



Burlingame HOPE Community Advisory Committee

Housing, Opportunity, Priorities and Education

Meeting #2
February 15, 2023



WELCOME from the **City of Burlingame**

City Council Subcommittee for Housing

- Michael Brownrigg, Mayor
- Donna Colson, Vice Mayor

City Staff

- Kevin Gardiner, Community Development Director
- Joseph Sanfilippo, Economic Development & Housing Specialist

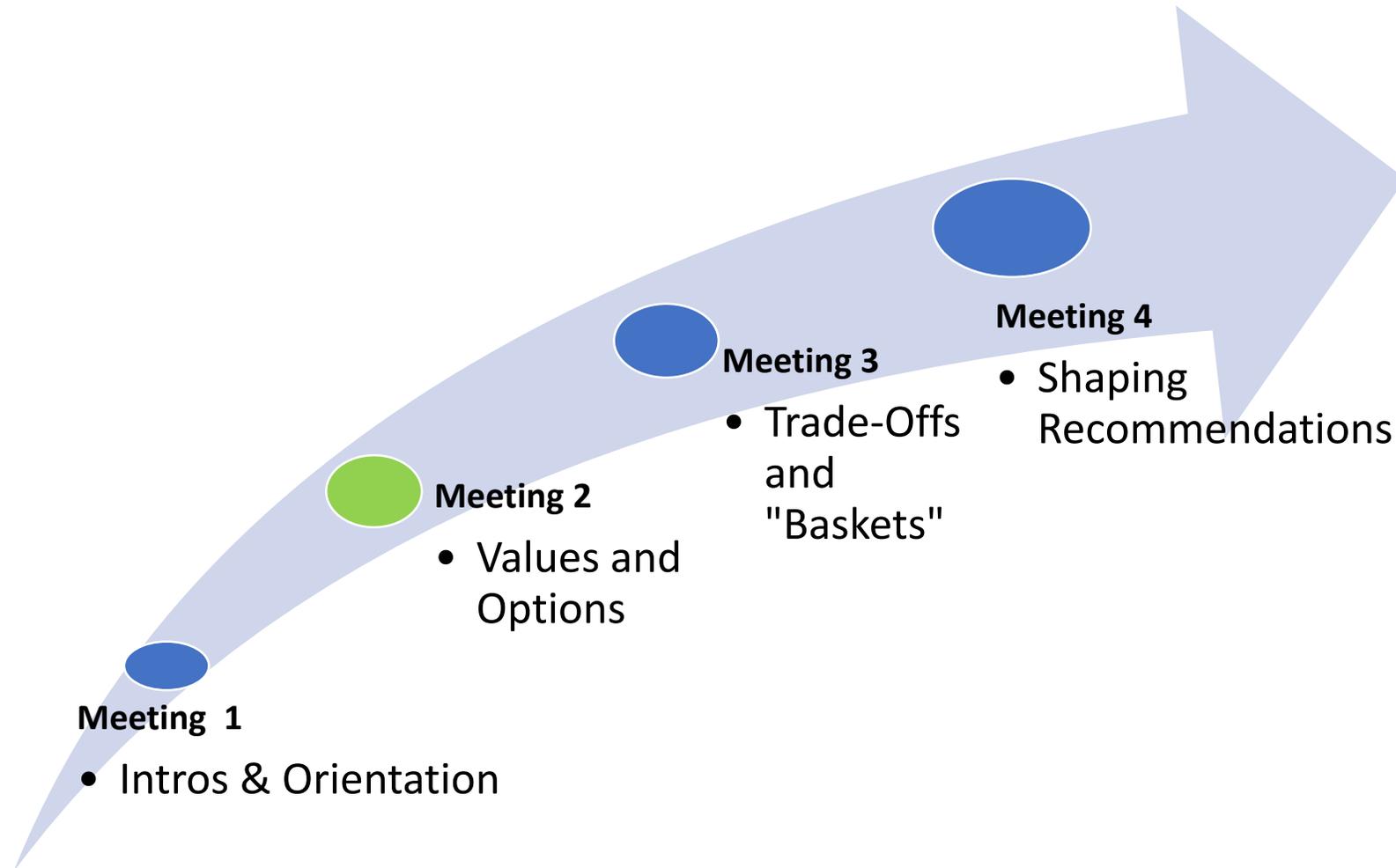
Affordable Housing Program Consultant

- Sandy Council, Good City Company

Facilitator

- Susan Clark, Common Knowledge

HOPE CAC Meeting Plan



February 15 Meeting #2 for HOPE Community Advisory Committee (CAC)

