% AMI)	MOD (100% AMI)	4% MOD (110% AMI)	4% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)
Base Density (DU/Acre)	50	50	50	50	50	50	50
Eligible Percent Density Bonus	20.0%	10.0%	35.0%	35.0%	20.0%	20.0%	20.0%
Density (DU/Acre) after Density Bonus [3]	60	55	68	68	60	60	60
Base Units (for Inclusionary Req.)	100	100	100	100	100	100	100
Units in Project after Density Bonus	120	110	135	135	120	120	120
Development Costs/Unit excl. Land	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550	\$611,550
Land Cost/Unit after Density Bonus	\$133,584	\$145,728	\$118,741	\$118,741	\$133,584	\$133,584	\$133,584
Total Development Costs/Unit	\$745,134	\$757,278	\$730,291	\$730,291	\$745,134	\$745,134	\$745,134
Housing Fees/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Costs	\$89,416,080	\$83,300,580	\$98,589,330	\$98,589,330	\$89,416,080	\$89,416,080	\$89,416,080
Units by Price Point							
Market Rate Units	110	95	120	120	105	105	100
Value/Market Rate Unit	\$888,784	\$888,784	\$888,784	\$888,784	\$888,784	\$888,784	\$888,784
Aggregate Market Rate Unit Value	\$97,766,234	\$84,434,475	\$106,654,074	\$106,654,074	\$93,322,314	\$93,322,314	\$88,878,395
AMod Income Units (135% of AMI)	0	0	0	0	0	0	5
Value/Moderate Income Unit	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$3,630,000
Moderate Income Units (110% of AMI)	0	0	4	4	5	5	5
Value/Moderate Income Unit	\$597,000	\$597,000	\$597,000	\$597,000	\$597,000	\$597,000	\$597,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$2,388,000	\$2,388,000	\$2,985,000	\$2,985,000	\$2,985,000
Moderate Income Units (100% of AMI)	0	15	0	0	0	0	0
Value/Moderate Income Unit	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000
Aggregate Moderate Income Unit Value	\$0	\$6,735,000	\$0	\$0	\$0	\$0	\$0
Low Income Units (80% of AMI)	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (70% of AMI)	10	0	0	0	5	5	10
Value/Moderate Income Unit	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000
Aggregate Moderate Income Unit Value	\$2,910,000	\$0	\$0	\$0	\$1,455,000	\$1,455,000	\$2,910,000
Low Income Units (60% of AMI)	0	0	0	0	0	0	0
Value/Low Income Unit	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000
Aggregate Low Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VLI Units (50% of AMI)	0	0	11	0	5	0	0
Value/VLI Unit	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000
Aggregate VLI Unit Value	\$0	\$0	\$2,046,000	\$0	\$930,000	\$0	\$0
ELI Units (30% of AMI)	0	0	0	11	0	5	0
Value/VLI Unit	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000
Aggregate VLI Unit Value	\$0	\$0	\$0	\$1,221,000	\$0	\$555,000	\$0
Total Project Value	\$100,676,234	\$91,169,475	\$111,088,074	\$110,263,074	\$98,692,314	\$98,317,314	\$98,403,395
Profit (Total Value - Total Costs)	\$11,260,154	\$7,868,895	\$12,498,744	\$11,673,744	\$9,276,234	\$8,901,234	\$8,987,315
Profit Margin	12.6%	9.4%	12.7%	11.8%	10.4%	10.0%	10.1%

[1] Applies inclusionary requirement to the base number of units in project before density bonus.

Sources: City of San Mateo; Economic & Planning Systems, Inc.

