



REQUEST FOR PROPOSALS (RFP)

Inclusionary Housing Ordinance Analysis and Update

Date Released: Wednesday, October 1, 2025
Deadline: Monday, October 27, 2025 at 12:01pm

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I. OVERVIEW

The City of East Palo Alto requests proposals from qualified organization(s) or firm(s) to conduct a comprehensive analysis of the City's Inclusionary Housing Ordinance (IHO) and program guidelines. The purpose of this Request for Proposals (RFP) is to identify an independent third-party to review, evaluate, and recommend improvements to the City's IHO, procedures, and program guidelines, with the goal of supporting affordable housing production, fair housing, and long-term program sustainability while meeting the City's Regional Housing Needs Allocation (RHNA) targets. The selected consultant will be expected to provide actionable recommendations based on best practices, data analysis, and robust community and stakeholder engagement. The scope does not include an inclusionary housing feasibility study. The City is participating in the 21 Elements Grand Nexus study, but the consultant would be expected to analyze and incorporate the results of that study in their assessment of the City's IHO.

The City Manager will review recommended proposals and reserves the right to change budget amounts, within the limitations of the City's informal bids procedures. The City seeks by way of this RFP to obtain the listed services in a manner that maximizes the quality of services while also maximizing value.

II. BACKGROUND

Inclusionary Housing Ordinance (IHO)

1994 Inclusionary Housing Ordinance

The City of East Palo Alto first adopted an Inclusionary Housing Ordinance (the Ordinance) in 1994, which is codified in Zoning Ordinance Chapter 8.5 as the Below Market Rate ("BMR") Housing Program. This initial ordinance was intended to address the acute shortage of affordable housing and to ensure that new development contributed to the City's housing needs. The 1994 ordinance provided the foundation for subsequent policy development but was limited in scope and did not include detailed procedures for alternative compliance or in-lieu fee payments. Over time, the City identified the need for a more robust and flexible framework to address the complexities of local housing production and market dynamics.

2002 Ordinance Revision

In 2002, the City undertook a significant revision of its inclusionary housing policy, expanding the ordinance to clarify affordability levels, compliance options, and administrative procedures. The 2002 version introduced more explicit requirements for both ownership and rental projects and began to formalize the use of in-lieu fees as an alternative to on-site unit provision. This revision also reflected best practices emerging in other Bay Area jurisdictions and was designed to improve the City's ability to meet its RHNA targets. The 2002 ordinance established a clearer process for developers to propose alternative compliance, such as off-site unit construction or land dedication, subject to City Council approval.

2012 Policy Update

A further update in 2012 responded to evolving state law, regional housing pressures, and feedback from stakeholders. In 2012, the City of East Palo Alto introduced Ordinance No. 354 - An Ordinance of the City of East Palo Alto Amending Chapter 8.5 (Below Market Rate Housing Program) of the City's Comprehensive Zoning Ordinance - at a regular City Council meeting held December 13, 2011, and adopted it at a regular City Council meeting held December 20, 2011. The Ordinance required that new ownership/for-sale projects of 2 or more units must set aside 20% of the total number of units for purchase by households with incomes between 60% and 90% of area median income (AMI). New rental developments of 2 units or more also had a 20% set aside requirement, with units affordable to households with incomes between 35% and 60% of AMI. The Ordinance required 59 years of re-sale controls on for-sale units, and 99 years of rent restrictions on rental units, in order to obtain needed credits for the production of affordable housing units pursuant to State redevelopment law. Payment of fees in lieu of constructing housing ("in lieu fees") was only permissible when a residential development project created four or fewer units.

The Amendments to the Ordinance updated the provisions of the previous ordinance, to allow for the payment of in lieu fees for all rental projects in order to conform to case law. Additionally, it allowed for the optional payment of in-lieu fees for ownership projects. The amount of the fee as defined in Ordinance No. 354 was to be set by the City Council at an amount determined to approximate the cost to the City of providing the affordable units that otherwise would have been required.

