



Item 3.1: Lot 12 Remaining Development Priorities

City Council Study Session
October 13, 2020





Purpose

Council to provide direction on remaining development priorities for Lot 12.



Background

- | May 2020: Council selected Related/Alta Housing as preferred developer for Lot 12, with three remaining items discussed:
 - | On- or off-site replacement of the 160 public parking spaces.
 - | Evaluation of child care as part of Lot 12 development.
 - | Measure A funding, tenant population, live/work preference.
- | Direction to return to Council in Study Session to finalize remaining items.
- | Ongoing meetings held with Developer over past few months.



Developer Submittal Summary

- | 120 residential units; all affordable to 80 percent AMI or less.
- | 85 residential spaces.
- | 4,250 sq ft of non-residential/community-serving commercial use.
- | 160 replacement parking spaces, on- or off-site via \$10 million ground lease payment to City.
- | Total City subsidy request from \$4.25 million to \$12 million for affordable housing and non-residential uses.



COVID-19 Considerations

- | Increased need for stable, affordable housing.
- | Increased subsidy gap due to decline, uncertainty of funding.
- | Uncertainty in Downtown parking demand.
- | Child care operations and financing are in flux.



Replacement Parking

- | Innovative ground lease payment appears viable.
- | Some cost savings to Lot 12 if parking replaced off-site.
- | Quicker delivery of affordable housing with off-site replacement.
- | If spaces replaced off-site, incorporate into Downtown Parking Strategy.
 - | Details of a third parking facility determined through separate process.
- | Recommendation: move forward with \$10 million ground lease payment and replace the parking off-site.



Replacement Parking

Question 1: Does Council support staff's recommendation for the replacement of the Lot 12 public parking off-site?



Child Care

- | Child care operations/financing are in flux.
- | Incorporating child care will impact physical design of Lot 12:
 - | Location.
 - | Interior/exterior space and requirements.
 - | Parking, queueing, drop-off/pick-up.
 - | Adjacency to residential neighborhood.
- | Resumption of services needed as part of economic recovery.
- | Developer will continue to evaluate child care as part of Lot 12.



Measure A

- | Developer submitted three financing scenarios in RFP response.
- | Scenarios 1 and 2 recommended for consideration:
 - | Both Scenarios serve households earning 80 percent AMI or less and use several different funding sources.
 - | Scenario 2 includes Measure A but Scenario 1 does not.
- | Measure A funds permanent supportive housing (PSH) and rapid rehousing (RRH).
 - | Limits City's ability to implement live/work preference on those units.
 - | Targeted marketing/outreach to MV residents would be conducted.



Measure A

- | If Council supports Measure A, three possible project types:
 - | Type I: 50 percent of units for PSH, with long-term operating subsidies.
 - | Type II: One-third of units for PSH and/or RRH.
 - | Programmatic approach: Achieve up to 250 units of PSH/RRH Citywide.
 - | Lot 12 could include less PSH/RR units and count towards Citywide total.



Measure A

| Other considerations:

- | Potential limitations on live/work preference even without Measure A.
- | Measure A may be one of few external funding sources that could help close increased subsidy gap.



Measure A

Question 2: Does Council support Measure A funding for Lot 12? If so, should the Developer apply for a Type 1 project, a Type 2 project, or work with County and staff on a possible third option as mentioned above?



Next Steps

- | Begin 90-day Exclusive Right to Negotiate process, with Developer payment of nonrefundable \$50,000 deposit.
 - | 60-day extension if negotiations are not complete but progressing, requires additional nonrefundable deposit of \$25,000.
- | Early 2021: Return to Council regarding terms and authorization to enter into DDA and ground lease.



Summary of Council Questions

Question 1: Does Council support staff's recommendation for the replacement of the Lot 12 public parking off-site?

Question 2: Does Council support Measure A funding for Lot 12? If so, should the Developer apply for a Type 1 project, a Type 2 project, or work with County and staff on a possible third option as mentioned above?



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