

# **DALY CITY HOUSING DEVELOPMENT FINANCE AGENCY**

## **SPECIAL MEETING – STUDY SESSION**

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**MONDAY, JULY 8, 2019  
5:30 P.M.**

**Council Chamber  
333-90<sup>th</sup> Street  
City Hall – 2<sup>nd</sup> Floor**

### **AGENDA**

- I. Discussion on Development of Housing Successor Agency Parcel at Carter Martin Streets  
Staff: Mothershead/Zimmerman
  
- II. Adjourn

A Study Session is a public meeting at which the City Council receives information and presentations. No decisions can be made at this meeting other than to request additional information or to move a matter to a Regular City Council Meeting. The public is encouraged to attend these meetings and receive the presentations as well.



## *Daly City Housing Development Finance Agency*

July 8, 2019

**SUBJECT: Study Session - Discussion of Housing Successor Parcel at Carter and Martin Streets**

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### **RECOMMENDED ACTION**

Provide direction to staff on preferred utilization and disposition of the housing successor parcel at Carter and Martin streets.

### **BACKGROUND**

Upon the dissolution of the Daly City Redevelopment Agency (DCRDA) in 2012, authority of the former redevelopment housing functions transferred to the Daly City Housing Development Finance Agency (DCHFDA), as the housing successor agency, which were established to take over the housing functions and assets of the former DCRDA.

As a result, the former DCRDA housing assets were transferred to the DCHDFA for the maintaining of affordable housing in a manner consistent with the housing provisions of the California Redevelopment Act. The housing asset for discussion is described as approximately 12.5 acres fronting Carter and Martin streets in Daly City, adjacent to the 77.58 Cow Palace, owned by the State of California and the 11.16-acre vacant property owned by the Syufy family. (Carter Martin Property) (*See Attachment 1*).

DCHDFA as affirmed by the State would retain housing assets previously held by the RDAs and roll them into city affordable housing operations. This included keeping future income from loans extended from Low and Moderate-Income Funds (LMIHF), continuing projects that were in development at the time of dissolution and keeping some development parcels purchased with LMIHF. All these funds must use for eligible low and moderate-income housing activities. Any proceeds from the activities of the Housing Successor Agencies are deposited into the LMIHF.

The affordability restrictions to real property transferred to the City as housing successor mandate the income-targeting requirements that applied under the Community Redevelopment Law. Housing Successor Agencies received assets that were land designated for housing functions. The Carter/Martin Property currently held for development would conform to LMIHF standards.

Pursuant to SB 341, legislation established how housing successor agencies shall dispose of their properties and required successor housing agencies to make diligent efforts to proceed with development of the property. To that end, staff has had conversations with several developers who have expressed an interest in the Carter Martin Property. The City Council Housing Development Committee also met with staff to discuss the disposition of the housing assets.

**Carter/Martin Housing Successor Land Asset**  
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In May of 2019, the City retained the firm of BKF Engineering to prepare a study of the site's development capacity. BKF Engineering prepared three concept drawings showing development potential under three scenarios:

- A. Higher density rental housing - - study suggested holding capacity of 500 units
- B. Medium density townhouse ownership units – study suggested holding capacity of 170 units.
- C. A mix of multi-family rental and townhouse ownership housing serving a mix of tenures-study suggested holding capacity of 325 units (85 townhouses and 240 apartments).

BKF Engineering emphasized in their report that the concept drawings were preliminary and subject to evaluation of several potential development constraints including topography, environmental remediation requirements and presence of sensitive biological species.

**DISCUSSION**

1. **Land Use Concepts** - Staff is requesting direction from the Agency Board on the preferred use of the property. The BKF study identified three basic land use concepts:

- A. **High Density Multifamily Rental Development.** The study suggested a holding capacity of 500 units. Drawings showed 6 buildings of 4 and 5 stories, with 75 to 90 units per building. Three garages distributed across the property would be constructed at 3 to 5 stories and contain a total of 750 parking spaces. As an affordable housing development, this type of housing would be suitable for a range of incomes including households with very low incomes and could include unit set-asides for groups with critical needs, for example veterans, emancipated foster youth, etc. (*See Attachment 2*).
- B. **Medium Density Ownership Townhouse Development.** Drawings showed a total of 170 townhouse units spread across the property at a density of 13.7 units per acre. Each unit would have two parking spaces in addition to 85 guest parking spaces. This type of development is best suited as an ownership product and could be targeted to moderate income households. (*See Attachment 3*).
- C. **Combined High/Medium Density.** BKF also prepared a concept that combined both high density apartments and medium density townhouses, with a total holding capacity of 325 units. (*See Attachment 4*).