The 2012 version sought to align the City's inclusionary requirements with changes in state housing policy and to address legal developments affecting the enforceability of inclusionary requirements for rental housing. Notably, the 2012 update was influenced by the *Palmer v. City of Los Angeles* decision, which temporarily limited the ability of California cities to impose inclusionary requirements on rental developments. As a result, the City shifted its focus to impact fees for rental projects while maintaining inclusionary requirements for ownership housing. The 2012 policy also incorporated lessons learned from program implementation, including the need for improved compliance monitoring and administrative guidelines.

It was the City's intent that this Ordinance would be an interim measure while the City obtained a nexus study that would set a specific fee to be applicable to future residential development projects.

On July 24, 2012, City Council authorized staff to release a Residential Nexus Analysis, and a Financial Feasibility Analysis RFP to identify a qualified consultant to develop a Below Market Rate In-Lieu Fee, and to recommend revisions and modifications to the City's Inclusionary Housing Ordinance on July 24, 2012.¹

Transition to the Current Ordinance (2019 IHO)

The limitations of the prior ordinances, particularly in addressing rental housing and providing clear, legally defensible compliance pathways, led to the comprehensive

¹ See: <http://www.ci.east-palo-alto.ca.us/citycouncil/reports/Jul242012/Item9InclusionaryHousing.pdf>.

overhaul culminating in the November 2019 adoption of Ordinance No. 425, the Inclusionary Housing Ordinance, adding [Chapter 18.37 to the City of East Palo Alto Development Code](#). The current IHO reflects the City's intent to create a unified, enforceable, and adaptable framework that incorporates alternative compliance options, annual in-lieu fee updates, and ongoing alignment with state law and regional best practices.

The updated IHO applies to all new residential development. This new ordinance provides direction and transparency for affordable housing developers and requires payment of in lieu fees from projects with fewer than five units. For projects with five or more units, 20 percent of the units must be deed-restricted. Payout, off-site options, and other alternative options are also available, at 25 percent of required units, with City Council approval.

The program serves an economically diverse set of households. For rental projects, 25% of the Inclusionary Units must be set aside for households at 35% AMI, 50% for Very Low-Income Households, and 25% for Low-Income Households, as defined in Section 18.37.020 of the IHO. For ownership/for-sale projects, half of the Inclusionary Units must be set aside at an affordable sales price to a Median-Income Households and half at an affordable sales price to Moderate-Income Households, as defined in Section 18.37.020 of the IHO. The City has established a webpage with details and guidance on the policy: <https://www.cityofepa.org/housing/page/inclusionary-housing>.

See Table 1 for a summary of the IHO requirements.

Table 1. Inclusionary Housing Compliance Options (2019 IHO)		
Ownership/For-Sale Residential Developments		
COMPLIANCE OPTIONS	OBLIGATION	REQUIREMENT
On-Site	20%	10% of units at Median Income
		10% of units at Moderate Income
Off-Site <i>requires City Council approval</i>	25%	13% of units at Median Income
		12% of units at Moderate Income
In-Lieu Fee <i>requires City Council approval</i>	25%	\$268,800 per inclusionary unit (FY25-26)
Rental Residential Developments		
COMPLIANCE OPTIONS	OBLIGATION	REQUIREMENT
On-Site	20%	5% of units at 35% AMI
		10% of units at 50% AMI
		5% of units at 60% AMI
Off-Site <i>requires City Council approval</i>	25%	7% of units at 35% AMI
		12% of units at 50% AMI
		6% of units at 60% AMI
In-Lieu Fee <i>requires City Council approval</i>	25%	\$299,200 per inclusionary unit (FY25-26)

Inclusionary Housing Guidelines

The Inclusionary Housing Guidelines provide detailed procedures and standards for implementing the ordinance—including eligibility, application, marketing, and compliance requirement—and ensure consistent application of inclusionary housing requirements across projects.

