

May 13, 2015

Mayor Kiesel and Council Members
610 Foster City Blvd
Foster City, CA 94404

RE: Pilgrim Triton Phase C

Dear Mayor Kiesel and Council Members,

We have reviewed the comments provided by Foster City Residents for Responsible Development (FCRRD), and submit the following responses organized by topic area. We met with FCRRD representatives two times in February, provided some information that was requested and offered to hold a public meeting with their group but were told that they were not interested in meeting with us. From a more general perspective, we understand from their comments and from our meetings that FCRRD is resistant to change, and we believe that they are missing, or misunderstanding, the fact that our proposed lower density residential use could produce significant *benefits* for the City and residents. For example: 1) significant traffic reduction, 2) reduced building heights and density, 3) creation of inclusionary affordable housing units, 4) completion of the new park, and 5) new homeownership options. It is also important to emphasize that most of the points made by FCRRD would be studied as part of the planning process, at which point impacts can be understood in further detail.

Property Purchase/Project Description

We purchased the property in July 2014, consisting of approximately 38,000 sf of existing, leased office space. The property is subject to vested entitlements, including a Master Development Agreement, that currently vest our right to redevelopment of the Property with up to a maximum of 17 residential units, 172,943 sf of commercial, industrial and/or office uses and related infrastructure improvements. Because the commercial land use is vested through the Master Development Agreement, the planning and design review process will determine the ultimate site configuration, but the size of the office development is vested. While we are requesting consideration of an idea to change the land use, we did not “bait” the City as FCRRD has stated. We have never provided false information, and there is no basis for such an inflammatory accusation.

FCRRD also alleges that our proposal is “take it or leave it,” which is simply not true. Both the existing approved project and the concept we have proposed are compelling alternatives for us. The current office tenants are all aware of our plans going forward for redevelopment, and the vested office use is both financially viable and likely if we do not proceed with a viable residential alternative.

FCRRD also incorrectly refers to our residential proposal as “high-rise, high density housing.” In reality, we are proposing townhomes that are 40 feet or less in height, compared to the already approved commercial office plan that allows buildings up to 85 feet in height, and our townhome proposal is considerably less dense.

To reconfirm, as described in our Preliminary Hearing Request letter, the concept we are proposing is to demolish the existing 38,000 square feet of office buildings, and amend the current vested entitlements for

redevelop the site with 65 to 70 for-sale townhomes instead of the vested 172,943 sf of commercial uses and 17 residential homes.

Traffic

In our view, FCRRD's comments related to traffic are rhetorical and general, not technical or fact-based. An appropriate traffic study by a consultant selected and managed by the City will determine the facts if we proceed with this process. Fehr & Peers, a qualified traffic engineering firm, prepared a trip generation analysis using standard methodology which showed that the proposed townhomes would be expected to generate less traffic than the approved office redevelopment. Fehr & Peers did also analyze, for information purposes only, a higher density than we have proposed (80-95 homes studied vs 68 homes now proposed). This was not with the intention of asking the City for higher density, but to ensure the results were, if anything, conservative.

Based on the Fehr & Peers analysis, the expected traffic reduction relative to the approved commercial/residential uses will be significant (with related reductions in air quality, greenhouse gas and noise impacts that are associated with traffic):

- a. Based simply on reduction in density, the total daily trips for 68 townhomes are less than half of the total daily trips for the currently approved land uses.
- b. In terms of shifts in direction, the reduction in density offsets the shift in traffic direction, such that the change in use would not make either direction worse, and results in a significant reduction in the trips leaving in the morning, and returning in the evening.
- c. Even though we expect a significant reduction in traffic trips, we are not seeking any reduction in the amount of the traffic fees paid under the Master Development Agreement for the shared off-site traffic improvements.

Affordable Housing

FCRRD appears to be confusing our proposal with the use of the State Density Bonus Law, which we are not proposing to use. We are proposing to provide 20 percent affordable units, as required by the City's General Plan Housing Element and the current Master Development Agreement, which will be sold at below market rate. The cost differential will be borne entirely by the applicant; no City or public funds have been requested.

We are not requesting any concessions or bonuses in connection with our proposal to provide 20 percent affordable units. There is no "parking reduction" in the approved Pilgrim Triton Master Plan, nor does the Master Plan require shared parking between the office and residential uses.

