

City of East Palo Alto Inclusionary Housing Plan

Residential Developments in East Palo Alto (“Residential Developments”) are subject to the requirements of [Chapter 18.37 of the East Palo Alto Municipal Code – Inclusionary Housing](#).

An application for First Approval of a Residential Development must include an Inclusionary Housing Plan. This will be processed concurrently with all other permits required for the Residential Development and must be approved prior to issuance of any permits or scheduling of an entitlement hearing.

Please fill out the application below and submit it together with the Unit Mix Table and Unit Mix Details to the Housing Project Manager at rhorst@cityofepa.org.

Application for Inclusionary Housing Plan

Developer Information		
Company name	Woodland Park Communities	
Address	5 Newell Court, East Palo Alto, CA 94303	
Phone	650-772-4319	
Contact name	Michael Kramer	
Email/Phone	mkramer@wlpcommunities.com	
Project Information		
Project Name:	Euclid Improvements	ADDRESSES:
Project Address:	See inset to right	501 O’Connor St. 063282010
Project APNs:	See inset to right	2012 Euclid Ave. 063282020
Planning file number if assigned:	GP 19-001, ZC 19-002, TTM 19-001, DR 19-028	2032 Euclid Ave. 063282030
Number of residential buildings:	13 existing, 3 proposed	2036 Euclid Ave. 063282040
Total number of units:	605 total units proposed	2040 & 2042 Euclid Ave. 063282050
For-sale housing project? Y <input type="checkbox"/> N <input checked="" type="checkbox"/>		2044 Euclid Ave. 063282060
For rent housing project? Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		2054 Euclid Ave. 063282070
Is this project a mixed use (commercial/residential)? Y <input checked="" type="checkbox"/> N <input type="checkbox"/>		2033 Manhattan Ave. 063282080
Total square footage of non-residential space:	Up to 8,000 sf community & neighborhood retail	2001 Manhattan Ave. 063282090
Is this a rehab project? Y <input type="checkbox"/> N <input checked="" type="checkbox"/>		2021 Euclid Ave. 063281020
If so, number of units to be added:	444 net new units	2025 Euclid Ave. 063281030
		2031 Euclid Ave. 063281040
		2043 Euclid Ave. 063281100
		2041 Euclid Ave./420 E O’Keefe St. 063281110

Will any residential units be demoed or converted? Y N

Does developer intend to obtain a parcel, or tentative, and final map for the project? Y N

Does developer intend to create condos, coops, or similar housing requiring CA BRE report approval? Y N The retail space will be a separate condominium.

Does Developer intend to request a Density Bonus (Section 18.37.060)? Y N

Exemption (Section 18.37.040)

Does developer intend to seek an exemption for the project? Y N

Additional documentation may be required.

1. Map Act Vesting: Project has subdivision map(s) which the Developer claims confer vesting rights under the Subdivision Map Act:
Tentative or parcel: Y N

Approval date:
Final: Y N

Approval date (if applicable):
Please indicate if any maps are phased or vesting.

2. Building permit issued Y N

Issue date:

3. Previously executed Development Agreement: Y N

Approval date:
Please attach an explanation to this application with supporting documentation, including any approved maps or permits needed to support your claim.

Compliance Methods (Section 18.37.050)

Check all that apply

In-Lieu Fee (for projects of < 5 units)

On-site (20% Inclusionary Units)

In-Lieu Fee for fraction of unit (for projects of 5+ units)

Alternative Compliance Options (Section 18.37.080)


Developer must seek approval from City Council.

In-Lieu Fee (25% Inclusionary Units)

Off-Site (25% Inclusionary Units)

Other (25% Inclusionary Units) See Other Alternative Compliance Option Memorandum

By signing below, Developer acknowledges that most claims of exemption can only be conditionally approved at the time the Inclusionary Housing Plan Application is approved. The Developer will be required to record an Inclusionary Housing Agreement agreeing to satisfy the Obligation if conditions of exemption are not met.