In 2020, David Paul Rosen & Associates conducted an Inclusionary Housing In Lieu Fee Update study that updated the rental and ownership/for-sale in-lieu fees.² Chapters 2A and 2B of the guidelines, available under “Supporting Documents” in the City’s Inclusionary Housing webpage,³ have been annually updated to reflect changes in ownership in-lieu fee and rental in-lieu fee calculations.

Inclusionary Housing Program Outcomes

In 2023, there were 148 Inclusionary Units in the pipeline (under review for entitlement). As of now, only two units have gone through the Building review phase: one ownership/for-sale unit is currently under construction and one rental unit is already leased. The unit currently under construction (2206 Lincoln) is a deed-restricted JADU on a single-family home lot with a home and an ADU, and the unit currently being leased (923 Runnymede) is a deed-restricted ADU on a single-family home lot with a home.

The IHO has provided the City with tools that help meet the City’s regional housing needs allocation (RHNA) goal for constructing lower-income units, and affirmatively furthers fair housing by promoting integration of lower-income households with higher-income households. However, residential developers have identified the City’s IHO as a major constraint that impacts the financial feasibility of their projects due to the inclusionary housing level and the affordability levels. This may be further exacerbated by market conditions outside of the City’s control. As a result, the IHO allows developers to propose Alternative Compliance Options if developing units on-site is not feasible, and encourages developers to build the affordable housing units rather than pay the in-lieu fees.

Developers of recently entitled projects have included approval of an Alternative Compliance Option to increase the feasibility of their project. The most prominent example is the entitled 605-unit Woodland Park Communities Euclid Improvements Project (further described in Appendix D, Sites Inventory, of the City’s [Housing Element](#))⁴ which substituted the 20 percent on-site inclusionary housing requirement with development of an off-site affordable senior housing project of up to 89 units and on-site replacement of 160 rent-stabilized units that would be demolished upon construction of the approved project. Other entitled projects with an approved Alternative Compliance Option are noted in Appendix D of the Housing Element (717 Donohoe, 120-128 Maple Lane, and 270 Lincoln).

² See:

https://www.cityofepa.org/sites/default/files/fileattachments/housing/page/16791/chapter_2c_david_rosen_associates_inlieu_fee_study.pdf

³ See: <https://www.cityofepa.org/housing/page/inclusionary-housing>

⁴ See: <https://www.cityofepa.org/housing/page/housing-element-update-1>

The City acknowledges that along with evaluating the appropriate Compliance Option for each residential project, a periodic assessment of the IHO should be conducted to evaluate changing market and financing conditions and rising development costs. The assessment might suggest the need to adjust the compliance options or allow for greater flexibility in applying these options.

Updating the Inclusionary Housing Ordinance: The 21 Elements Grand Nexus Study

The City of East Palo Alto is participating in 21 Elements' Grand Nexus Study. This multi-jurisdictional study will examine the feasibility of various inclusionary housing requirements, the nexus between commercial development and the need for affordable housing, and the feasibility of a commercial linkage fee. The Community Planning Collaborative in association with the County of San Mateo and the participating cities has selected Strategic Economics for this contract, and the agreements necessary to launch this study are being processed and approved at this time. Based on a preliminary schedule, results of the inclusionary housing feasibility study should be available in the late 2026, with the commercial studies to follow.

Objectives

The objectives of the inclusionary housing analysis are to:

- Review the City's current inclusionary housing ordinance, policies, and procedures.
- Assess the effectiveness of existing inclusionary housing requirements in meeting affordable housing production, fair housing goals, and Housing Element goals.
- Identify barriers and opportunities for improving program outcomes, including legal, financial, and administrative considerations.
- Recommend policy, procedural, and operational improvements to enhance the City's ability to meet its housing goals. This could include recommendations on:
 - Development volume (number of total units) that triggers an inclusionary requirement.
 - Percentage of total units that should be affordable at specific affordability levels.
 - Variations in inclusionary requirements depending on progress toward RHNA targets
- Engage stakeholders, including City staff, elected officials, developers, affordable housing advocates, and the broader community, to inform the analysis and recommendations.

