

MEMO

To: City of Burlingame, Attn: William Meeker
From: MidPen Housing
Subject: Final Updates to Development Proposal for Lots F & N
Date: June 23, 2015

This memo shall serve as MidPen’s updated development proposal for Parking Lots F & N. The updates provided are based on comments and feedback received at the City Council hearing on June 9, 2015, and incorporates previous feedback. In order to ensure clarity, we are providing here only information needed to communicate the substance of the revisions to our earlier submissions, including revised unit counts, site design, and financial summaries. All other information, including MidPen’s qualifications, experience, portfolio of work, and organizational references, remains consistent with our previous submissions.

Please also see attached Letter of Support from the San Mateo County Department of Housing.

Summary of Proposal Updates

As requested, we are presenting a refinement of our “Alternative 2” presented at the June 9th meeting (Refined Alternative 2). Based on feedback from that meeting, however, we have prepared another alternative that is designed to aggregate the new public parking in a stand-alone public parking garage (New Alternative 3).

Both of these refined proposals include the following key components:

- Affordable housing that targets Burlingame’s specific housing needs, including:
 - Workforce housing for moderate income households, such as teachers and city workers;
 - Affordable senior housing for low-income seniors; and,
 - Moderate income housing for seniors who are “over-income” and don’t qualify for affordable housing but still struggle to remain in a home in Burlingame.
- Active street frontages that ensure a pedestrian scale and visual interest;
- **At minimum 100 net new parking stalls, with a potential to provide up to 194 net new parking stalls;**
- Commitment to providing clear signage and way-finding to allow ease of access to new public parking facilities.

Additionally, the following development components remain consistent with our previous submissions:

- All parking, both residential and public parking, is accommodated exclusively on Lots F and N
- Residential parking ratios **meet the parking requirements under the Downtown Specific Plan**
- **A publically-accessible pocket park** is provided as a community amenity
- **Traditional architectural forms are used** to reflect Burlingame's distinct architectural character, and building forms are articulated to ensure neighborhood compatibility
- **The City's contribution is limited to the provision of land only.** No additional contribution is needed from the City in order to achieve financial feasibility.

REFINED "ALTERNATIVE 2"

In our original RFP submission, we included what we called a "Baseline" proposal that maximized affordable senior and workforce housing opportunities on both Lots F and N, while preserving existing public parking with a modest increase in public parking capacity. That option was updated as Alternative 2 in our revised submission of 5/8/15, and was presented to Council on June 9.

Following comments at the Council hearing, we are providing here further refinements to this scheme, now labeled Refined Alternative 2, in order to address the comments and suggestions from City Council and the public. Key updates include:

1. Provision of an additional level of parking on Lot N in order to achieve a net addition of **100 stalls of NEW public parking**, and
2. Reconfiguration of Lot F to provide **street-facing units on Lot F**, ensuring a vibrant pedestrian scaled street frontage, and avoiding a "false front" at the parking level.

It's important to note that we continue to serve the same workforce and senior populations. "Workforce" under this scenario is defined as households earning between 100%-150% of area median income. Examples of working individuals and families in this income range include a:

- Teacher in the Burlingame School District earning \$77,000/year (100% AMI)
- Registered nurse with one child earning \$87,000/year (100% AMI)
- Professional couple each working for the City of Burlingame as an Accounting Assistant and Planner, with a combined income of \$127,212 (150% AMI)

Senior Housing is reserved for individuals and couples 62 years and older, earning less than 60% AMI.

Additionally, we are adding 10 units of housing restricted to 120% AMI for eligible seniors who earn “too much” to qualify for affordable housing but still have need for assistance in order to be able to remain in Burlingame.

Program Summary Refined Alternative 2

Lot F – Workforce Housing	
Unit Count/Unit Mix	73 units (12 studios, 48 one-bedrooms, 13 two-bedrooms)
Affordability Levels	100%-150% AMI
Construction Type	3 stories of wood frame construction over three levels of concrete parking podium (5 levels above grade)
Residential Parking Stalls/Ratio	80 stalls/1.08:1 parking ratio (conforms to DSP)
Public Parking Replacement	105 stalls/100% of existing
Net New Parking	30 stalls
Total Public Parking	135 stalls

Lot N – Affordable Senior Housing	
Unit Count/Unit Mix	66 units (18 studios, 42 one-bedrooms, 6 two-bedrooms)
Affordability Levels	55 units at 60% AMI and below; 10 units at 120% AMI and below; one manager’s unit
Construction Type	3 stories of wood frame construction over three levels of concrete parking podium (5 levels above grade)
Residential Parking Stalls/Ratio	69 stalls/1.05:1 parking ratio (conforms to DSP)
Public Parking Replacement	99 spaces/100% of existing
Net New Parking	70 stalls
Total Public Parking	169 stalls

Totals	
Total number of residential units	139 units
Total residential parking	149 stalls
Total replacement parking	199 stalls/100% of existing
Total net new parking	100 stalls
Total Public Parking	299 stalls
Community Amenity	Pocket park located on Lot F

Finance Summary

Lot F’s development will access traditional construction and permanent financing, as well as take advantage of MidPen’s own equity fund, paired with a private equity investor. We anticipate that Lot F will generate a residual land payment of \$2.5 million. That payment will be

provided to the City to then be dedicated to Lot N as a local contribution/public subsidy source to support the development of affordable senior housing.