Developer Signature 
Date Application Date 9/27/2019, Revised Inclusionary Plan 1/11/2022
Planning acceptance of application Date
Housing acceptance of application Date

January 11, 2022

Woodland Park Euclid Improvements East Palo Alto Inclusionary Housing Ordinance Compliance

Other Alternative Compliance Option

Note: Updated to reflect feedback from October 5th City Council Study Session; increasing on-site RSO to 160 units

To comply with the EPA Inclusionary Housing Ordinance, Sand Hill proposes to provide land and financing to the City and to partner with Eden Housing. Eden Housing will make their best efforts to leverage outside funding and design, entitle, and build income-restricted housing at the AMI levels per the EPA Inclusionary Housing Ordinance. This proposal is being submitted as an “other alternative compliance option.”

Sand Hill proposes to provide a combination of land and cash equal to the financing required for 20% of the net new units in Sand Hill’s Euclid Improvements project. As proposed, this amount is \$22.7 million, as previously determined by the study David Rosen & Associates conducted for the City in 2019 for the Inclusionary Housing Ordinance. There are two components of the proposal:

- 1.) Sand Hill proposes to provide 0.65 acres of land at 851 Weeks Street and cash funding, with a total value of \$19,125,000, for Eden Housing to build a 100% affordable housing project with a capacity of 75 units, at the affordability levels in the City’s Inclusionary Housing Ordinance.
- 2.) Sand Hill will pay \$3,600,000 to the City, which is the in-lieu payment for 14 inclusionary units (the difference between the 89 units required by the City’s inclusionary ordinance and the capacity of 75 units at the affordable housing site).

Proposal	Euclid On-Site	Potential Income-Restricted Units Off-Site <i>By Eden Housing, funded by Sand Hill</i>	Additional In-Lieu Fee* <i>Funded by Sand Hill</i>
Original Application	445 market-rate 160 rent-stabilized	n/a	n/a
Total: 605 units	Total: 605 units		
Inclusionary Partnership	445 market-rate 160 rent-stabilized	75 units at 851 Weeks Street Contribution: \$19.1 million (land & cash)	\$3.6 million
Total: 694 units potential capacity	Total: 605 units	Total: 75 units potential capacity	Total: 14 units funded

**The total contribution amount (the aggregated value of the land and cash) would be the financing required for 89 inclusionary units (20% of net new units), as previously determined by the study David Rosen & Associates conducted for the City in 2019 for the Inclusionary Housing Ordinance.*

Eden Housing will be the applicant for the 100% affordable housing development at this site. Sand Hill has been working in partnership with Eden Housing and will continue to work with Eden Housing and the City.

If Eden Housing does not ultimately proceed with an affordable housing project, the full \$22.7 million contribution of land and cash (including the property at 851 Weeks Street) would automatically be transferred directly to the City. The City would have full discretion to pursue a different affordable housing approach or otherwise meet its then-current needs.

This proposal provides greater public benefit to the City of East Palo Alto compared to the imposition of 20% income-restricted housing requirement on-site to the original application which would make the Euclid Improvement project financially infeasible.

Potential Sites

After receiving City Council feedback on their affordable housing proposal in September and October 2020, Sand Hill began considering an alternative proposal to provide for a higher number of income-restricted affordable units, at deeper levels of affordability. They looked into how to adjust their proposal to potentially access federal, state, and county affordable housing funds, including finding an additional location to partner on a 100% affordable building that could qualify for tax credits and grant funds to make it more feasible.

Sand Hill introduced this concept during a February City Council study session and received additional positive feedback from Council. They began speaking with multiple property owners throughout East Palo Alto to identify potential sites that could work in this scheme. Sand Hill further detailed this concept during a June City Council study session, and was encouraged to identify potential sites and return to City Council for a future discussion with more details.

Over the past 8 months, Sand Hill has had discussions with many property owners and local brokers about potential affordable housing sites in East Palo Alto. There have also been preliminary planning discussions with City Staff to receive feedback about potential sites before making any offers. Sand Hill has made several offers for a flexible purchase, so they could seek City Council feedback about individual sites. Ultimately, only one property – 851 Weeks Street – met the criteria for both a flexible purchase arrangement and capacity to hold a significant number of LIHTC affordable housing units.