Affordable Housing Strategy and City Council Priorities

Three existing City policy documents inform the Council's priority to update the Inclusionary Housing Ordinance:

1. The [2023-2031 Housing Element](#) (adopted March 19, 2024).⁵ See Attachment 1 to the RFP for more information.
2. The [2024-2028 Affordable Housing Strategy](#) (adopted February 6, 2024).⁶
3. [City Council Strategic Priorities for Fiscal Years 2025-2029](#) (adopted June 3, 2025).⁷

III. SCOPE OF WORK

The scope of work shall include, but is not limited to, the following tasks:

1. Document Review & Policy Analysis

- Review existing City inclusionary housing ordinances, procedures, and related documents.
- Review the regulatory and legal environment of inclusionary housing.
- Review the City's 2023-2031 Housing Element goals, policies and actions related to inclusionary housing.
- Review and engage with the Grand Nexus Study preliminary results.
- Review Grand Nexus Study final results and infer potential ordinance amendments.
- Benchmark against best practices and peer jurisdictions.

2. Program Evaluation

- Assess the effectiveness of current inclusionary housing requirements in producing affordable units, meeting fair housing goals, and meeting Housing Element goals.

3. Data Analysis

- Analyze data on inclusionary housing production, occupancy, turnover, and compliance, primarily utilizing the data resulting from the Grand Nexus Study.
- Identify trends, gaps, and areas for improvement.
- Assist the City in participating in the Grand Nexus study and review the preliminary and resulting analysis so as to make policy recommendations.

⁵ March 19, 2024 City Council Meeting (item 8.1): <https://d3n9y02raazwpg.cloudfront.net/cityofepa/16abdc1d-c609-11ee-8fe8-0050569183fa-3408cd31-ecd7-4429-9d91-65986d552499-1710432004.pdf>.

⁶ February 6, 2024 City Council Meeting (item 9.4): <https://d3n9y02raazwpg.cloudfront.net/cityofepa/816f1e6a-9eb7-11ee-a93d-0050569183fa-39972565-ea93-428b-b9ca-2046ed62e07d-1706747421.pdf>.

⁷ June 3, 2025 City Council Meeting (item 9.2): <https://d3n9y02raazwpg.cloudfront.net/cityofepa/88de242d-ddcb-11ef-a9e2-005056a89546-3408cd31-ecd7-4429-9d91-65986d552499-1748993791.pdf>.

4. Stakeholder & Community Engagement

- Design and implement a robust engagement process, including public meetings, stakeholder group sessions, outreach forums, online surveys, and other appropriate methods to ensure input from diverse community sectors and City staff.

5. Recommendations & Best Practices

- Develop recommendations for policy and procedural improvements.
- Provide draft language for ordinance or policy amendments, as needed.
- Provide draft language for guidelines amendments, as needed.

6. Reporting & Presentations

- Prepare a presentation that outlines how inclusionary housing ordinances work.
- Prepare a comprehensive written report summarizing findings, analysis, and recommendations.
- Present findings and recommendations to City staff, the City Council, and community stakeholders (including other boards and commissions, such as Planning Commission).
- Provide supporting materials, such as data collection forms, surveys, and sample reports.

Deliverables – Ordinance and Guidelines Amendments (Tasks 1-6)

- Analysis Report
- Administrative Draft of Inclusionary Housing Ordinance and Guidelines
- Public Draft of Inclusionary Housing Ordinance and Guidelines
- Final Draft of Inclusionary Housing Ordinance and Guidelines
 - All documents shall be provided to the City in Microsoft Word and .pdf formats.
 - Public information and outreach materials (flyers/mailings announcing public meetings) shall be prepared by the consultant.
 - The City shall be responsible for reproduction and distribution.