2. **Affordability**

California law restricts how the housing successor land funds may be utilized. Specifically, proceeds of the housing asset sold are subject to the affordability requirements for the LMIHF. If the Agency transferred the property to a developer for construction of a project that did not provide the extent and level of affordability described subject to affordability restrictions, the sales proceeds would be deposited to the LMIHF and restricted to affordable housing development activities. The Housing Successor Asset would need to ensure that the use

**Carter/Martin Housing Successor Land Asset**  
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of the real property and/or funds implements the affordability requirements set forth in *Health and Safety Code Section 34176.1* and in accordance with the following requirements:

- At least 30% of the funds must be expended for rental housing for households earning 30% or less of the area median income.
- No more than 20% of the funds may be spent for development of housing for households earning between 60% and 80% of the area median income.
- If during any five-year reporting period commencing with years 2014 through 2019, the Housing Successor fails to spend at least 30% of the Housing Asset Fund funds for extremely low-income (30% AMI) households, then in each fiscal year following the report period, the Housing Successor must spend at least 50% of the funds for development of rental housing affordable to households of 30% AMI until the Housing Successor demonstrates compliance with the extremely low-income requirement in its annual report.
- If during any five-year reporting period, the Housing Successor spends more than 20% of the funds for households earning between 60% and 80% of AMI, then the Housing Successor may not spend any funds for housing for households of these income categories until the Housing Successor demonstrates compliance with this requirement in its annual report.

In addition, if the aggregate number of units of deed-restricted rental housing restricted for occupancy by seniors and assisted individually or jointly by the Housing Successor, the RDA, and the City within the previous 10 years exceeds 50% of the aggregate number of units of deed-restricted rental housing individually or jointly assisted by these entities within the same time period, then the Housing Successor may not expend funds from the Housing Asset Fund to assist additional senior housing units until the Housing Successor or the City assists, and construction has commenced for, units available to all persons regardless of age, in a number at least equal to 50% of the aggregate number of deed-restricted rental housing units assisted by these entities within the previous 10 years.

**3. Disposition of the Housing Asset**

There are several options for how the Agency might proceed with disposition and development of the Carter Martin Property.

**A. Predisposition Studies and Actions**

The Agency could pursue additional studies of the site to gain a fuller understanding of the property's limitations and development potential. These studies might include evaluation of topographical and environmental constraints alluded to in the BKF development potential study. The Agency could also obtain an appraisal of the site to better understand the true market value of the land which would inform any price negotiations with a prospective developer. (An appraisal would be more accurate and defensible if clear direction regarding preferred development and site constraints were available).

The Agency could also proceed with entitling the land for the preferred land uses. Entitling the land prior to selling it would increase the land value and ensure that the development program for the site most closely aligns with the Agency's affordable housing goals and the larger vision for the Bayshore neighborhood.

A 2004 Master Plan prepared by Gast Hillmer Urban Design for the City focused on the Cow Palace, Syufy and Agency owned properties and found that "the value of all the parcels would be significantly higher if redeveloped under one integrated master plan than if redeveloped separately. The joint use of the three sites permits a more market-responsive and more efficiently laid out combination of retail and residential uses than could be built on any one of the individual parcels"

One option for entitling the land prior to sale would involve refining the work that was done in the 2004 Cow Palace Master Plan to reflect current market demands and emphasizing affordable housing. Such an approach, working with adjacent property owners, would allow for a well-coordinated and efficient utilization of the site by encouraging development to follow natural boundaries rather than arbitrary property lines. More efficient site utilization will have the impact of reducing overall development costs which would allow for greater inclusion of uses with particular public benefits such as affordable housing, parks and community spaces.

