

COMMUNITY MEETING NOTES – MARCH 21, 2019

Questions

1. Market-rate units do not take into account for inflation over time?
  - a. \$1M for a unit
2. Is there going to be some way to mitigate all applications doing one direction of AMI?
  - a. Every individual project needs to meet the 65 percent AMI weighted average
3. Can an application suggest fewer units than 15 percent but at lower income level?
  - a. No. Still 15 percent but meet 65 percent AMI weighted, but can request
4. Equivalent, is it in terms of value to developer?
  - a. Yes, not subsidy required for City to build.
5. Since this is for fractional units only, won't the developer always pay that amount?
6. When is a project deemed complete?
  - a. When you turn in the full review package
  - b. Planning has not issued "completeness" letters
7. What is rationale on the gatekeeper projects being grandfathered?
  - a. Gatekeeper projects may have been subjected to higher requests at the time
  - b. Since the applicant is asking for change of law, then Council can reserve right to change the requirement
8. Will the number of units at x requirements be part of the agreement? When marketing the project, it is better to get at the exact rent levels
9. For multi-phased projects, the BMR obligations must be delivered in full prior to issuance of first building permit?
  - a. Yes, trying to build clear parameters, but some flexibility
10. The comparison cities that have higher BMR requirements, are they working there?
  - a. Challenging to get ownership units to work
  - b. On rental, those that are requiring very low-income are very hard (unless also doing DB), but overall working out better than ownership

## Notes to consider

1. **Comment:** If splitting at 15 percent between two different groups, then it is difficult to have it be representative in the unit mix (1 beds, 2 beds)
2. **Comment:** Does bedroom size have to be the same between market rate and affordable?
3. **Comment:** Is the requirement being more stringent on density bonus projects?
4. **Comment:** Reconsider whether gatekeeper projects should/should not be grandfathered
5. **Comment:** Time of delivery in alt mitigation, can we build in flexibility to do off-site options prior to issuance of building permit?
6. **Comment:** How is BMR ownership unit monitored to remain BMR? Increasing threshold still being considered?
  - a. For-sale on-site BMR just doesn't make sense because one family "wins the lottery," less bang-for-buck compared to having it go to rental BMRs
  - b. Any resale would be kept at BMR
  - c. Palo Alto Housing does monitor ownership and tenure, annually, everything except income
7. **Comment:** Monitoring on rentals? There ought to be a margin for those HHs that increase their income say from 80 percent to 84 percent AMI
8. **Comment:** Has the City considered on-site, for-sale units that are rented at BMR? To be owned by City or nonprofit?
  - a. Examples in San Carlos
9. **Comment:** Community land trust?
  - a. It would be possible to work in conjunction with this program.
10. **Comment:** Alternative mitigations if providing off-site, does it need to be like for like? (on-site versus off-site?)
11. **Comment:** When speaking to Council, will you discuss the subsidy approach? e.g., discuss with them how much it would cost City to build a BMR unit (it could be more efficient for them to build it instead of having developers integrate it in

12. **Comment:** Council has indicated desire to target specific groups, such as teacher, public safety housing, but difficult under Fair Housing Law
  - a. Disparate impact and source of income: It depends on how the demographics of that group compares to the rest of the community
  - b. School districts can do so on their land, for example, as a workaround
  
13. Additional topics
  - a. Demolition/displacement
    - i. Ought to be tied to “no net loss”
    - ii. Has seen pattern of rental projects being demolished to make way for ownership projects (rowhouses)
    - iii. Nondisplacement land, does not really just come out of land purchase price. Office property owners, for instance, would just opt to keep their current revenue. And, there’s no greenfield opportunities
    - iv. Examples:
      1. San Jose 1:1 replacement policy: 1:1 OR higher BMR requirement
      2. Trinity in SF
  - b. Assisted living memory care
    - i. Would be subject to commercial impact fee instead of this program
    - ii. Examples:
      1. Los Altos, ask Zach Dahl, on the “Terraces”
      2. Palo Alto “Sunrise”
  - c. Condo mapped rental projects
    - i. Historically, Council has defaulted to treating it as ownership (particularly when impact fee was possible), but now with current dynamics, will revisit with Council
      1. Will there be a fee-out option upon conversion?

WC/3/CDD  
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