Lot N's financing plan is based on the ability to leverage both the value of the land and the cross-subsidy, to compete for 9% tax credits. In addition to the workforce cross-subsidy, land value, and tax credits, we anticipate accessing County of San Mateo housing funds, which could include local Affordable Housing Funds (AHF), or federally-sourced Community Development Block Grants (CDBG) and/or HOME funding.

Attached to this memo is a Letter of Support from William Lowell, Executive Director of the San Mateo County Housing Department and Housing Authority. In this letter, Mr. Lowell outlines the availability of funding from the County for affordable housing in Burlingame and expresses strong interest in financing such a project proposed by MidPen Housing, given our long standing and successful track record with the County.

Finally, it bears repeating that although the 9% tax credit program is competitive, MidPen has an **outstanding track record** in securing allocations. In 9 of the last 10 funding cycles for the South and West Bay region, MidPen secured an allocation on our first application. MidPen has structured our financing strategy to ensure our project will be competitive. The 9% tax credit program essentially requires that all projects receive a perfect score. The actual allocation, then, comes down to a tie breaker calculation which measures public funding as a percentage of total development cost and credit efficiency. In the last several rounds, tie breakers have ranged from 41% to 60%. MidPen has structured this project to achieve a 54% tie breaker which we believe will be competitive in upcoming allocation rounds based on our knowledge of the current pipeline of projects in the region.

Following are summary proformas for both Lots F and N

Burlingame Lot F Moderate Income Workforce

Prepared by: MidPen Housing



24-Jun-15

PROJECT DATA

SITE, BUILDING AND UNIT DETAILS

LAND	Acreage	0.86 acres
	Density	84.88 units/acre
	Building type	3/3

BUILDING	Residential	46,800 sf
	Circulation and Common	9,987 sf
	Commercial/Childcare	- sf
	Podium/Tuck-Under Garage	51,300 sf

PARKING	# of residential spaces	80
	residential parking ratio	1.10
	total public parking spaces	135
	net new parking spaces	30
	total # parking spaces	215

UNIT MIX AND AFFORDABILITY

Unit Type	# Units	Average Rent
Studios/SRO	12	1,988
1-Bedroom	48	2,339
2-Bedroom	13	2,688
3-Bedroom	0	-
4-Bedroom	0	-
Total Unit Count	73	

Average Affordability 120.0%

SCHEDULE

MILESTONE	ESTIMATE	ACTUAL
Acquisition	TBD	
Entitlement	TBD	
Funding Committed	TBD	
Construction Start	TBD	
Construction Complete	TBD	
100% Occupied	TBD	
Permanent Conversion	TBD	

Resident Services Scope and Staffing

Not applicable

SOURCES AND USES

CONSTRUCTION SOURCES	per unit
Construction Loan	\$ 14,433,000 197,712
Land Donation	\$ - -
Market Rate x-subsidy through City	\$ - -
County of San Mateo	\$ - -
Cap and Trade	\$ - -
MidPen Strategic Opportunity Fund	\$ 7,091,000
total	\$ 21,524,000

PERMANENT SOURCES	per unit
Amortizing Perm Loan, Tranche A	\$ 15,735,334 215,553
Amortizing Perm Loan, Tranche B	\$ - -
MidPen Strategic Opportunity Fund	\$ 7,091,129 97,139
	\$ - -
	\$ - -
	\$ - -
total	\$ 22,826,463 \$ 312,691

PERMANENT USES

ACQUISITION	total	per unit	per SF
Land Residual Payment to Lot N	\$ 2,500,000	\$ 37,879	\$ 48
Other Acquisition Costs	\$ 196,527	\$ 2,978	\$ 4

HARD COSTS

Resid. Site Work and Structures	\$ 8,364,545	\$ 126,736	\$ 161
Parking Structure	\$ 3,591,000	\$ 16,702	\$ 69
Escalation Contingency	\$ 404,781	\$ 6,133	\$ 8
Overhead & Profit/GC/Ins. Bond	\$ 1,291,149	\$ 19,563	\$ 25
Owner Contingency	\$ 944,489	\$ 14,310	\$ 18
Total Hard Costs	\$ 14,595,963	183,444	\$ 280

SOFT COSTS

Architecture and Engineering	\$ 763,175	\$ 11,563	\$ 15
Construction Loan interest and fees	\$ 990,303	\$ 15,005	\$ 19
Permanent Financing	\$ 94,442	\$ 1,431	\$ 2
Legal Fees	\$ 132,500	\$ 2,008	\$ 3
Reserves	\$ 428,449	\$ 6,492	\$ 8
Permits and Fees	\$ 1,460,000	\$ 22,121	\$ 28
Other Soft Costs	\$ 513,386	\$ 7,779	\$ 10
Relocation	\$ -	\$ -	\$ -
Developer Fee	\$ 1,151,718	\$ 17,450	\$ 22
Total Soft Costs	\$ 5,533,973	83,848	\$ 106
TOTAL DEVELOPMENT COSTS	\$ 22,826,463	\$ 312,691	\$ 438