## **B. Disposition**

*1. Request for Proposal (RFP):* Most typical with public agency land dispositions is to circulate an RFP from developers. Under this scenario, the Agency could set certain parameters, for example, number and type of residential units, preferred income targeting and any desired site features. The advantage of an RFP is that it allows the Agency to understand the full scope of developer interest and market support for envisioned development. The open nature of an RFP process can encourage creativity and competition among developers and result in proposals that offer the best possible development outcome to the City. The RFP process provides opportunities to include the larger community in the developer selection process. The Agency could circulate an RFP publically and accept proposals from all interested in developers.

*2. Target Request for Proposals:* Alternatively, the Agency could circulate an RFP to selected developers, which is a less formal process than the RFP process described above. For example, a targeted RFP process can circulate to non-profit developers, or developers with experience in certain types of residential products. Although competitive bidding would not be required for the disposition of housing assets, since reportedly significant interest in the property has been expressed, it may be advisable for the Agency to issue some form of a Request for Qualifications or Request for Proposal that outlines the Agency's requirements for the property, including specific language that outlines the required number of units and the affordability requirements the Agency desires to impose on the project.

*3. Exclusive Negotiation Agreement (ERN):* Finally, the Agency could engage in exclusive negotiations with one developer.

**RECOMMENDATION**

The Carter Martin property, as a housing asset represents a rare opportunity in Daly City to develop new housing that will address critical affordable housing needs and catalyze desired development in the larger Bayshore neighborhood. Staff is seeking direction from the Agency regarding preferred land uses and affordability on the site as well as the optimal strategy for disposition of the site.

