



07/17/2018

Mike Schaller
Senior Planner
San Mateo County Planning & Building Department
455 County Center, 2nd Floor
Redwood City, CA 94063

Re: Cypress Point proposed development – issuance of building permits

Dear Mr. Schaller,

Cypress Point is a proposal for 71 units of affordable housing for families on a 10.88 acre site in the unincorporated community of Moss Beach, California. All of the 71 units, except for one on-site manager's unit, will be restricted to low-income households earning 80% or below of area median income.

MidPen Housing has more than 45 years of experience developing, managing, and owning our affordable housing properties. The project is designed to match the density and character of the surrounding community while addressing a critical need for housing in the Midcoast region, which currently has no income-restricted affordable housing. The project site has been designated for affordable housing under the Local Coastal Program (LCP) and an opportunity site under the County's Housing Element, which reflects a long-standing public process of supporting affordable housing on this site.

Pursuant to the intent of San Mateo County Local Coastal Program Policy 1.23(d) and 3.16, we are seeking to apply for 71 building permits in the same calendar year to help meet the need for affordable housing in the Midcoast.

Section 1.23 establishes that new dwelling units built in the urban Midcoast shall be limited to "40 calendar units per year," until a comprehensive management plan is developed, facilities are developed to contain stormwater, and the growth rate is changed by an LCP amendment. This policy provides a clear exception for development that is: a) affordable housing that is subject to income and rent restrictions and b) will be part of a three-year growth average that will not exceed 40 units per year. Cypress Point will provide housing with a contract rent or price affordable by low-income households, which is consistent with the definition in Section 6102.48.6 of the San Mateo County Zoning Regulations. While it is not possible to forecast construction permits issued multiple years out, our current expectation from discussions with San Mateo County is that the growth rate average at the time of construction would not exceed 40 units per year. There is one other multi-family residential affordable housing project currently entitled in the Midcoast, which is the Big Wave Development. Big Wave will involve the construction of a commercial center prior to residential units, since the commercial center will generate revenue needed to finance the housing units, according to the project developer. While the timeline for building the residential units at Big Wave is not currently known, based on the development process it is likely that Cypress Point will be completed prior to the residential portion of Big Wave.

Section 3.16 (a) limits the number of affordable housing units on the three "Designated Housing Sites" in the LCP to 60 during any 12-month period. However, 3.16 (b) allows the Board of Supervisors to increase the number of units permitted if this limitation "threatens the implementation of affordable housing on a designated site by prohibiting the developer(s) from building when circumstances are uniquely favorable for a period of time."



Because of the limited rental income for affordable housing developments and extremely high construction costs in the San Francisco Bay Area, project feasibility is heavily dependent on market conditions and predictable, controlled expenses. The construction industry has seen increases in hard costs as much as 1% each month due to price escalation amid economic expansion and increased construction. Federal low-income housing tax credits, which are the largest source of funding for affordable housing projects, are extremely competitive in California, and the project would be uncompetitive for funding as two separate smaller-sized applications. Finally, doing the project in two separate phases would expand the total construction period and thus prolong any impacts on dust, noise and other items associated with construction. Therefore, it would not be feasible to build the project in two separate phases.

We look forward to working with the County on bringing much-needed affordable housing for families in the Midcoast. Please do not hesitate to contact me at 650-235-7675 should you need any further information.

Sincerely,

Andrew Bielak
Project Manager