FINANCING ASSUMPTIONS

Debt Coverage Ratio	1.20
Construction Underwriting Rate	3.30%
Permanent Interest Rate	5.50%
Perm Loan Amortization	30

EQUITY ASSUMPTIONS

Equity Investment	\$ 7,091,129
10 year return	8.30%

DEVELOPER FEE

Total Fee	\$ 1,151,000
As a percent of TDC	5%

HARD COST ASSUMPTIONS

Pricing based on current construction pricing for comparable projects in San Mateo County. Assumes 10% contingency for inflation

OPERATING AND SERVICES EXPENSE ASSUMPTIONS

Total Residential Operating Expenses	\$ 5,500	Annual Escalation 3.5%
Property Taxes	\$ 3,361	
Commercial Operating Expenses	\$ -	
Replacement Reserves	\$ 400	
	\$ -	

CASH FLOW - YEARS 1-5

	2017	2018	2019	2020	2021	2032
Effective Gross Income	1,962,601	2,011,666	2,061,968	2,113,507	2,166,345	3,638,553
Operating Expenses	(401,500)	(413,545)	(425,951)	(438,730)	(451,892)	(840,652)
Property Taxes	(245,355)	(252,715)	(260,297)	(268,106)	(276,149)	(513,719)
Loan Admin Fees						
Reserves	(29,200)	(30,076)	(30,978)	(31,908)	(32,865)	(61,138)
Net Operating Income	1,286,546	1,315,330	1,344,731	1,374,763	1,405,439	2,223,044
Debt Service Loan 1	(1,072,122)	(1,072,122)	(1,072,122)	(1,072,122)	(1,072,122)	(1,072,122)
Debt Service Loan 2	-	-	-	-	-	-
Debt Service Loan 3	-	-	-	-	-	-
Cash Flow	214,424	243,208	272,609	302,641	333,317	1,150,922
DCR	1.20	1.23	1.25	1.28	1.31	1.70
Partnership Management Fee	25,000	25,750	26,523	27,318	28,138	37,815
Return of Equity	196,736	230,896	265,808	301,485	337,943	748,745

Burlingame Lot N Affordable Senior

Prepared by: MidPen Housing



PROJECT DATA

SITE, BUILDING AND UNIT DETAILS

LAND	
Acreage	0.75 acres
Density	39.05 units/acre
# of Stories	1
	32,670.00

BUILDING	
Residential	36,300 sf
Circulation and Common	6,345 sf
Commercial/Childcare	- sf
Podium/Tuck-Under Garage	83,572 sf

PARKING	
# of residential spaces	69
residential parking ratio	1.05
Public parking spaces	169
total # parking spaces	238

UNIT MIX AND AFFORDABILITY			
Unit Type	# Units	Average Rent	
Studios/SRO	18	991	
1-Bedroom	42	1,150	
2-Bedroom	6	1,018	
3-Bedroom	0	-	
4-Bedroom	0	-	
Total Unit Count	66		

Average Affordability 45.8%

SCHEDULE

MILESTONE	ESTIMATE	ACTUAL
Acquisition	TBD	
Entitlement	TBD	
Funding Committed	TBD	
Tax Credit Award	TBD	
Construction Start	TBD	
Construction Complete	TBD	
100% Occupied	TBD	
Permanent Conversion	TBD	
PIS Package	TBD	
8609s	TBD	

Resident Services Scope and Staffing

TBD

SOURCES AND USES

CONSTRUCTION SOURCES		per unit
Construction Loan	\$ 21,545,145	326,442
Land Donation	\$ 10,000,000	151,515
Market Rate x-subsidy	\$ 2,500,000	37,879
County of San Mateo	\$ 2,500,000	37,879
NA	\$ -	-
TBD	\$ -	-
	total	\$ 36,545,145

PERMANENT SOURCES		per unit
Amortizing Perm Loan, Tranche A	\$ 5,640,900	85,468
Amortizing Perm Loan, Tranche B	\$ -	-
Land Donation	\$ 10,000,000	151,515
Market Rate x-subsidy	\$ 2,500,000	37,879
County of San Mateo	\$ 2,500,000	37,879
NA	\$ -	-
NA	\$ -	-
Tax Credit Investor Proceeds	\$ 18,857,183	285,715
GP Equity	\$ 100	2
Deferred Developer Fee	\$ -	-
	total	\$ 39,498,183 \$ 598,457

PERMANENT USES

ACQUISITION	total	per unit	per SF
Land	\$ 10,000,000	\$ 151,515	\$ 219
Other Acquisition Costs	\$ 40,000	\$ 606	\$ 1
	Total Acquisition Costs	\$ 10,040,000	\$ 220

