



Agenda

1. Purpose of the Study
2. Overview of Proposals
3. Financial Review and Comparative Analysis
4. Possible Strategies to Close the Feasibility Gap

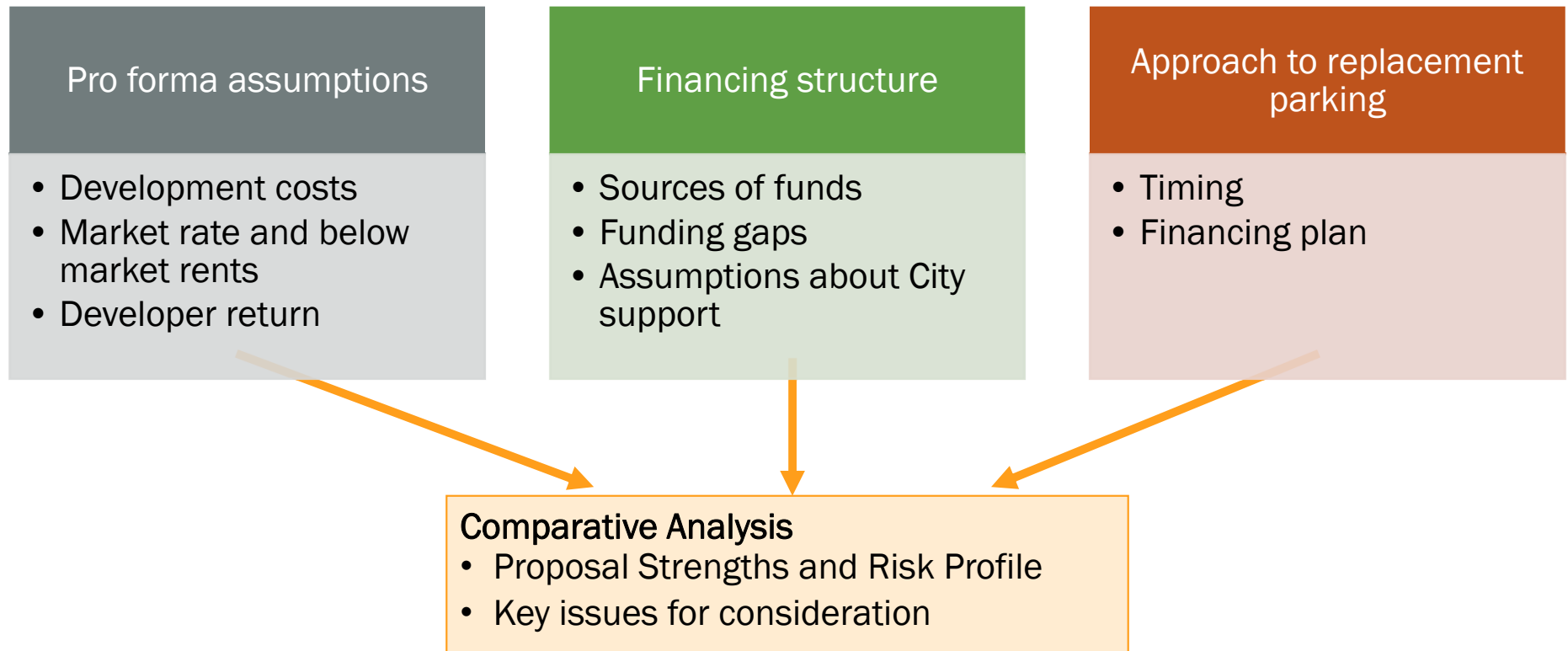
Purpose of Study

- Review each developer proposal
 - Assess financial feasibility and any funding gaps
 - Identify potential sources of risk or uncertainty
 - Identify issues for consideration vis-à-vis the approach to replacement parking and other City goals for the development
- Identify potential approaches to closing the funding gaps

Review of Proposed Residential and Parking Programs

	Alliant	Presidio Bay	Related/Alta
Total Housing Units	345	347	500
Affordability	All between 15% and 80% of AMI	140 units at 80% of AMI (40% of total) 207 units at 100% of AMI (60% of total)	343 at 15% to 80% of AMI (69% of total) 157 at market rate (approx. 128% to 172% of AMI)
Replacement Parking	Delivered as part of the residential parking podiums	455 spaces in a dedicated parking garage 101 in residential building podium	100% delivered in a dedicated garage