- Welcome and Purpose of this Community Advisory Committee
- *Discussion:* About Burlingame Community
- About Financing Affordable Housing
- Potential Use of Funds – Some options and sample trade-offs
- *Discussion:* Considerations for Balancing Options
- Next Meeting/Next Steps

PARAMETERS for Our Work Together

This is a mutual learning experience

- You are each experts on aspects of the Burlingame community; all perspectives are valued
- Listen to understand each other (rather than to persuade)
- Your questions are valuable; if something isn't clear, please ask sooner rather than later

We will be exploring trade-offs together

- Assume good intentions
- Respect differences; stay curious

WHAT IS “HOPE”?

(HOUSING OPPORTUNITY, PRIORITIES AND EDUCATION)?

WHAT is the Community helping to advise?

The purpose of the HOPE committee is to help **prioritize investments in affordable housing** that use funds collected from fees on commercial development.

The primary intent is to create homes for workers in Burlingame whose wages cannot cover market rate rents or home prices.



Eucalyptus Grove Apartments

- 69 units for Extremely Low Income and Low Income households (up to 50% AMI)
- Example of leveraging funds: City has committed **\$1,432,138** towards the project's financing
- Other funding from County, and possibly Federal funds
- Cost to the City: **\$20,756 per unit**



Final Report

- Purpose of the Funds
- Community Considerations that were identified
- Options that were explored
- Trade-offs considered
- Priority Uses and Criteria
- Other Input

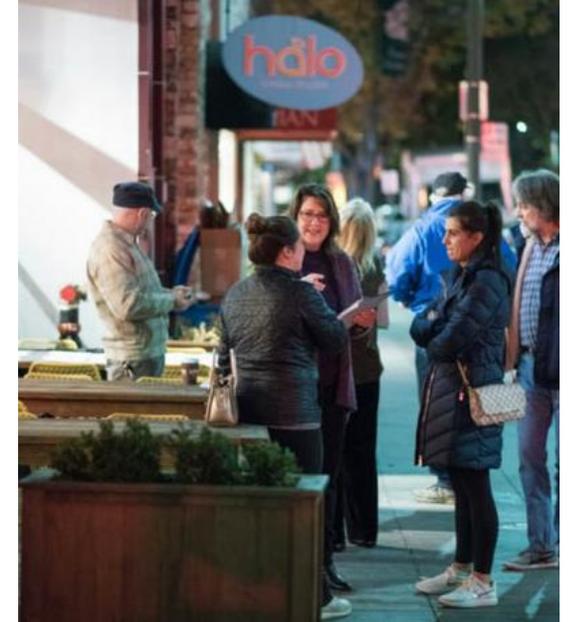
The report will include all viewpoints, but will not name specific individuals.



Discussion: COMMITTEE MEMBERS AND BURLINGAME

The One Minute Introduction

- Name
- How long have you lived/worked in/with Burlingame?
- Something a) you value about the Burlingame community and/or b) something you would like to see improved or changed



A photograph of a construction site. In the foreground, a large white crane is positioned, its arm extending upwards. The background shows the wooden skeletal frame of a multi-story building under construction. The sky is overcast and grey. A dark blue horizontal banner is overlaid across the middle of the image, containing the text 'BACKGROUND INFORMATION' in white, bold, uppercase letters.

BACKGROUND INFORMATION

Financing Affordable Housing

Housing Development Costs

- Direct Costs (labor/materials)
- Soft Costs (arch/engineering, entitlements, marketing, etc.)
- Land
- Profit (or Fee)
- Operating Costs – (Rental projects)



Affordable Housing Financing Gap – Ownership

Cost to Build (1000 SF Condo)

Hard Costs	\$522,000
Soft Costs	\$159,000
Land	\$147,000
Total	\$828,000

Average Burlingame
Condo Sales Price **\$1,200,000**

Maximum Affordable Sales Price Per Household Income

	Max Affordable
HH Income \$100K	\$395,000
HH Income \$150K	\$625,000
HH Income \$165K	\$700,000

Affordable Housing Financing Gap – Rental

Capital Required \$162,000,000



Bank and Tax Credits



Ways to Close the Gap

- State Loans and Grants
- Local Funds
- Reductions/Waivers of Fees
- Land Donations
- Local Rent Subsidies/Project-Based Vouchers (via Section 8)



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The Village at Burlingame

- Land Donation – City-owned surface parking lot
- 132 Units (78 workforce units, 54 senior units)
- 82 units up to 50% AMI, 35 units up to 80% AMI, 14 units up to 120% AMI
- 6,750 square foot public park
- No City financing other than land
- Current land value approximately **\$11,950,000** (based on \$325/SF appraisals) = \$90,530 per unit*



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QUESTIONS

Pause:

IMAGINING THE POSITIVE IMPACTS

Imagine we are already at the point in time that additional affordable homes have been provided and the people moved in.