HARD COSTS			
Resid. Site Work and Structures	\$ 17,506,900	\$ 265,256	\$ 384
Commercial Costs	\$ -	\$ -	\$ -
Escalation Contingency	\$ 1,225,483	\$ 18,568	\$ 27
Overhead & Profit/GC/Ins. Bond	\$ 2,435,210	\$ 36,897	\$ 53
Owner Contingency	\$ 1,693,407	\$ 25,658	\$ 37
	Total Hard Costs	\$ 22,861,000	\$ 346,379

SOFT COSTS			
Architecture and Engineering	\$ 1,524,552	\$ 23,099	\$ 33
Construction Loan interest and fees	\$ 1,217,287	\$ 18,444	\$ 27
Permanent Financing	\$ 17,500	\$ 265	\$ 0
Legal Fees	\$ 110,500	\$ 1,674	\$ 2
Reserves	\$ 201,149	\$ 3,048	\$ 4
Permits and Fees	\$ 1,650,000	\$ 25,000	\$ 36
Other Soft Costs	\$ 476,195	\$ 7,215	\$ 10
Relocation	\$ -	\$ -	\$ -
Developer Fee	\$ 1,400,000	\$ 21,212	\$ 31
	Total Soft Costs	\$ 6,597,183	\$ 99,957
TOTAL DEVELOPMENT COSTS	\$ 39,498,183	\$ 598,457	\$ 865

FINANCING ASSUMPTIONS

Debt Coverage Ratio	1.20
Construction Underwriting Rate	3.30%
Permanent Interest Rate	5.25%
Perm Loan Amortization	35

TAX CREDIT ASSUMPTIONS

9% CREDIT COMPETITIVENESS	
Tiebreaker	54.37%
Set-Aside	Non Profit
Geographic Region	South/West Bay
Project Type	Senior

DEVELOPER FEE

15% of TDC	\$5,736,383
Total Fee	\$1,400,000
Deferred Amount	\$0
GP Equity	\$100

CREDIT AND EQUITY ASSUMPTIONS

Price	1.18
130% Basis Boost?	No
100% Tax Credit Eligible?	No
Acquisition Credits?	No

HARD COST ASSUMPTIONS

Feasibility (no detailed square footages or pricing available)

OPERATING AND SERVICES EXPENSE ASSUMPTIONS

Total Residential Operating Expenses	\$ 5,900	Annual Escalation 3.5%
Resident Services Fee	\$ 500	
Commercial Operating Expenses	\$ -	
Replacement Reserves	\$ 450	
Debt Admin Fees - Bond Issuer, MHSA, Other	\$ -	

CASH FLOW - YEARS 1-5 and 15

	2014	2015	2016	2017	2018	2028
Effective Gross Income	852,415	873,158	894,420	916,214	938,552	1,195,073
Operating Expenses	(389,400)	(403,029)	(417,135)	(431,735)	(446,845)	(630,320)
Services Expenses	(33,000)	(34,155)	(35,350)	(36,588)	(37,868)	(53,417)
Loan Admin Fees	-	-	-	-	-	-
Reserves	(29,700)	(29,700)	(29,700)	(29,700)	(29,700)	(29,700)
Net Operating Income	388,580	394,129	399,664	405,181	410,673	462,643
Debt Service Loan 1	(352,495)	(352,495)	(352,495)	(352,495)	(352,495)	(352,495)
Debt Service Loan 2	-	-	-	-	-	-
Debt Service Loan 3	-	-	-	-	-	-
Cash Flow	36,085	41,634	47,169	52,686	58,178	110,147
DCR	1.10	1.12	1.13	1.15	1.17	1.31
LP Fee	7,000	7,210	7,426	7,649	7,879	10,588
Deferred Developer Fee	0	0	0	0	0	-
Partnership Management Fee	25,000	25,750	26,523	27,318	28,138	37,815
Services Paid from Cash Flow	0	0	0	0	0	0
Residual Receipts to Lenders	2,043	4,337	6,610	8,859	11,081	30,872
Incentive Management Fee	1,021	2,168	3,305	4,430	5,540	15,436
Other						

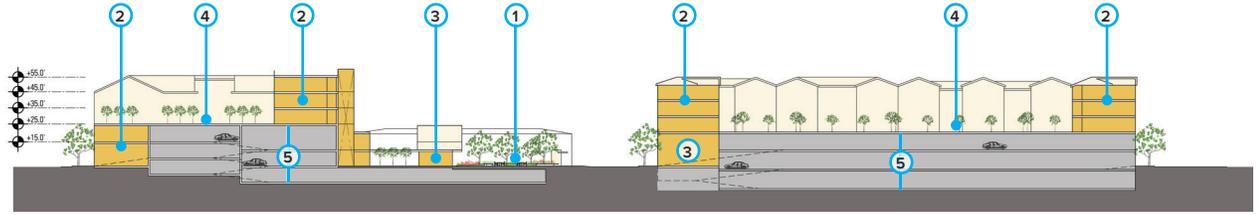
Site Design

Our site planning approach remains consistent with our earlier proposal, with the following exceptions:

1. We have reconfigured parking on Lot F to allow for additional street facing units along Park Road. These units both help to boost cash flow, as well as provide a pedestrian-scaled and active street frontage.
2. We have added an additional level of public parking on Lot N, in order to create a combined total of 100 net new parking spaces across the two lots.

