

East Palo Alto Local Preference Policy Administrative Guidelines

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Introduction

The Affordable Housing Local Preference Policy (LPP) establishes a local preference to assist people who live or work in East Palo Alto, or who were displaced from a residence in East Palo Alto, to receive a preference for affordable housing units.

The LPP applies to units created under the City of East Palo Alto's Inclusionary Zoning Ordinance or Density Bonus requirements or supported by the City of East Palo Alto through funding, land, or other financial support. Developments that are leasing up on or after February 1, 2025, are required to implement preferences, in initial lease-up, waitlists, and resales. Developments that are reopening waitlists after February 1, 2025, and had initial lease up *prior* to February 1, 2025, will be encouraged, but not required, to participate.

Resolution 06-2025 established the following criteria for qualifying for the local preference:

- Lives in East Palo Alto
- Works in East Palo Alto
- Displaced from a residence in East Palo Alto

Definitions

- A. "Affordable Housing" or "Affordable Unit" shall mean restricted residential property where the rent or sales price is limited by a deed restriction and/or regulatory agreement.
- B. "Area Median Income" or "AMI" means the median family income of a geographic area of the state, and in particular, for San Mateo County as published by the County of San Mateo.
- C. "City" shall mean the City of East Palo Alto.
- D. "City Supported Affordable Housing" shall mean Affordable Housing that receives financing, land, or ground lease property interest from the City of East Palo Alto for new construction, rehabilitation, or for acquisition and rehabilitation.
- E. "Household" shall mean any person or persons residing or intending to reside in the same Unit, whether related or not.
- F. "Inclusionary Housing" shall mean Affordable Units restricted by the City because of the City of East Palo Alto's Inclusionary Zoning requirements.
- G. "Local Preference Guidelines" shall mean these guidelines adopted by the City Manager pursuant to Section VIII of this Policy.

- H. “Lower-Income Household” shall have the definition given in California Health & Safety Code section 50079.5 and generally understood to be less than 80 percent of area median income.
- I. “Owner” shall mean any person or entity having a legal right of ownership or rights under a ground lease in real property, or their agents responsible for the management and leasing of the property to residential tenants.
- J. “Preference Units” shall mean those affordable units to which the Local Preference is applied.
- K. “Qualifying Documents” shall mean documentation establishing an applicant’s first and last name and current address where they reside, as further defined in these Local Preference Guidelines.
- L. “Set Aside Units” shall mean affordable units that are filled through case management, for example by referral from a homelessness services provider.
- M. “Unit” shall mean a portion of a building designed for, or intended for the exclusive use of, persons living as one household.
- N. “Unit Type” shall mean an affordable unit, by both income maximum and number of bedrooms.
- O. “100% Affordable Housing Projects” are those projects where all units are income restricted, except for a manager unit or units.

Overview of the Local Preference

Applicants only need to qualify for one of the preference criteria to receive the Local Preference. To qualify for the local preference, an applicant must:

- Reside in East Palo Alto: At least one member of the applicant household’s principal place of residence is within the City of East Palo Alto as of the date of application for housing; or
- Work in East Palo Alto: At least one member of the applicant household currently works or has received an offer to work within the City of East Palo Alto for at least 20 hours per week; or
- Be involuntarily displaced from a residence in East Palo Alto: The applicant household must include at least one adult member whose principal place of residence was a housing unit within the City of East Palo Alto until they were displaced from that unit for any of the following reasons:
 - Natural Disaster declared by Governor;

- Domestic Violence;
- City Code Enforcement Activities;
- A “No Fault” Eviction from a rental unit in East Palo Alto;
- A 10% or higher increase in rent; or
- As a result of a foreclosure sale or a deed in lieu of foreclosure from an owner-occupied home.

More details on the qualifying for the local preference can be found in the documentation requirements.

Applicability of Preference to Affordable Units

The LPP shall be applied only to the extent allowed by Fair Housing law and other government agency funding sources.

For Inclusionary Housing and Density Bonus units, the local preference shall apply to all affordable units at initial lease-up or sale of the residential development and continuing thereafter throughout the term of the affordability restriction.