Respectfully submitted,



Tatum Mothershead  
Economic and Community  
Development Director

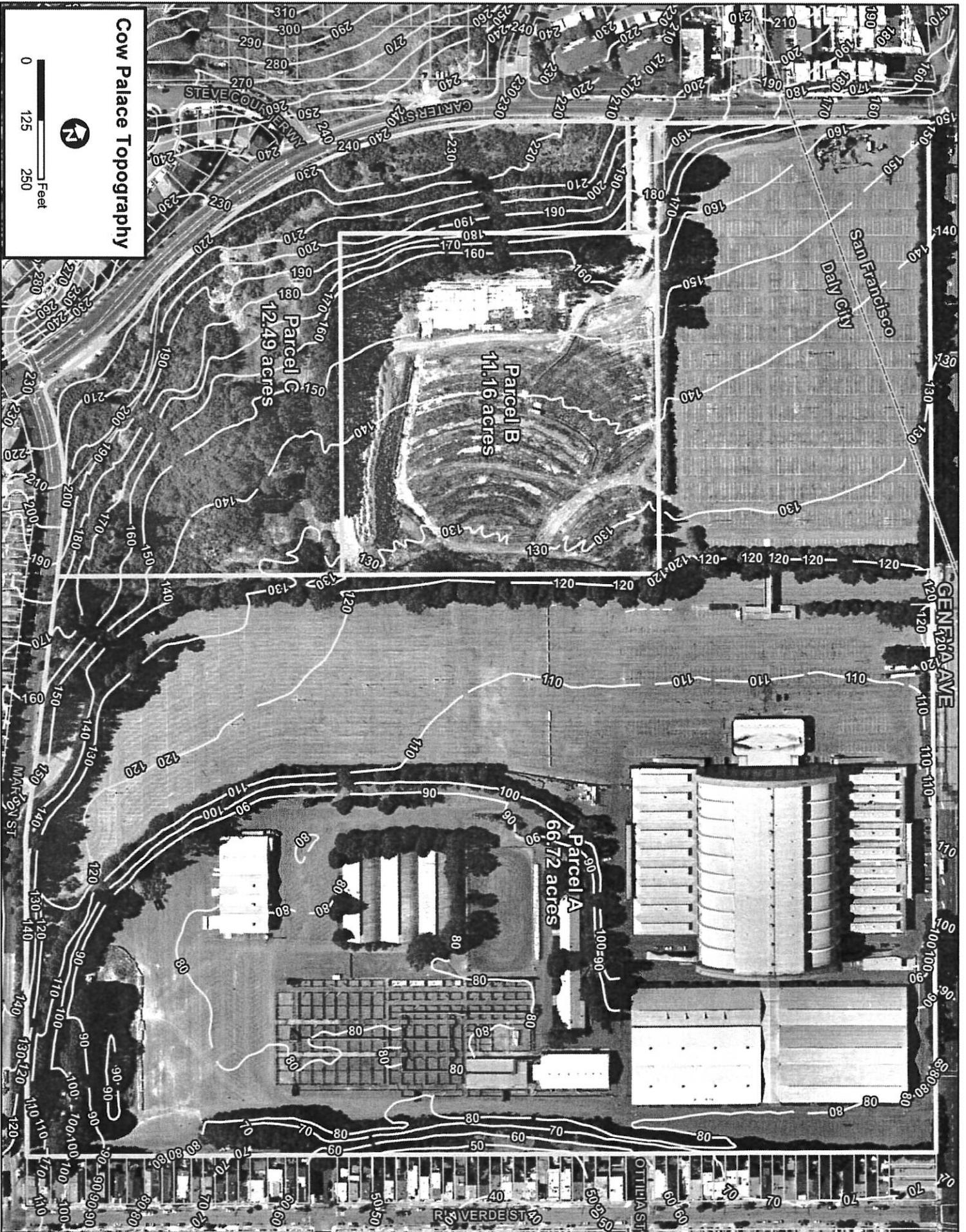


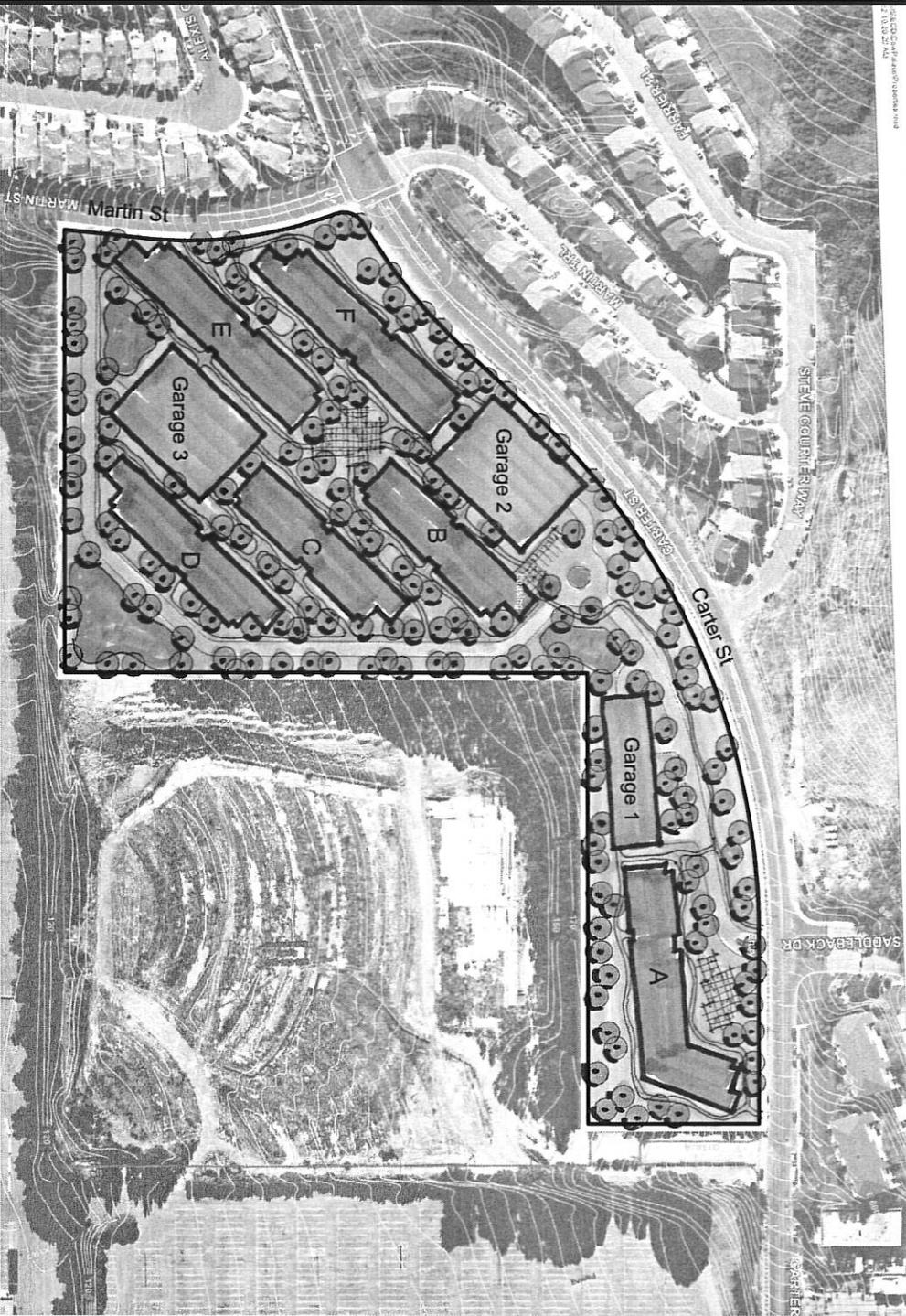
Rose Zimmerman  
City Attorney

**Attachments:**

1. Map of Property Area (Carter/Martin Property)
2. Concept Drawing- High density multifamily rental development
3. Concept Drawing- Medium Density Ownership Townhouse Development
4. Concept Drawing- Combined High/Medium Density

# Cow Palace Topography





**PROJECT SUMMARY**

Building	Stories	Units
A	4	85
B	5	80
C	5	80
D	5	90
E	5	90
F	4	75
<b>Total</b>		<b>500</b>

Garage	Stories	Stalls
1	3	130
2	4	280
3	5	340
<b>Total</b>		<b>750</b>

Site Area: 12.4 acres  
 Density: 40.3 du/a  
 Parking Ratio: 1.5 per unit

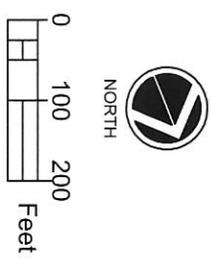
**Notes:**

- 1 BDR – 50%
- 2 BDR – 50%
- Average Unit Size – 900 SF
- Concept assumes significant retaining walls will be constructed (20' high +/-)
- Concept assumes Fire Department and ADA access can be resolved

**Potential site constraints requiring further investigation include, but are not limited to:**

- Wetlands
- Habitat areas
- Endangered species
- Soils and Geotechnical
- Non-engineered fill
- Hazardous Materials and Toxics
- Utility Capacity

**Concept Plan**  
**APARTMENTS**  
 Daly City, California





**Concept Plan**  
**TOWNHOMES**  
Daly City, California

**PROJECT SUMMARY**

**Townhomes:** 170  
**Site Area:** 12.4 acres  
**Density:** 13.7 du/a

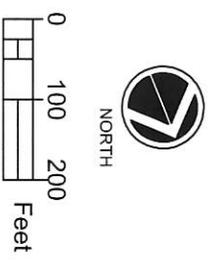
**Garage Spaces:** 340  
**Guest Spaces:** 85  
**Parking Total:** 425  
**Parking Ratio:** 2.5 per unit