Please see following Site Plan and Site Section for our Refined Alternative 2.

Please also note that while we are not providing updated architectural renderings at part of this final submission, the architectural character of both our proposals presented here will be consistent with our earlier representations, and express the same design concepts. For the Burlingame sites we intend to create an architecture that “fits in;” one that extends the patterns of use, scale, and form of the downtown district, and which embodies the architectural values and distinct historical character of the City.



SECTION



SITE F
73 HOMES - WORKFORCE HOUSING
(Studio, 1 Bdrm, 2 bdrm)

80 RESIDENTIAL PARKING SPACES (1.1:1.0)

135 PUBLIC PARKING SPACES

NOTES

1. Public Park
2. Dwelling Units
3. Residential Entry
4. Podium Level Court
5. Parking

SITE N
66 HOMES - SENIOR HOUSING
(Studio, 1 Bdrm, 2 bdrm)

69 RESIDENTIAL PARKING SPACES (1.0:1.0)

164 PUBLIC PARKING SPACES

TYPICAL RESIDENTIAL LEVEL

NEW ALTERNATIVE 3

In order to provide a design alternative that provides a clear separation between public parking and residential parking, we present here a new alternative that aggregates all public parking on Lot F (both replacement and new), while again providing senior affordable housing on Lot N. Additionally, and in order both to provide additional housing resources, as well as to “mask” the Lot F parking garage and improve its urban design, we have included 40 units of moderate income housing on Lot F. Lot F’s moderate income units would be for both working singles and couples, as well as for seniors who earn too much to qualify for affordable housing, but not enough to afford a market rate apartment in Burlingame.

By aggregating the public parking on Lot F, and using an innovative split-level parking garage design, this alternative has the capacity to provide 194 net new public parking stalls.

Please note that given the affordability levels we are targeting under this scenario, we are able to underwrite only 150 net new public parking stalls of the 194 total site capacity. If selected we would be eager to discuss with the City option for maximizing parking capacity either by increasing rents (reducing affordability) or identifying alternative funding sources to off-set the additional parking costs.

Program Summary

Lot F – Workforce Housing	
Unit Count/Unit Mix	40 units (12 studios, 25 one-bedrooms, 3 two-bedrooms)
Affordability Levels	110%-150% AMI
Construction Type	Type V wood frame wrap of concrete parking structure
Residential Parking Stalls/Ratio	42 stalls/1.05:1 parking ratio (conforms to DSP)
Public Parking Replacement	199 stalls/100% of existing on both lots
Net New Parking	194 stalls capacity/150 stalls financed under this alternative
Total Public Parking	393 stalls capacity/349 stalls financed under this alternative

Lot N – Affordable Senior Housing	
Unit Count/Unit Mix	78 units (17 studios, 49 one-bedrooms, 12 two-bedrooms)
Affordability Levels	60% AMI and below
Construction Type	3 stories of wood frame construction over one level of concrete parking podium at grade
Residential Parking Stalls/Ratio	84 stalls/1.08:1 parking ratio
Public Parking	Accommodated on Lot F

Totals	
Total number of residential units	118 units
Total residential parking	126 stalls
Total replacement parking	199 stalls/100% of existing
Total net new parking	194 stalls capacity/150 stalls financed under this alternative
Total Public Parking	393 stalls capacity/349 stalls financed under this alternative
Community Amenity	Pocket park located on Lot F

Finance Summary

This alternative will be financed as a single project, using a full array of public and private sources, including debt, equity, 9% tax credits, County funding, and Project-based Section 8. Tax credit equity will be based on the proportionate share of the project dedicated to seniors earning 60% AMI or below. Debt assumptions are based on the rental income generated by the workforce and senior affordable units, as well as the incremental rents provided through Project-based Rental Assistance. Additional equity or subordinate debt is provided through MidPen's own equity fund, paired with a private investor.

As mentioned previously, in preparing our response, we consulted with the County Housing Department to assess their interest in supporting our proposed project. As you can see from the attached Letter of Support, the County not only has funding that they can make available to such a project, but provides a strong endorsement of MidPen's track record in securing such funding for previous projects.

In addition, our financial analysis assumes that 50% of the senior units under this alternative will be financed using the County's Project Based Rental Assistance program. This rental assistance is the critical financing source that will enable us to serve extremely low income seniors living on a fixed income who could otherwise not afford to live in Burlingame. More than 25% of MidPen's portfolio has been financed using this program, under which **MidPen retains responsibility for screening all potential tenants** and managing the property once completed.

The Project Based Rental Assistance program works this way: This program is administered by the San Mateo County Housing Authority and allocated to a specific project. Under this project specific contract, the property owner is provided with a "fair market rent" for the unit while the resident pays only 30% of their income toward rent. The difference between the fair market rent and the affordable rent that would otherwise be charged allows us to leverage additional debt to help finance the project, **including the new public parking**.