For 100% Affordable Housing Projects, the local preference shall apply to 50% of the Affordable Units at initial lease-up or sale of the residential development and continuing thereafter throughout the term of the affordability restriction. With the permission of the City Manager, this percentage may be adjusted for a specific project, through the completion of a disparate impact analysis. All developers are encouraged to conduct such a study. Where a developer chooses not to, the developer shall submit a letter to the City explaining why for the City Manager’s review and approval. When making the decision to require a study, the City Manager may take a number of factors into account when making the decision, including but not limited to the size of the project, the percentage of local residents accessing units in recent affordable developments, and requests from the community. Such an analysis shall adhere to the general standards established for such analyses by the U.S. Department of Housing and Urban Development and the U.S. Department of Justice Civil Rights Division.

The Local Preference Policy applies to all affordable units, regardless of any set aside. For example:

Number of Affordable Units:	100 units
Units with a set aside:	15 units
Units with no set aside:	85 units
Units with the local preference (50% of all units):	50 units
Percent of units with no set aside to which local preference applies:	$50/85 = 59\%$

Application and Lottery Process

- Step 1: Applicant completes an on-line or paper application and selects the preference qualifications they believe they are eligible for.
- Step 2: A lottery is conducted by the leasing/marketing agent, and a random number generator is used to assign all applicants, regardless of preference, a number.
- Step 3: For the units with the local preference, the leasing/marketing agent sorts the lottery list based first on the income eligibility (AMI) and the bedroom type (the “Unit Type”), then local preference eligibility and finally by the lottery number (lower to higher). Applicants eligible for more than one Unit Type may appear in more than one list.
- Step 4: The leasing/marketing agent begins the process of confirming both the eligibility and preference for each applicant, starting in order of the above sort. The applicant shall provide sufficient documentation to establish both eligibility for the Unit Type and the local preference. Applicants deemed ineligible for a specific Unit Type are removed from the list for that Unit/Unit Type. Applicants who are not able to establish the local preference, but who are otherwise eligible for the unit, are resorted accordingly.
- Step 5: The leasing/marketing agent continues the process outlined in Step 4 until all the preference units have been filled. All remaining applicants are then eligible for any available Unit, including preference Units if such Units are not filled by applications having a preference, and are sorted by their eligibility for a Unit Type and their lottery number, with no consideration of their local preference eligibility.

Documentation Required

Preference Criteria	Documentation Required
Reside in East Palo Alto	<p>Applicant must provide at least two of the following:</p> <ul style="list-style-type: none">• Lease agreement• Telephone bill• Electric Bill• Cable or Internet Bill• Other Utility Bills (water, trash, etc.)• Voter Registration <p>Unhoused residents of East Palo Alto may receive this preference with written evidence from a government agency or social service provider that the resident received homelessness services in East Palo Alto or had had an East Palo Alto home as their previous address.</p>
Work in East Palo Alto	<p>Applicant must provide at least one of the following:</p> <ul style="list-style-type: none">• Employment verification from an employer

	<ul style="list-style-type: none"> • Three most recent months of paystubs, including the number of hours worked and address of the employment location • A written offer of employment including the address of the employment location
Involuntarily displaced from a residence in East Palo Alto	<p>Applicant must provide one of the following:</p> <p><u>Natural Disaster:</u> Certification from a unit of government, such as FEMA.</p> <p><u>Domestic Violence:</u> Certification from local police, social service agency, court, clergy, physician, public or private shelter, or counseling facility concerning displacement due to domestic violence, fear of reprisal, or hate crime.</p> <p><u>Housing Code Enforcement Activity:</u> Documentation from the City and/or landlord. Displacement due to code enforcement activities includes situations in which a tenant vacates a unit in response to a notice to vacate, notice to abate a life-threatening condition, or declaration of substandard condition issued by the City or a court.</p> <p><u>“No Fault” Eviction:</u> Copy of an eviction notice or a copy of a court order or judgment in the unlawful detainer proceeding or other official records documenting the reason for the eviction, and proof that the eviction occurred within a year of the application for housing.</p> <p>Applicants who were evicted due to cause, such as nonpayment of rent or breach of the rental agreement, shall not be eligible for this preference.</p> <p><u>10% or Greater Rent Increase:</u> Copy of a rent increase notice and evidence of a subsequent change of residence, and proof that the increase in rent occurred in the last 12 months prior to the application for housing.</p> <p><u>Foreclosure:</u> Those who were displaced because of a foreclosure sale or a deed in lieu of foreclosure after 2005 are qualified for the displacement preference and shall provide:</p> <ul style="list-style-type: none"> • Address of the property and year of move-out; • Name of adult(s) who owned the property; and • Either:

	<ul style="list-style-type: none"> ○ Notice of Trustee Sale (legal notice of foreclosure), or ○ Deed In Lieu of Foreclosure (recording of deed transferring the property to the lender) <p>If the applicant's name is not on the Notice of Trustee Sale or the Deed In Lieu of Foreclosure (example: the parents owned the house), they will also need to submit proof that they lived at the property (example: school records).</p>
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Notification of Eligibility and Appeals

Upon determining eligibility, the Owner shall notify the applicant of their eligibility for the local preference. Any disagreement over the eligibility of the applicant for the local preference shall be reviewed and determined by the Director of Community Development as defined in the Local Preference Guidelines.

Interaction with Disability Preferences

Where units are created with features that meet the needs of those with a particular disability (mobility, vision, or hearing) ("Accessible Units"), those who would benefit from the accessibility features of the unit shall receive a preference for those units. In implementing this preference on units with a local preference, applicants shall be ranked in the following order:

- 1) Disabled, has local preference
- 2) Disabled, does not have local preference
- 3) Not disabled, has local preference
- 4) Not disabled, does not have local preference

Marketing

All marketing materials shall clearly outline the preferences available for the Affordable Units, including the following:

- Criteria for qualifying for the local preference
- A clear statement that the documentation will be required after the lottery and before the rental or purchase
- A statement that the local preference is a preference, not a requirement, and anyone who believes they are otherwise qualified for the Affordable Units should apply.

To support the City's fair housing goals and expand access, rental housing developers are required to post their developments on [Doorway](#), the regional affordable housing listing service. At the time of this writing, Doorway only advertises rental properties, but as the website's capacity expands, developers may be required to complete their lotteries through Doorway, and homeownership projects also would be required to market via Doorway. As a result, some of the steps in the application and lottery process may be handled by Doorway, rather than the developer.

Turn Overs, Resales, and Waitlists

Rental Unit Turnovers

For affordable rental units, a waitlist will be created at the initial lottery, which shall expire one year after the initial rent up of the units is complete. Upon expiration or exhaustion of this list, whichever comes first, a new lottery will be held for units upon turnover. The local preference policy will also apply to the creation of this new lottery list. As with the initial lease up, each lottery list expires after one year. If a waitlist was created because of advertising for one specific type of unit, by either AMI or bedroom type, that waitlist may only be used to fill another unit of the same AMI and bedroom type.

For drawing on an existing waitlist, preferences should be applied as provided for in the regulatory agreement. For example, if a Tenant Selection Plan specifies that 50% of lottery-allocated units in the property should have preferences applied, property managers should fill the waitlist to ensure 50% of lottery-allocated units in the building continue to have preferences applied. For example, the preference could be applied for every other unit.

Homeownership Resales

After the initial sales of homeownership units created under this policy, a waitlist does not need to be maintained. Upon the resale of an affordable homeownership unit, a new lottery list is to be created. Monitoring and Reporting Requirements

Leasing and sales agents will be required to share demographic and preference data with the City through a lease-up/sales summary when the Affordable Units are initially occupied, in a form approved by the City. For rental projects, properties are also responsible for providing tenant preference data on their Annual Compliance Report. This information will be used by the City to generate annual reports on the LPP with aggregate data. No personal information will be collected or published.

Regulatory Documents

The LPP requirements will be integrated into each development's affordable housing and regulatory agreements and spelled out in the Fair Housing Marketing Plan and, for rentals, the Tenant Selection Plan.