Table A-4
Feasibility Impacts of Alternative Affordable Housing Requirements - Ownership Townhomes
 City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item [1]	Current Ordinance		Additional Scenarios						Special Scenarios for Townhomes	
	10% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	20% Inclusionary	20% Inclusionary	20% Inclusionary	
			11% VLI (50% AMI)	11% ELI (30% AMI)	5% VLI (50% AMI)	5% ELI (30% AMI)	10% LOW (70% AMI)		11% VLI (50% AMI)	
	LOW (70% AMI)	MOD (100% AMI)	4% MOD (110% AMI)	4% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)	5% AMOD (135% AMI)	20% LOW (60% AMI)	9% MOD (110% AMI)	
Base Density (DU/Acre)	24	24	24	24	24	24	24	24	24	
Eligible Percent Density Bonus [2]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Density (DU/Acre) after Density Bonus	24	24	24	24	24	24	24	24	24	
Base Units (for Inclusionary Req.)	100	100	100	100	100	100	100	100	100	
Units in Project after Density Bonus	100	100	100	100	100	100	100	100	100	
Development Costs/Unit excl. Land	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	\$519,413	
Land Cost/Unit after Density Bonus	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	\$333,960	
Total Development Costs/Unit	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	\$853,373	
Housing Fees/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Project Costs	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	\$85,337,250	
Units by Price Point										
Market Rate Units	90	85	85	85	85	85	85	80	80	70
Value/Market Rate Unit	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209	\$1,242,209
Aggregate Market Rate Unit Value	\$111,798,846	\$105,587,799	\$105,587,799	\$105,587,799	\$105,587,799	\$105,587,799	\$105,587,799	\$99,376,752	\$99,376,752	\$86,954,658
AMod Income Units (135% of AMI)	0	0	0	0	0	0	5	0	0	0
Value/Moderate Income Unit	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000	\$726,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$3,630,000	\$0	\$0	\$0
Moderate Income Units (110% of AMI)	0	0	4	4	5	5	5	0	0	9
Value/Moderate Income Unit	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000	\$670,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$2,680,000	\$2,680,000	\$3,350,000	\$3,350,000	\$3,350,000	\$0	\$0	\$6,030,000
Moderate Income Units (100% of AMI)	0	15	0	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000	\$449,000
Aggregate Moderate Income Unit Value	\$0	\$6,735,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (80% of AMI)	0	0	0	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000	\$330,000
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (70% of AMI)	10	0	0	0	5	5	10	0	0	10
Value/Moderate Income Unit	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000
Aggregate Moderate Income Unit Value	\$2,910,000	\$0	\$0	\$0	\$1,455,000	\$1,455,000	\$2,910,000	\$0	\$0	\$2,910,000
Low Income Units (60% of AMI)	0	0	0	0	0	0	0	20	0	0
Value/Low Income Unit	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000	\$236,000
Aggregate Low Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,720,000	\$0	\$0
VLI Units (50% of AMI)	0	0	11	0	5	0	0	0	0	11
Value/VLI Unit	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000	\$186,000
Aggregate VLI Unit Value	\$0	\$0	\$2,046,000	\$0	\$930,000	\$0	\$0	\$0	\$0	\$2,046,000
ELI Units (30% of AMI)	0	0	0	11	0	5	0	0	0	0
Value/VLI Unit	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000
Aggregate VLI Unit Value	\$0	\$0	\$0	\$1,221,000	\$0	\$555,000	\$0	\$0	\$0	\$0
Total Project Value	\$115,038,846	\$112,652,799	\$110,643,799	\$109,818,799	\$111,652,799	\$111,277,799	\$109,596,752	\$104,426,752	\$104,426,752	\$98,270,658
Profit (Total Value - Total Costs)	\$29,701,596	\$27,315,549	\$25,306,549	\$24,481,549	\$26,315,549	\$25,940,549	\$24,259,502	\$19,089,502	\$19,089,502	\$12,933,408
Profit Margin	34.8%	32.0%	29.7%	28.7%	30.8%	30.4%	28.4%	22.4%	22.4%	15.2%

[1] Applies inclusionary requirement to the base number of units in project before density bonus.
 [2] Per City staff direction, assumes townhome projects do not apply for density bonus and are built at 24 DU/Acre.

Sources: City of San Mateo; Economic & Planning Systems, Inc.

Table A-5
 Feasibility Impacts of Alternative Affordable Housing Requirements - Denser Rental 4-6 Stories, Wood-Frame + Podium Parking
 City of San Mateo Below Market Housing Policy Analysis, EPS #181100