Burlingame Lots F + N

Prepared by: MidPen Housing



PROJECT DATA

SITE, BUILDING AND UNIT DETAILS

LAND	Acreege	1.61	acres
	Density	69.82	units/acre
	# of Stories	1	
		70,131.60	327.95

BUILDING

	Residential	68,330	sf
	Circulation and Common	14,123	sf
	Commercial/Childcare	-	sf
	Podium/Tuck-Under Garage	171,428	sf

PARKING

	# of residential spaces	126
	residential parking ratio	1.10
	public parking spaces	349
	total # parking spaces	475

UNIT MIX AND AFFORDABILITY

Unit Type	# Units	Average Rent
Studios/SRO	29	1,311
1-Bedroom	74	1,638
2-Bedroom	15	1,425
3-Bedroom	0	-
4-Bedroom	0	-
Total Unit Count	118	

Average Affordability 44.4%

SCHEDULE

MILESTONE	ESTIMATE	ACTUAL
Acquisition	TBD	
Entitlement	TBD	
Funding Committed	TBD	
Tax Credit Award	TBD	
Construction Start	TBD	
Construction Complete	TBD	
100% Occupied	TBD	
Permanent Conversion	TBD	
PIS Package	TBD	
8609s	TBD	

Resident Services Scope and Staffing

TBD

SOURCES AND USES

CONSTRUCTION SOURCES		per unit
Construction Loan	\$ 34,254,704	290,294
Land Donation	\$ 23,000,000	194,915
Market Rate x-subsidy through City	\$ -	-
County of San Mateo	\$ 2,500,000	21,186
MidPen Sub Debt	\$ 5,797,470	49,131
Tax Credit Investor Proceeds	\$ 1,888,283	
total	\$ 67,440,456	

PERMANENT SOURCES		per unit
Amortizing Perm Loan, Tranche A	\$ 16,262,400	137,817
Amortizing Perm Loan, Tranche B	\$ 3,638,500	30,835
Land Donation	\$ 23,000,000	194,915
Market Rate x-subsidy through City	\$ -	-
County of San Mateo	\$ 2,500,000	21,186
MidPen Sub Debt	\$ 5,797,470	49,131
Source 6	\$ -	-
Tax Credit Investor Proceeds	\$ 18,882,826	160,024
GP Equity	\$ -	-
Deferred Developer Fee	\$ -	-
total	\$ 70,081,195	\$ 593,908

PERMANENT USES

ACQUISITION	total	per unit	per SF
Land	\$ 23,000,000	\$ 194,915	\$ 269
Other Acquisition Costs	\$ 39,792	\$ 337	\$ 0

Total Acquisition Costs	\$ 23,039,792	\$ 270
--------------------------------	----------------------	---------------

HARD COSTS

Resid. Site Work and Structures	\$ 28,965,542	\$ 245,471	\$ 339
Commercial Costs	\$ -	\$ -	\$ -
Escalation Contingency	\$ 1,448,277	\$ 12,274	\$ 17
Overhead & Profit/GC/Ins. Bond	\$ 3,953,796	\$ 33,507	\$ 46
Owner Contingency	\$ 1,718,381	\$ 14,563	\$ 20
Total Hard Costs	\$ 36,085,996	305,814	\$ 422

SOFT COSTS

Architecture and Engineering	\$ 2,185,800	\$ 18,524	\$ 26
Construction Loan interest and fees	\$ 1,906,216	\$ 16,154	\$ 22
Permanent Financing	\$ 17,500	\$ 148	\$ 0
Legal Fees	\$ 110,500	\$ 936	\$ 1
Reserves	\$ 998,445	\$ 8,461	\$ 12
Permits and Fees	\$ 2,950,000	\$ 25,000	\$ 35
Other Soft Costs	\$ 786,946	\$ 6,669	\$ 9
Relocation	\$ -	\$ -	\$ -
Developer Fee	\$ 2,000,000	\$ 16,949	\$ 23
Total Soft Costs	\$ 10,955,407	92,842	\$ 128

TOTAL DEVELOPMENT COSTS	\$ 70,081,195	\$ 593,908	\$ 820
--------------------------------	----------------------	-------------------	---------------

FINANCING ASSUMPTIONS

Debt Coverage Ratio	1.20
Construction Underwriting Rate	3.30%
Permanent Interest Rate	5.25%
Perm Loan Amortization	35

TAX CREDIT ASSUMPTIONS

9% CREDIT COMPETITIVENESS	
Tiebreaker	52.16%
Set-Aside	Non Profit
Geographic Region	Central Coast
Project Type	Family

CREDIT AND EQUITY ASSUMPTIONS

Price	1.18
130% Basis Boost?	Yes
100% Tax Credit Eligible?	No
Acquisition Credits?	No