How is the community of Burlingame improved?
What are examples of positive impacts for the community?



BACKGROUND INFORMATION

Some Potential Uses of Funds

Commercial Linkage Fees and the Housing Trust Fund



Current Balance (approx.)	\$8,700,000
Eucalyptus Grove Apartments	(\$1,432,138)
Remaining Balance	\$7,267,862



Some Potential Uses of Funds

- As a co-investor with other partners – aka providing “gap” on financing new construction (such as Eucalyptus Grove Apartments)
- As a purchaser of existing housing (that some other entity would likely manage)
- As a purchaser of land
- To increase the share of affordable units in new developments (e.g. subsidizing units to increase the number of affordable units in a project, or similar financing mechanisms)
- To provide incentives for existing properties to provide below market rents



Case Study: Gap Financing for New Construction

Kiku Crossing, San Mateo

- 225 units
- \$162M Development Cost (2021)
- Bank Loan \$72M
- Tax Credits \$74M
- Remaining Gap: \$16M
- **Cost per Unit: \$71,111**



Case Study: Gap Financing for New Construction

Upsides:

- High leverage of funds
- Relatively low cost per unit compared to full construction cost

Downsides:

- Lengthy process from project inception to completion
- Complex financing – requires a sophisticated developer



Case Study: Property Acquisition

- 4 existing units
- 5,750 sq ft lot
- Assume \$2.5M acquisition cost
- **Cost per Unit: \$625,000**



Case Study: Property Acquisition

Upsides:

- Immediate impact
- Potential for land banking and future redevelopment – zoning would allow at least 6 units (or more with Density Bonus)
- Revenue stream from rents
- Dispersion of affordable units

Downsides:

- High initial cost per unit
- Benefits smaller number of households



Case Study: Subsidy of Below Market Units in New Developments

Income Category (% of Area Median)	Monthly Income (2 person HH)	2022 Rent-2 BR
Extremely Low (30%AMI)	\$3,730	\$1,120
Very Low (50% AMI)	\$6,220	\$1,870
Low (80% AMI)	\$9,940	\$2,990
Moderate (120% AMI)	\$13,800	\$3,990
Market Rents Existing Stock		\$2,800-3,900



Case Study: Subsidy of Below Market Units in New Developments

Upsides:

- Units are already being built
- Affordable units mixed with market-rate units

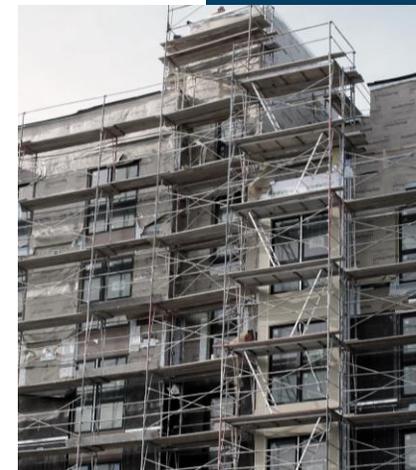
Downsides:

- Typically higher cost than subsidizing 100% affordable development
- Potential complications with adding public financing to a privately-financed project



Considerations

- Multiple interests and opportunities that require priority setting
- Which kinds of use of funds/incentives will attract willing partners (e.g., among developers, current property owners and other kinds of collaborators)?
- What are examples of innovative/effective/sustained affordable housing from other communities?



Considerations

- How many new homes can be supported at what level of affordability?
- What level of income does the City hope to target? Particular sectors can also be targeted (people with developmental disabilities, public sector workforce, etc.)
- Do these new homes also provide services/amenities for the residents? For the community?





CLARIFYING QUESTIONS?

Discussion:

CONSIDERATIONS FOR BALANCING OPTIONS



Next Steps

- You will receive a short survey for feedback about the information and the process for the group
- **Next Meetings – aiming to be in person:**
 - Meeting #3 – March 15th
 - Meeting #4 – April 12th
- HOPE Committee webpage on its way:
www.burlingame.org/HOPE



THANK YOU