



CITY OF EAST PALO ALTO
OFFICE OF THE CITY MANAGER
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Informational
Report
Item: #8J

City Council Agenda Report

Date: May 7, 2019
To: Honorable Mayor and Members of the City Council
Via: Jaime Fontes, City Manager
From: Sean Charpentier, Assistant City Manager
Patrick Heisinger, Community Development Director
Subject: Semi-Annual Affordable Housing Strategy Progress Report 2019-1

Recommendation

Receive the semi-annual progress report on the Affordable Housing Strategy.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

- Priority #3: Increase Organizational Effectiveness and Efficiency
- Priority #6: Create a Healthy and Safe Community

Background

Affordable Housing Week is a national movement that engages and informs communities about actions they may take to increase their local supply of affordable housing. In honor of Affordable Housing Week, which will be observed from May 11 to May 19, 2019, staff has prepared the first semi-annual report reviewing progress in accomplishing the goals established in the City of East Palo Alto Affordable Housing Strategy (Strategy).

On October 16, 2018, the City Council adopted the Strategy, a policy document that describes the City's affordable housing goals and objectives over a five-year period. The goals and actions are both quantitative and qualitative in nature, providing staff with clear direction on a multitude of initiatives which, as a whole, will address the local need for affordable housing.

The Strategy includes ten (10) overarching goals:

1. Adopt the Strategy
2. 500 New Deed-Restricted Units
3. 200 Preserved Deed-Restricted Units
4. 80 Housing Opportunities for the Homeless
5. Re-establish the City's Inclusionary Housing Ordinance
6. 50 Additional 2nd Units and/Garage Conversions
7. 50 Housing Rehabilitations or Solar/Electric Vehicle Installations for Single Family Owner-Occupied Homes
8. Add Capacity for Stewardship and Monitoring of Affordable Housing Assets
9. Transparency and Reporting
10. Increase the City's Voice in Housing Advocacy Efforts

In addition to the goals, the City Council adopted a comprehensive Work Plan and Timeline (Attachment 1) comprised of 50 actions that are necessary to complete the Strategy's main objectives. To ensure that the Strategy features achievable outcomes, staff provided an anticipated timeline for completion of each action.

As noted in Goal 9, staff is committed to transparency and reporting regarding progress and activities related to the Strategy. The Workplan and Timeline provides a visual mechanism for planning and tracking all goals and actions described in the Strategy. Staff also developed the Affordable Housing Strategy Dashboard (Attachment 2) which illustrates progress in achieving the quantitative goals outlined in the Strategy.

Finally, staff will provide semi-annual updates to the City Council on the status of the Strategy, Workplan, and Timeline. The purpose of this memorandum is to provide the City Council with the first such comprehensive update on the Strategy, highlights to date, and current initiatives.

Analysis

Since the adoption of the Strategy, staff has completed **21** actions and has made progress on **18** others, leaving **11** outstanding actions yet to be initiated. As noted in the Workplan and Timeline, many of the pending actions were anticipated to occur later in the 5-year Strategy timeline.

Key Accomplishments – Adoption to Present

During the first reporting period, staff made significant progress, particularly in a number of high-priority actions, as described below:

Light Tree Apartments

- City Council approved the Light Tree affordable housing project.
- Staff completed the City's first application for funding to the Affordable Housing Sustainable Communities (AHSC) program; status update available in late May.
- City Council approved the appropriation of Catalyst Funds to the project.
- Actions will lead to 91 new and 94 rehabilitated/preserved apartments.

965 Weeks Street

- City Council designated MidPen Housing as the future developer for the project.
- Staff and developer held a community meeting to obtain initial neighborhood input.
- City initiated the process of developing an Exclusive Negotiation Agreement (ENA) with MidPen – City Council consideration of the ENA is expected on May 21, 2019.

Peninsula Park Apartments

- Facilitated the refinancing and extended the affordability period of the project which includes 65 deed-restricted affordable apartments.
- The Developer, Bridge Housing and EPACANDO, have committed to re-investing in the property to address maintenance issues.
- City negotiated a one-time loan repayment in the amount of \$714,000.

RV Safe Parking Pilot Program (RVS3P)

- Completed construction of the Tanklage site.
- Project WeHOPE moved the first residents of the project in on May 1, 2019.

Outreach to the Faith Leaders and Affordable Housing Entities

- Staff hosted a meeting with community leaders to identify potential affordable housing partnerships.
- More than 50 individuals and stakeholders attended.
- City staff has addressed numerous inquiries regarding potential partnerships that could lead to an affordable housing development on church property (or other place of worship).

Local Preference Working Group

- Staff held three community meetings and two working group meetings.
- Still targeting City Council policy consideration in Summer 2019.

2nd Units & Garage Conversions

- City reviewed, processed, and approved six (6) units.
- Encouraged several key City partners to host a community outreach event in EPA where the community could learn how to do an ADU in EPA.
- Several City partners including Rebuilding Together Peninsula and Faith in Action have been working diligently in this area to assist City residents.
- Hosted eight (8) monthly meetings with various partners actively working on 2nd Units.