DEVELOPER FEE

15% of TDC	\$10,212,179
Total Fee	\$2,000,000
Deferred Amount	\$0
GP Equity	\$0

HARD COST ASSUMPTIONS

Feasibility (no detailed square footages or pricing available)
--

OPERATING AND SERVICES EXPENSE ASSUMPTIONS

Total Residential Operating Expenses	\$ 5,900	Annual Escalation 3.5%
Resident Services Fee	\$ -	
Commercial Operating Expenses	\$ -	
Replacement Reserves	\$ 450	
Debt Admin Fees - Bond Issuer, MHSA, Other	\$ 4,000	

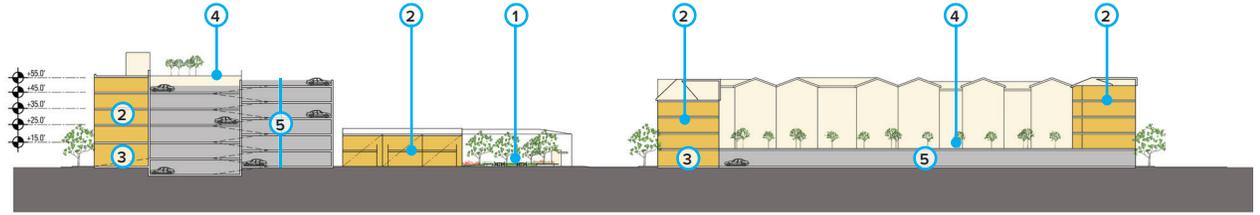
CASH FLOW - YEARS 1-5 and 15

	2014	2015	2016	2017	2018	2028
Effective Gross Income	2,342,821	2,397,299	2,453,098	2,510,251	2,568,790	3,238,452
Operating Expenses	(696,200)	(720,567)	(745,787)	(771,889)	(798,906)	(1,126,935)
Services Expenses	-	-	-	-	-	-
Loan Admin Fees	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)
Reserves	(53,100)	(53,100)	(53,100)	(53,100)	(53,100)	(53,100)
Net Operating Income	1,492,312	1,521,451	1,551,049	1,581,107	1,611,629	1,942,678
Debt Service Loan 1	(1,016,224)	(1,016,224)	(1,016,224)	(1,016,224)	(1,016,224)	(1,016,224)
Debt Service Loan 2	(227,367)	(227,367)	(227,367)	(227,367)	(227,367)	(227,367)
Debt Service Loan 3	-	-	-	-	-	-
Cash Flow	248,722	277,861	307,458	337,516	368,038	699,087
DCR	1.20	1.22	1.25	1.27	1.30	1.56
LP Fee	7,000	7,210	7,426	7,649	7,879	10,588
Deferred Developer Fee	0	0	0	0	0	-
Partnership Management Fee	25,000	25,750	26,523	27,318	28,138	37,815
Services Paid from Cash Flow	0	0	0	0	0	0
Residual Receipts to Lenders	216,722	244,901	273,509	302,549	332,022	650,684
Incentive Management Fee	0	0	0	0	0	0
Other	-	-	-	-	-	-

Site Design

As mentioned above, in this New Alternative 3, we aggregate public parking on Lot F, maximizing parking yield through an innovative split level parking garage. Thus parking on Lot N is limited to that required for the residential component only, which can be accommodated on a single level at grade.

Under this scenario we are able to create the capacity to provide 194 net new public parking, but are underwriting 150 net new public spaces under this proposed alternative in order to achieve greater levels of affordability.



SECTION



SITE F
 40 HOMES - WORKFORCE HOUSING
 (Studio, 1 Bdrm, 2 Bdrm)

42 RESIDENTIAL PARKING SPACES (1.0:1.0)

349 PUBLIC PARKING SPACES

NOTES

1. Public Park
2. Dwelling Units
3. Residential Entry
4. Podium Level Court
5. Parking

SITE N
 78 HOMES - SENIOR HOUSING
 (Studio, 1 Bdrm, 2 bdrm)

84 RESIDENTIAL PARKING SPACES (1.0:1.0)

NO PUBLIC PARKING SPACES

TYPICAL RESIDENTIAL LEVEL

Conclusion

We believe the above described development alternatives achieve the key goals for Lots F & N as outlined in the Request for Proposal, and as articulated by the City Council and participating community stakeholders during the recent public hearings.

Both our development alternatives:

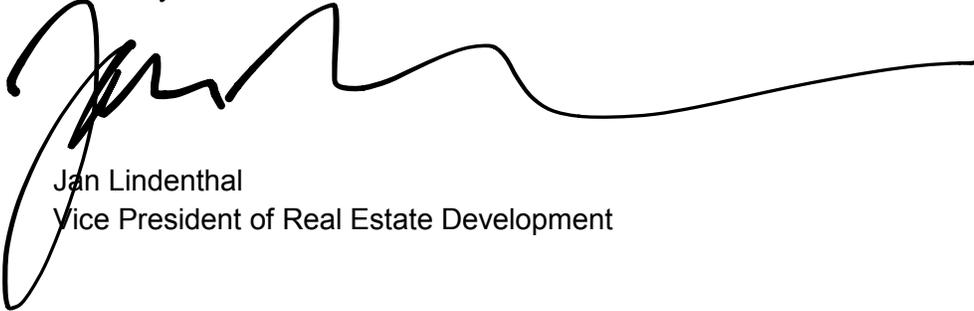
- Provide **significant new affordable housing** resources to the City of Burlingame
- Create a **range of housing alternatives** to address diverse housing needs, focusing on smaller working households and seniors
- Provide at minimum **100 net new public parking stalls**
- Create a new community amenity in the form of a **publically-accessible pocket park**
- Employ an architectural language that reflects Burlingame's unique character and a scale and articulation that **ensures neighborhood compatibility**
- Are **financially feasible** and can be implemented in the near term
- Rely **solely on the donation of land** as the local subsidy
- Reflect **MidPen's development expertise** and reputation for high quality design, management, and services.