Sand Hill currently has site control of the property at 851 Weeks Street, which is a vacant lot. Under local zoning and the State Density Bonus, the property has the capacity for 75 units. The site is envisioned as a LIHTC-qualifying family housing project, with a mix of 50% one-bedroom, 25% two-bedroom, and 25% three-bedroom apartments. Based on feedback from City Council on October 5, 2021, Sand Hill is proceeding with the acquisition and expects to own the property by end of January 2022.

Affordable Housing Partner

Eden Housing would be the lead affordable housing applicant at 851 Weeks Street. Eden has a proven record of providing quality affordable homes, including the recent completion of the East Palo Alto Light Tree Apartments expansion. Eden has worked in partnership with cities and local community partners to develop or acquire more than 10,600 homes in communities throughout California, currently serving a diverse population of 22,000 low-income residents from all cultures and backgrounds.

While Sand Hill will provide the land and certain financing with on-going assistance and technical support throughout the affordable housing development process, Eden will design, develop, entitle, obtain additional third-party financing, and build the 100% affordable housing project.

Different Projects on Different Timelines

Sand Hill proposes the project at the Euclid site proceed on its current timetable to provide replacement deed-restricted rent-controlled housing for existing tenants and provide new infrastructure, housing, and community amenities in the near future. Sand Hill's contribution of land and cash can be made before certificate of occupancy issuance for the market-rate units.

Eden's work on the 100% affordable site would be a separate project. Eden Housing needs time for independent community outreach, design, environmental and city review. Time is also required to access county, state, and federal tax credits and financing. Eden's application would be planned, reviewed, and entitled independently from the Euclid site as soon as there is meaningful information to review. The City Council will have discretion to customize the application for development. If the City desires to provide units for "missing middle" housing or meet special needs in the community like senior housing, supportive housing, or housing for formerly homeless families, the Sand Hill and Eden Housing are open to discussion. As long as the overall project satisfies the requirements for low-income housing tax credits and other grants and funding, there is flexibility.

For the 100% affordable project at 851 Weeks Street, Sand Hill would continue to collaborate with Eden Housing and the City throughout project development, including providing staff time, partnering to seek grant funding and other financing opportunities, and providing technical support and assistance.

Right of Return Commitment

Under this proposal, 160 rent-controlled units will be provided. All existing improvement area households will have a right to a rent-controlled unit at the same rent-controlled rent they would otherwise pay if there was no project.

Justification for “Alternative Compliance Option”

This proposal would provide a greater public benefit than would standard on-site compliance with the inclusionary housing ordinance. Standard compliance would require 89 income-restricted units at the Euclid Site.

Most fundamentally, it is financial infeasible to construct 89 income-restricted units and replace 160 rent-controlled units at the Euclid Site given current economic conditions and the extraordinary infrastructure requirements the City and EPA Sanitary District are asking of the project. Therefore, with standard compliance, none of the new housing units would be built. The City would accrue no income-restricted units, would not replace its aging rent-controlled housing, and would not accrue new market rate housing. In contrast, this proposal would result in new housing units, including any income-restricted units built by Eden as well as replacement rent-controlled units and new market rate units built by Sand Hill.

Based on conceptual designs, 851 Weeks Street could yield 75 income-restricted units, all at the affordability levels specified in the City’s Inclusionary Housing Ordinance. Additionally, Sand Hill will pay an in-lieu fee for 14 inclusionary units, equal to \$3.6 million. Combined, this will provide for 89 inclusionary units.

In addition, the updated affordable housing proposal also provides greater public benefit in the following ways:

- Provides land and financing for 89 income-restricted units, which along with 160 rent-controlled units, exceeds the 20% requirement by 21 percentage points (41% of net new units provided for with an affordability restriction).
- Maximizes the number of new housing units to meet City’s housing needs.
- Diversifies mix of housing options and inventory, including the potential for income-restricted, new rent-controlled units, and market rate units, all of various sizes.
- Expedites housing construction.
- Provides City flexibility to determine affordability levels and demographic targets (e.g., student, senior, missing-middle)
- Disperses additional affordable housing units throughout the City.
- Sand Hill contributes \$22,695,000 in land and financing.
- Eden Housing provides resources to obtain additional third-party financing and build affordable housing project(s).