Deliverables – Meetings

- a) Developers Meeting (2)
- b) Community Meeting (2)
- c) Joint Planning Commission-City Council Study Session (1, TBD)
- d) Housing Subcommittee or Task Force (1, TBD)
- e) Planning Commission Recommended Adoption (1, TBD)
- f) City Council First Reading (1)
- g) City Council Second Reading/Follow-Up First Reading (1, TBD)
- h) Staff (6)

IV. KEY ITEMS TO ADDRESS IN RESPONSE

The City desires to contract with organization(s) or firm(s) with the necessary expertise to provide the services described. Key components of the proposal should include:

1) Detailed Cover Letter

Provide a one- to two- page overview of the proposal, its highlights and the approach to successfully completing this project. The cover letter shall include a declarative statement that the Respondent has reviewed all aspects of the City's Contractor and Professional Services Agreement, including the City's insurance requirements, and agrees with these documents. If the Respondent has concerns about the City's standard forms, those concerns shall be identified in the cover letter.

2) Experience and Expertise

Identify at least three successfully completed projects of a similar nature. For each project, identify the name of the agency, project manager, phone number, description of work performed and the value of the consulting contract. Provide .pdf copies of completed similar projects. The City shall be authorized to contact the project managers as references.

3) Scope of Work and Detailed Staffing Plan

The consultant is expected to clearly explain the methodology proposed to complete this project. The proposal should include a detailed scope of work, including all project tasks identified in the scope of work section, a detailed schedule, identifying major project milestones, and staffing plan, with personnel assignments and resumés.

Specifically identify the consultant's expected completion date of the following milestones:

- a. Administrative Draft
- b. Public Draft
- c. Final Draft
- d. Ordinance and Guidelines Adoption

4) Fee Schedule

Include a current fee schedule for the type of services and personnel anticipated as part of the scope of work.

5) Cost Estimate

The proposal shall include an estimate detailing the assumptions used to determine the consultant's cost for this proposal, including staffing hourly rate and number of hours per task, and total. Please format the estimate so labor hours for each individual and other direct costs are readily apparent for each task and any subtask.

Once the City has selected a contractor, staff and the selected Respondent(s) will work together to finalize the appropriate scope of work and budget subject to City Manager's

approval.

V. SELECTION CRITERIA

A selection committee will review and rank all the proposals received. The top-ranked Respondents may be asked to participate in a virtual interview. The selection committee will make a recommendation to the City Manager or City Council for final decision.

The successful organization will be selected on the basis of professional qualifications and demonstrated competence. The following will be considered during evaluation of proposals:

- **Experience and Qualifications (30 points):**
 - Demonstrated experience with inclusionary housing, affordable housing policy analysis, and program administration for public agencies.
 - Qualifications of key personnel assigned to the project.
- **Approach and Methodology (30 points):**
 - Well thought-out, comprehensive approach to the project.
 - Responsiveness to the City's objectives and specific needs.
 - Robust community and stakeholder engagement plan.
- **Understanding of City Objectives (20 points):**
 - Proposal demonstrates a clear understanding of the City's goals for inclusionary housing and affordable housing production.
- **Cost Proposal (20 points):**
 - Reasonableness and competitiveness of fees and cost proposal (cost is not determinative but will be considered).

VI. REVIEW PROCESS

Event	Date
Release of RFP	Wednesday, October 1, 2025
Deadline to Submit RFP Questions	Monday, October 13, 2025
Written Response to RFP Questions	Wednesday, October 22, 2025
RFP Submittal Due Date	Monday, October 27, 2025
Potential Interviews of Respondents	Week of October 27, 2025 or later
City Council Consideration	December 2, 2025 or later
Execution of Contract	Anticipated between 30-60 days after City Council consideration
Start of Contract	Anticipated January 2026 or later