Solar Installations

- GRID Alternatives installed 22 solar systems for eligible households.
- GRID Alternatives installed four electric car charges for eligible households.

Capacity Building and Stewardship

- City identified several consultants to help increase and preserve the supply of deed-restricted affordable housing.
- Entered into contract with EPACANDO for the purposes of managing the City's Below Market Rate (BMR) portfolio.

Acquisition of 1765 East Bayshore #218

- City purchased the Below Market Rate (BMR) unit located at 1765 East Bayshore #218 in an effort create a homeownership opportunity for an East Palo Alto household.

Homelessness Response

- In partnership with the County and others, including as LifeMoves and Project WeHOPE, provided essential services to 65 unduplicated homeless individuals:
 - Contact and engagement for future services – 33
 - Case management services – 20
 - Placement in a housing opportunity – 27 (includes those in the RVS3P)
- The Samaritan House South provided emergency financial assistance to 70 East Palo Alto households (170 individuals).

Priority Initiatives – Next Reporting Period

Having advanced several key initiatives to date, staff will focus on the following priority actions over the next two quarters:

Re-Establish the City's Inclusionary Housing Ordinance

Elsewhere on today's City Council Agenda, staff will be seeking guidance from the City Council about proceeding with one of the Strategy's key goals of re-establishing the City's Inclusionary Housing Ordinance. After receiving the initial direction on May 7, staff anticipates that one month will be required for the City's consultant to conduct analysis and an additional month will be required for community outreach. Staff expects to return to the City Council in late July for an update and in September for consideration of an updated inclusionary housing program.

965 Weeks Street

The City and MidPen Housing/EPACANDO (Developer) will be advancing the 965 Weeks Street project. Anticipated activities in the next six months include: community outreach, the Developer's submission of a Planning Pre-Application to the City, and initiating several studies as required by the City's entitlement processes for new projects. Staff intends to complete the ENA and predevelopment loan to the Developer.

Local Preference Working Group

The Local Preference Working Group will finalize its recommendations and staff will seek City Council consideration on a potential local preference.

Identify the Next 100% Affordable Housing Development

The Light Tree and 965 Weeks projects are expected to yield approximately 230 new deed-restricted units in East Palo Alto. To meet the City's goal of developing 500 new income-restricted units by the end of the year 2023, the City must yet identify 270 additional deed-restricted units. Staff has engaged with affordable housing developers who are interested in developing in East Palo Alto. While there are already some promising leads, staff anticipates that more information will be available prior to the end of the calendar year, when the next semi-annual update will be provided. Staff may also seek City Council approval to issue a Notice of Funding Availability (NOFA) to identify the next project.

Light Tree Apartments Project

Staff will need to finalize and execute various documents associated with the closing of construction financing for the Light Tree Apartments project. Further, if the City's Affordable Housing and Sustainable Communities Program (AHSC) application is funded, staff will need to return to the City Council to finalize various legal documents connected to the AHSC funding.

Housing rehabilitation options for eligible East Palo Alto homeowners

Within the Strategy, staff committed to researching options for implementing a housing rehabilitation program in East Palo Alto. This type of program would provide low interest loans to income eligible property owners that could be used to address health and safety issues within their home. Some typical improvements include: new roofs, siding, kitchen appliances (fixtures), heating, plumbing, and electrical work. City staff has initiated conversations with Habitat for Humanity who has expressed interest in potentially partnering to administer a housing rehabilitation program. To advance this effort, staff will monitor various NOFAs to identify a source of funding that may be ideal for this purpose. Staff anticipates the State will issue a NOFA in late-Fall and will return to City Council to seek approval for the application prior to the NOFA due date.

Issue Request for Proposals/Qualifications for Tenant Outreach and Education

The City Council has expressed interest in identifying a partner to work with the City's tenant population to create a tenant network that could improve tenant participation in the City's government decision making processes. The selected partner would seek to improve channels of communications to allow the tenant community to voice their concerns and increase awareness amount the City's tenant population regarding housing resources in the City and throughout San Mateo County.

Accessory Dwelling Unit (ADU) "One Stop Shop" Pilot Program

In April 2019, the County of San Mateo established the "One Stop Shop" Pilot Program (Program) with the goal of increasing the number of ADUs in the County. The Program will provide technical support to homeowners who are interested in building an ADU on their property. The County of San Mateo is offering matching funds of \$50,000 to support up to five local jurisdictions in the County. Elsewhere on today's agenda, staff is seeking City Council approval to participate in the Program. If selected, staff would coordinate with the County to establish the Program as soon as possible.

Fiscal Impact

There is no net fiscal impact with the activities discussed in this memorandum.

Public Notice

The public was provided notice of this agenda item by posting the City Council agenda on the City's official bulletin board outside City Hall and making the agenda and report available at the City's website and at the San Mateo Co. Library located at 2415 University Avenue, East Palo Alto.

Environmental

Selection of consulting firms for technical work is not considered a project under the provisions of the California Environmental Quality Act (CEQA).

Attachments

1. Affordable Housing Strategy Workplan and Timeline
2. Affordable Housing Strategy Dashboard