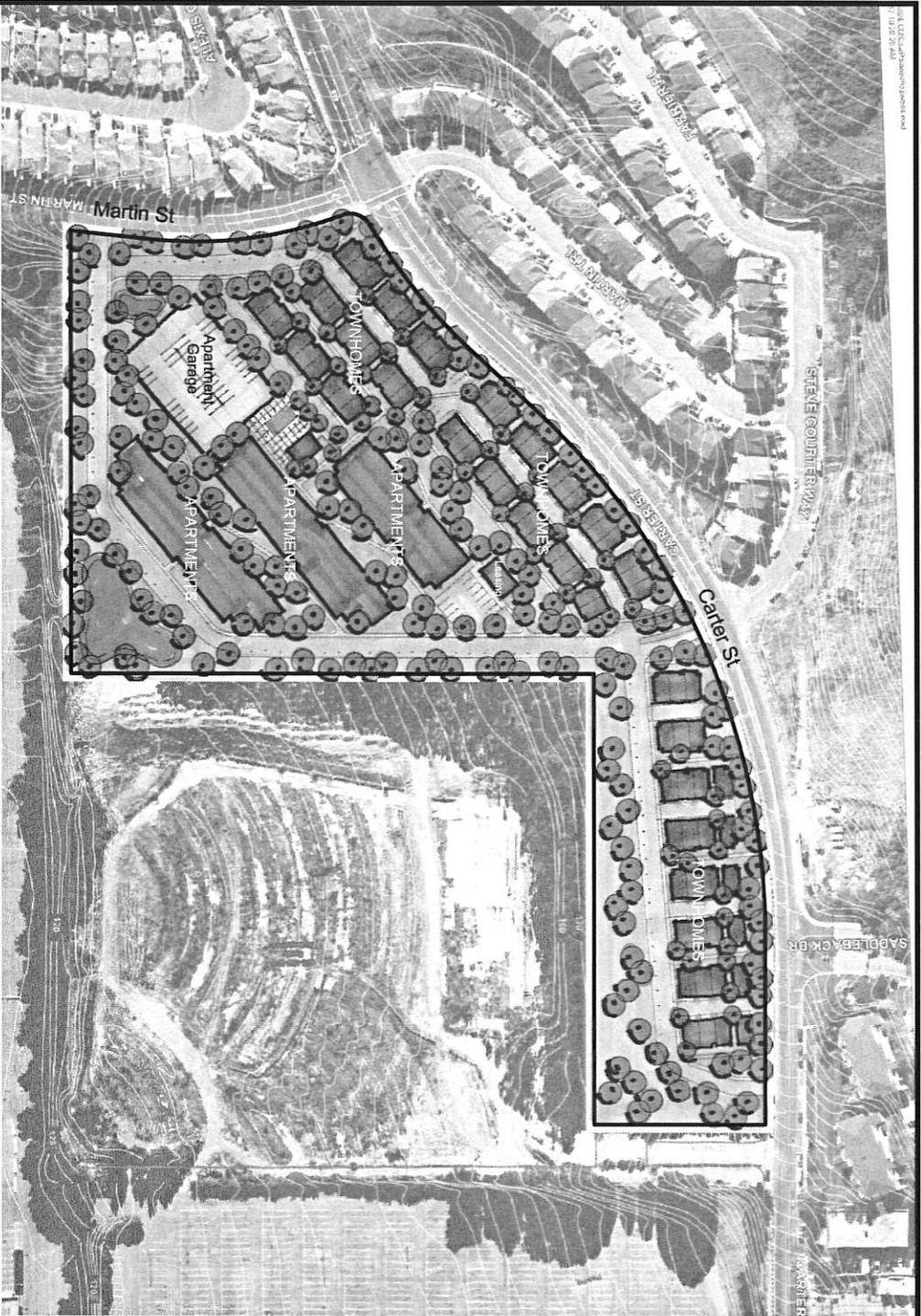
**Notes:**

- 3 Bedroom / 2.5 Bath Typical
- 2-Car Garages
- Average Unit Size – 1,650 SF
- Concept assumes significant retaining walls will be constructed (20' high +/-)
- Concept assumes Fire Department and ADA access can be resolved

**Potential Site constraints requiring further investigation include, but are not limited to:**

- Wetlands
- Habitat areas
- Endangered species
- Soils and Geotechnical
- Non-engineered fill
- Hazardous Materials and Toxics
- Utility Capacity





Concept Plan  
**APARTMENTS & TOWNHOMES**  
 Daly City, California

**PROJECT SUMMARY**

Townhomes: 85 (26%)  
 Apartments: 240 (74%)  
 Total Units: 325  
 Site Area: 12.4 acres  
 Density: 26.2 du/a

Townhome Garage Spaces: 170  
 Apartment Garage Spaces: 340  
 Surface Spaces: 90  
 Parking Total: 600  
 Parking Ratio: 1.8 per unit

- Apartment Notes:**
- 50% 1 BDR & 50% 2-BDR
  - Average Unit Size – 900 SF
  - Apartment Building and Garage are 5-5-Story

- Townhome Notes:**
- 3 Bedroom / 2.5 Bath, typical
  - Average Unit Size – 1,650 SF
  - 2-Car Attached Garages; typical

- General Notes**
- Concept assumes significant retaining walls will be constructed (20' high +/-)
  - Concept assumes Fire Department and ADA access can be resolved

- Potential Site constraints requiring further investigation include, but are not limited to:**
- Wetlands
  - Habitat areas
  - Endangered species
  - Soils and Geotechnical
  - Non-engineered fill
  - Hazardous Materials and Toxics
  - Utility Capacity