Interestingly, FCRRD seems to be questioning whether adequate affordable housing will be provided, while simultaneously attacking the very concept of affordable housing. This section on affordable housing indicates that the author does not understand what we have proposed, or how the City's BMR program would be implemented. The price of a BMR home would be determined by the City, not the applicant. Market rate pricing is not set by an applicant; it is set by the market. Given the comments, we have to question where they stand on affordable housing. We stand by our commitment to provide 20 percent on-site affordable housing, and we stand by our belief that this diversity in housing is a tangible benefit to Foster City.

Schools

FCRRD questions the projected enrollment we included with our fact sheet. This fact sheet (that they refer to as our "promotional materials") included sources for data which was provided. We applied the same rates included in the San Mateo-Foster City School District's Projected Enrollments for 2014 to 2024, prepared by Enrollment Projection Consultants on January 26, 2015. We used rates for "attached" units rather than "detached" units, since townhomes are "attached." If this concept is studied further, we will provide any required information to the City or School District to evaluate and confirm potential enrollment projections associated with the new homes.

FCRRD also indicates that the SMFCSD has written to the applicant – this is not accurate. The only correspondence we have from the School District is a letter of appreciation thanking us for a donation we made to their summer "Elevate Math" program. The Sares Regis Education and Community Foundation did grant \$15,000 to support Silicon Valley Education Foundation's Elevate Math program in both Foster City and Redwood City schools earlier this year. The funds allow three classrooms to be provided during the summer of 2015 which will provide "at-risk" middle school students with 75 hours of instruction over four weeks. The grants provided by our Foundation "bridged the gap" between funds the school district had to put towards program, and the actual cost to implement the programs.

We are well aware that the SMFCSD is facing enrollment issues and that they are in the process of planning a solution. While our concept is expected to generate a relatively modest number of students, the earliest there may be future families occupying the homes would be 2018. Our concept is expected to pay \$370,000 in school impact fees in 2018, as opposed to only \$180,000 for an office redevelopment project. Redevelopment of the property will also generate significant additional property tax revenue, which provides additional funds available to SMFCSD.

Water Use

An initial analysis by our civil engineer, Wilsey Ham (the same civil engineer who has worked on the Pilgrim Triton Master Plan and Phasing Plan), indicates that our concept for 68 townhomes will have a negligible, if any, impact on the total allocated water consumption for the Pilgrim Triton Master Plan area assumed by the certified EIR in 2008 (i.e. the proposed residential use and approved office use will be equivalent). The Pilgrim-Triton Master Plan EIR estimated that residential water usage would be 116,688 gallons/unit/year (320 gallons per day). Although commercial water use is typically estimated to be lower than residential use on a per square foot basis, the proposed square footage of our residential concept is significantly less than the approved commercial square footage which results in the negligible difference in actual water use. Ultimately, if we proceed, the environmental review process would provide and confirm this information.

Much has been written about the best way to address California's water supply challenges while maintaining the economic vitality of the State. One of the most agreed-upon approaches is the use of water conservation. In a recent media release from the State Water Resources Control Board, the article states that on average, 50% of total residential water use is outdoors. Our current proposal to build 65-70 townhomes on a 3.6 acre site would use only drought-tolerant, native planting with drip-irrigation to minimize the use of potable water. And, unlike the existing office buildings and improvements, as new construction the townhomes will be designed to meet current, far more stringent requirements. No lawn or turf would be included in the landscape plan. If the proposal were to be approved and built, we would also consider installing a reclaimed-water irrigation system (purple pipe) parallel to the irrigation mains in preparation for connection to a reclaimed water system when it becomes available.

Since townhomes have less outdoor area associated with each unit, townhomes use less water than single family homes. The West Valley Sanitation District in San Jose recently conducted a study of water usage records in effort to set sewer rates. Their study concluded that multi-family households (144 gallons per day) use approximately 23% less

water than single family households (186 gallons per day) in their service area. With the many water conservation techniques and products available for new construction, and based on current standards, new homes are much more water efficient than equivalent sized existing, older homes.

Conclusion

FCRRD seeks more factual information/statistics and they question certain details and preliminary estimates that we have submitted. We believe these questions can and will be properly addressed as part of the land use study process we are requesting. We are looking forward to working with the City and interested stakeholders during this process.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D Hopkins', with a long horizontal line extending to the right.

David Hopkins
Senior Vice President
Sares Regis Group of Northern California, LLC
Regis Homes Bay Area, LLC