Throughout this process, MidPen has endeavored to provide the City with options to consider, as we do again in this final set of updates. The purpose of presenting multiple options is twofold: First, it allows decision-makers and stakeholders to evaluate the pros and cons of different development approaches, as there is never just one option for developing a site. However, while each site presents multiple opportunities, there are always a concurrent set of design and financial constraints, and thus always trade-offs to consider. We believe that by presenting multiple alternatives, we not only help to spur creative thinking, but we help to reveal what those trade-offs are, in order to engage the public in a dialogue about what really matters - and in so doing help clarify the development priorities - for this community. In this regard, MidPen would welcome the opportunity to partner with the City of Burlingame to engage the community in just such a dialogue. We have experience doing this successfully in a variety of communities up and down the Peninsula from Sunnyvale to Foster City to San Mateo and would relish the opportunity to put our expertise to work for the City of Burlingame.

Second, the presentation of multiple development scenarios is intended to reinforce the iterative nature of the development process. When a city issues an RFP to pursue important local policy initiatives (i.e. affordable housing, public parking, open space, etc.), it is choosing not only a project proposal, but also a development partner, who must listen to community concerns, adjust to changing economic conditions, address issues of neighborhood context and compatibility as they arise through the community outreach process, and iterate new design and development solutions that meet the community's needs.

We at MidPen have very much appreciated the opportunity to present these and previous development scenarios, and to be challenged to improve upon each one presented. Should we be selected as the developer of Lots F and N, we would look forward to continuing to engage in conversation with the City, with neighbors, local merchants and community stakeholders, to further refine and improve upon the development options presented here, and to arrive at an extraordinary project that provides deep public benefits to the citizens of Burlingame.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jan Lindenthal', with a long horizontal flourish extending to the right.

Jan Lindenthal
Vice President of Real Estate Development



Main Office - Department of Housing
264 Harbor Blvd., Building A Belmont, CA 94002-017

Housing Community Development
Tel: (650) 802-5050

Housing Authority of the County of San Mateo
Tel: (650) 802-3300

Board of Supervisors:

Dave Pine
Carole Groom
Don Horsley
Warren Slocum
Adrienne J. Tissier

Director: William Lowell

June 19, 2015

William Meeker, Director
Community Development Department
501 Primrose Road – 2nd Floor
Burlingame, CA 94010

Dear Mr. Meeker:

As the Director of the Department of Housing for the County of San Mateo, I am writing to express this agency's commitment to supporting the development of affordable housing in north San Mateo County, including the City of Burlingame, and to commend MidPen Housing's exemplary track record as a developer and owner of high quality affordable housing.

The Department of Housing of San Mateo County serves as a catalyst for increasing access to affordable housing. One of the ways we accomplish this is through the allocation of subsidies for meritorious projects that provide permanent affordable housing. These resources include both local funds, such as the County's Affordable Housing Fund (AHF), as well federal resources, such as CDBG and HOME funding, and Project-Based Section 8 vouchers through the County's Housing Authority.

The County is currently processing awards for both HOME/CDBG, as well as AHF funding, and we anticipate having future funding rounds in FY 2015-16, the timing of which should permit the proposed affordable housing projects in Burlingame to move forward expeditiously. In addition, we are prepared to commit Project-based Section 8 vouchers to eligible projects in Burlingame. These vouchers serve a critical role in increasing a project's competitiveness for 9% low-income housing tax credits, as well as increasing financial feasibility by improving cash flow and the ability to leverage debt. They also enable projects to target units to extremely low-income households, who under this program, pay 30% of their monthly income for rent.

As the leading affordable housing provider in the County of San Mateo, MidPen Housing has been particularly successful in accessing County funding, and bringing projects to fruition. Over the last 4 years, MidPen has received funding from the County on 9 projects, totaling nearly 700 units for low-income households. We look forward to partnering with them on many more projects in the future.

Finally, I would like to applaud the City of Burlingame's interest in supporting the development of affordable housing through the dedication of City-owned surface parking lots. Such "in-kind"

investments are a creative solution to address the profound need for affordable housing that we see throughout the Bay Area, but which is particularly acute in San Mateo County.

The San Mateo County Department of Housing looks forward to collaborating with the City of Burlingame, and with MidPen Housing should they be the selected developer, to make these important projects a reality.

Sincerely,

A handwritten signature in blue ink that reads "William Lowell" followed by a stylized flourish.

William Lowell
Director