Item [1]	Current Ordinance		Additional Scenarios						Special Scenarios for Higher Density	
	10% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	15% Inclusionary	20% Inclusionary	20% Inclusionary	20% Inclusionary	
			11% VLI (50% AMI)	11% ELI (30% AMI)	5% VLI (50% AMI)	5% ELI (30% AMI)	10% LOW (60% AMI)		11% VLI (50% AMI)	
	VLI (50% AMI)	LOW (60% AMI)	4% MOD (110% AMI)	4% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)	5% MOD (110% AMI)	5% AMOD (135% AMI)	20% LOW (60% AMI)	9% MOD (110% AMI)
Base Density (DU/Acre)	100	100	100	100	100	100	100	100	100	100
Eligible Percent Density Bonus	32.5%	27.5%	35.0%	35.0%	20.0%	20.0%	20.0%	20.0%	35.0%	35.0%
Density (DU/Acre) after Density Bonus [3]	133	128	135	135	120	120	120	120	135	135
Base Units (for Inclusionary Req.)	100	100	100	100	100	100	100	100	100	100
Units in Project after Density Bonus	133	128	135	135	120	120	120	120	135	135
Development Costs/Unit excl. Land	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238	\$505,238
Land Cost/Unit after Density Bonus	\$60,263	\$62,618	\$59,371	\$59,371	\$66,792	\$66,792	\$66,792	\$66,792	\$59,371	\$59,371
Total Development Costs/Unit	\$565,501	\$567,855	\$564,608	\$564,608	\$572,030	\$572,030	\$572,030	\$572,030	\$564,608	\$564,608
Housing Fees/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Project Costs	\$75,211,628	\$72,685,440	\$76,222,103	\$76,222,103	\$68,643,540	\$68,643,540	\$68,643,540	\$68,643,540	\$76,222,103	\$76,222,103
Units by Price Point										
Market Rate Units	123	113	120	120	105	105	100	100	115	115
Value/Market Rate Unit	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000	\$741,000
Aggregate Market Rate Unit Value	\$91,143,000	\$83,733,000	\$88,920,000	\$88,920,000	\$77,805,000	\$77,805,000	\$74,100,000	\$85,215,000	\$85,215,000	\$85,215,000
AMod Income Units (135% of AMI)	0	0	0	0	0	0	5	0	0	0
Value/Moderate Income Unit	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775	\$661,775
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$3,308,876	\$0	\$0	\$0
Moderate Income Units (110% of AMI)	0	0	4	4	5	5	5	0	0	9
Value/Moderate Income Unit	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479	\$488,479
Aggregate Moderate Income Unit Value	\$0	\$0	\$1,953,918	\$1,953,918	\$2,442,397	\$2,442,397	\$2,442,397	\$0	\$0	\$4,396,315
Moderate Income Units (100% of AMI)	0	0	0	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161	\$419,161
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (80% of AMI)	0	0	0	0	0	0	0	0	0	0
Value/Moderate Income Unit	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524	\$280,524
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Low Income Units (70% of AMI)	0	0	0	0	5	5	0	0	0	0
Value/Moderate Income Unit	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206	\$211,206
Aggregate Moderate Income Unit Value	\$0	\$0	\$0	\$0	\$1,056,031	\$1,056,031	\$0	\$0	\$0	\$0
Low Income Units (60% of AMI)	0	15	0	0	0	0	10	20	0	0
Value/Low Income Unit	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888	\$141,888
Aggregate Low Income Unit Value	\$0	\$2,128,317	\$0	\$0	\$0	\$0	\$1,418,878	\$2,837,756	\$0	\$0
VLI Units (50% of AMI)	10	0	11	0	5	0	0	0	11	0
Value/VLI Unit	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569	\$72,569
Aggregate VLI Unit Value	\$725,694	\$0	\$798,264	\$0	\$362,847	\$0	\$0	\$0	\$798,264	\$0
ELI Units (30% of AMI)	0	0	0	11	0	5	0	0	0	0
Value/VLI Unit	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067	-\$66,067
Aggregate VLI Unit Value	\$0	\$0	\$0	-\$726,739	\$0	-\$330,336	\$0	\$0	\$0	\$0
Total Project Value	\$91,868,694	\$85,861,317	\$91,672,182	\$90,147,178	\$81,666,275	\$80,973,092	\$81,270,151	\$88,052,756	\$90,409,579	\$90,409,579
Profit (Total Value - Total Costs)	\$16,657,067	\$13,175,877	\$15,450,079	\$13,925,076	\$13,022,735	\$12,329,552	\$12,626,611	\$11,830,653	\$14,187,476	\$14,187,476
Profit Margin	22.1%	18.1%	20.3%	18.3%	19.0%	18.0%	18.4%	15.5%	18.8%	18.8%

[1] Applies inclusionary requirement to the base number of units in project before density bonus.

Sources: City of San Mateo; Economic & Planning Systems, Inc.

**CITY OF SAN MATEO
SUMMARY AND COMPARISON OF INCLUSIONARY REGULATIONS**

	Density Bonus Law	Measure P-Projects 11 or more	Current SM BMR Program Regs
Affordability Requirements	5-40% Very Low-Mod	10% Mod	10 or 15% Very Low- Mod
I. In Lieu Fee	N/A	<ul style="list-style-type: none"> • <10 Units • Fractional Units 	<ul style="list-style-type: none"> • <10 Units • Fractional Units
II. Land Dedication (within development or offsite)	State: Onsite land dedication (w/State criteria) City: Up to 1/2 mile away ok if onsite construction is infeasible	If economically infeasible	If economically infeasible
III. Offsite Options:			
A. New Construction	As part of a land dedication	If economically unfeasible	If economically unfeasible
B. Acquire Existing Units (add rent restrictions)	No	Affordable units must be onsite	Affordable units must be onsite
IV. Developer Incentives:			
A. Add'l Density	Permitted	No	N/A
B. Fee reductions/deferrals	N/A	N/A	N/A
C. City \$\$ Subsidies	N/A	N/A	N/A (would trigger Prevailing Wage for entire development)
D. Expedited Approvals	N/A	N/A	N/A

**CITY OF SAN MATEO
SUMMARY AND COMPARISON OF INCLUSIONARY REGULATIONS**

	Density Bonus Law	Measure P-Projects 11 or more	Current SM BMR Program Regs
E. Waiver of Development Standards:			
1. Flexible BR/Unit mix	1-3 incentives depending on affordability level	N/A	2019-20 SM priority for 3 BR
2. Unit Size	1-3 incentives depending on affordability level	N/A	Flexibility on unit size for BMRs
3. BMR Design/Location Standards	1-3 incentives depending on affordability level	Exterior design of BMR units must be similar to market units	BMR's disbursed throughout project. Flexibility in certain situations
4. FAR, Lot Coverage, Setbacks, Tandem Parking, 1/2 mile Land Dedication	Standard concessions pre-approved by City	N/A	N/A
5. Other	1-3 incentives depending on affordability level Past Examples: loading zone location, parking stall width, ground floor residential instead of commercial	N/A	N/A