The financial review included three parts

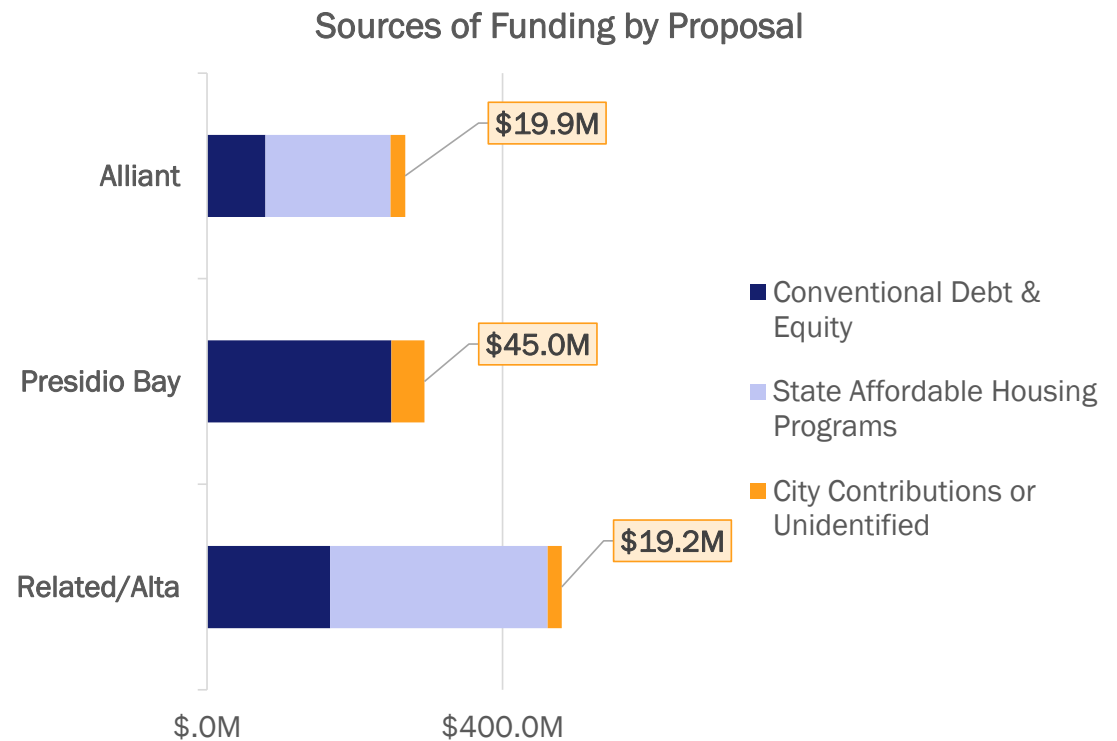


Strategic Economics reviewed the pro forma assumptions in each proposal against available market and development cost data

	Alliant	Presidio Bay	Related/Alta
Development Costs	- In the range of recent affordable developments in San Mateo County Assumes one building is prevailing wage	In the range of industry standard assumptions for multifamily development in San Mateo County	- Affordable development: comparable - Market rate development: conservative (higher than industry standard costs) All costs are higher due to prevailing wage assumption
Revenues	Consistent with affordable rent limits for San Mateo County	- Consistent with affordable rent limits for San Mateo County “Middle-income” units are within the range of market rate rents in Menlo Park	- Consistent with affordable rent limits for San Mateo County Market rate units are in higher end of the range for San Mateo County (approx. 128% to 172% of AMI)
Developer Return	n/a	Lower than industry average return threshold	Higher than industry average return threshold

Strategic Economics evaluated the funding gap as any portion of the financing structure that is unidentified or assumes further City contributions

- Alliant and Related/Alta utilize State funding programs, each leaving a gap of \$19 million to \$20 million
- Presidio Bay uses only conventional financing, leaving a gap of \$45 million



Alliant and Related/Alta assume State funding sources could cover part of the replacement parking cost

	Alliant	Presidio Bay	Related/Alta
Estimated Cost of Replacement Parking	\$30 to \$35 million	\$41 million	\$54 million
Amount Assumed from State Sources	\$10 to \$15 million	--	\$29 million
Cross-Subsidy from Market Rate Project	--	--	\$7.5 million
Remaining Gap	\$20 million	Approx. \$45 million	\$19 million

The potential for State sources of funding to contribute to the cost of replacement parking depends on current program reforms and the passage of Proposition 1 in November

	Alliant	Presidio Bay	Related/Alta
Estimated Cost of Replacement Parking	\$30 to \$35 million	\$41 million	\$54 million
Amount Assumed from State Sources	\$10 to \$15 million	–	\$29 million
Assumed Source to Fund Replacement Parking	Tax Credit Equity (LIHTC)		Infill Infrastructure Grants (IIG)
Other State Sources in the Proposal	- AHSC* - Mixed Income Program (MIP)	–	- LIHTC - AHSC*

*Affordable Housing and Sustainable Communities

- Some programs, such as IIG, have exhausted their budgets
- Others, such as AHSC, have been recently restructured
- Passage of Proposition 1 would likely help renew these funding sources

Proposals to fill the remaining gap include possible City contributions such as fee waivers and loans and soft debt which could come from an entity other than the City

	Alliant	Presidio Bay	Related/Alta
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Cross-Subsidy from Market Rate Project	--	--	\$7.5 million
Remaining Gap	\$20 million	Approx. \$45 million	\$19 million
Plan to Fill the Remaining Gap	- Impact fee loan - Soft debt	- City fee and property tax waivers - Redirect community benefit contribution from USGS project - Unidentified City contribution	Unidentified

Comparison of proposal strengths and risks

	Alliant	Presidio Bay	Related/Alta
Strengths	- Meets affordability goals - Pays prevailing wage on 1 of 3 buildings - Modest funding gap - Most cost-effective plan for replacement parking	Meets some affordability goals	- Meets affordability goals - Pays prevailing wage on 100% of project - Modest funding gap - Highest opportunity to generate value and cross-subsidize the project
Development Complexity	Medium	Medium	Highest
Market Risk	No	Some	Highest
Financing Risk	Medium	Low	Highest

Additional strategies to close the financing gap

1. Reduce the replacement parking requirement
2. Reduce Downtown parking demand through demand management techniques
3. Reduce the affordable housing goals
4. Establish some form of parking benefit district
5. Form an enhanced infrastructure financing district (EIFD)
6. Pass a local sales tax measure