

Ad Hoc Affordable Housing Overlay Committee: Przemek Gardias, Doria Summa, Asher Waldfogel

Through a series of interviews over a very short period of time with affordable housing providers, market rate developers and community members we have observed that:

1. Affordable housing development below 60% AMI and above 60% AMI are in different financing markets, have different financial hurdles and metrics and need different solutions.
2. Under 60% AMI projects must cost under \$500K per door to compete for limited tax-credit financing.
3. Affordable housing providers believe they do not need to provide parking above .5 spaces/unit, but cities may finance additional parking based on demand studies.
4. Actual parking demand in affordable units is between .5 and 1.3 spaces per unit in Palo Alto. Parking standards need to meet actual demand.
5. Retail space does not qualify for tax-credit financing.
6. Affordable housing projects that retain retail will need additional sources of funding and/or zoning concessions.
7. Existing PAMC development transitional height standards limit building heights to 35 feet within 150 feet of residential districts. This is a concern, particularly along the El Camino Corridor.
8. Affordable housing providers want more certainty in the development process. A general process that requires site-specific zoning changes does not meet their needs.

Here are our recommendations:

RECOMMENDATION 1: We recommend the City pursue a development agreement with PAH to advance the Wilton Court project. We believe a serious negotiation over the Wilton Court project will inform how to write a better city-wide ordinance.

RECOMMENDATION 2: We recommend separating affordable housing into two work items: under 60% AMI (AH60) and 60% to 120% AMI (AH120).

RECOMMENDATION 3: For AH60 we recommend the following options for retail preservation

- I. Where retail is retained, offer a zoning (height) concession.
- II. Where affordable housing provider financing precludes retail: City or a 3rd party may participate in project financing, potentially in exchange for an ownership position.
- III. As a last resort, City may waive the retail requirement as provided by the retail preservation ordinance.

RECOMMENDATION 4: For AH60 we recommend City financial contributions to develop parking to meet demand based on measured parking utilization rates of comparable properties. The City may exercise an option to build additional parking available to the public.

RECOMMENDATION 5: We recommend maintaining the transition height standards in all the C districts adjacent to residential districts. We recommend a community process with outreach before changing transition heights for AH60 housing.

RECOMMENDATION 6: We recommend an open space standard for AH60, but we recommend against roof gardens adjacent to low density residential districts.

RECOMMENDATION 7: We recommend folding AH120 work into the Housing Workplan effort. The regional consensus is to accomplish AH120 with inclusionary standards. We are not in a position today to make a recommendation on the right inclusionary standard.