1. **Number of copies.** One pdf file of the proposal is required.
2. **Maximum Page Count.** The proposal should have a maximum page count of ten (10), excluding resumés.
3. **Deadline.** **Proposals must be submitted before 12:01 PM on Monday, October 27, 2025.** Only email submittals will be accepted. The date stamp on the email will reflect the time the submittal is received by the City of East Palo Alto. Respondents will receive prompt confirmation of receipt of the proposal.
4. **Send Submittals.** **One (1) e-mail copy of the RFP Response shall be sent electronically to housing@cityofepa.org.** The subject of the email shall be: "RFP for East Palo Alto's Inclusionary Housing Ordinance Analysis and Update." Submission of a proposal indicates acceptance by the organization of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of East Palo Alto and the consultant selected.
5. **Questions.** **Questions are due by Monday, October 13, 2025.** Direct all questions regarding the RFP in writing via email to housing@cityofepa.org. The City will publish an addendum to the RFP by Wednesday, October 22, 2025, with responses to questions submitted prior to the deadline.
6. **Interviews.** **30-minute interviews may be conducted the week of October 27, 2025 or later.** Please indicate in a cover letter the potential dates and times you are available.
7. **Changes.** If changes to the RFP are warranted, they will be made in writing, clearly marked as addenda to the RFP, and posted to the website at <https://www.cityofepa.org/rfps>. It is the responsibility of each proposer to check the website for changes and/or clarifications to the RFP prior to submitting a response, and a proposer's failure to do so will not provide a ground for protest.

VII. ADDITIONAL DISCLOSURES AND REQUIREMENTS

1. CONTRACTOR AND PROFESSIONAL SERVICE AGREEMENT

All services shall be provided in accordance with the City's **Standard Consulting Services Agreement (see Attachment A)**. Prospective contractors shall be familiar with, and willing to execute, all terms contained in the Agreement before submitting a proposal. If the Respondent has concerns about the City's standard forms, those concerns shall be identified in the response cover letter.

2. INSURANCE REQUIREMENTS

The City will enter into a multi-year agreement with consultant selected. Prior to entering into an agreement with the City, Respondent must provide evidence demonstrating compliance with the City's insurance requirements ([See Exhibit C to the Standard Agreement, and Sample COI, Attachment B](#)).

3. DISCRETION AND LIABILITY WAIVER

The City reserves the right to reject all proposals or to request and to obtain, from one or more of the Respondents, supplementary information as may be necessary for City staff to analyze the submissions. The City may require Respondents to participate in additional rounds of more refined submittals before the final selection is made. The City may negotiate with one or more Respondents and may contract with one or more Respondents as the City deems appropriate.

The City reserves the right to solicit additional proposals at any point should it fail to negotiate a reasonable fee with the initially selected Respondent(s), or should that Respondent fail to execute the City's agreement. The City may alter the selection process in any lawful way, postpone the selection process for its own convenience at any time, cancel the RFP process, and waive any non-substantive defects in this RFP or the proposals.

4. DISCLOSURE OF RESPONSES

All responses to this RFP accepted by the City of East Palo Alto shall become the exclusive property of the City. If disclosure is required or permitted under the California Public Records Act or otherwise by law, the City shall not in any way be liable or responsible for the disclosure of any such records or part thereof.

VIII. ATTACHMENT 1

HOUSING ELEMENT ACTIONS REFERENCING INCLUSIONARY HOUSING

Program 9.6: Evaluate the effectiveness of the Inclusionary Housing Ordinance (IHO) in producing affordable units and the financial impact of the inclusionary requirements and Alternative Compliance Options on residential development. Evaluate the effect of changing economic, development, and financing conditions and the cumulative financial impact of development impact fees and exactions. Following completion of the evaluation, amend the IHO to reduce constraints within six months if necessary. Continue to assess the financial impact of the IHO on individual projects and implement further measures to reduce the barriers to housing production and achieve the City's RHNA if needed.

Target: include the IHO requirements in the financial feasibility analysis of impact fees on residential development; these analyses are scheduled every five years for consistency with the Mitigation Fee Act (next analysis to be completed in 2024; subsequent analysis in 2029/2030)."