



DISCUSSION ITEM

Agenda Item # 4

AGENDA REPORT SUMMARY

Meeting Date: April 27, 2021

Subject: 330 Distel Circle, Affordable Housing Update and Introduction of the Affordable Housing Developer

Prepared by: Jon Biggs, Community Development Director

Approved by: Brad Kilger, Interim City Manager

Attachment(s):

None

Initiated by:

Staff

Previous Council Consideration:

October 27, 2020 Regular City Council Meeting

February 23, 2021 Regular City Council Meeting

Fiscal Impact:

The City has entered into a Memorandum of Understanding with the County of Santa Clara and as provided in the agreement, the City will provide this project a 100% discount in the City's Park In-Lieu Fee and the City's Traffic Impact fees. These impact fee reductions equate to the following estimates:

- \$4,392,000 in Park In-Lieu Fees
- \$252,344 in Traffic Impact Fees
- \$4,644,344 Total

Environmental Review:

This update has been assessed in accordance with the California Environmental Quality Act (Cal. Pub. Res. Code, § 21000 et seq.) ("CEQA") and the State CEQA Guidelines (14 Cal. Code Regs. § 15000 et seq.) and is categorically exempt from CEQA under CEQA Guidelines, § 15061(b)(3), which exempts from CEQA any project where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. Receiving an update on this project and the introduction of the affordable housing project developer will not be an activity with potential to cause significant adverse effect on the environment because it is related to the organizational or administrative activities of the City and will not result in direct or indirect physical changes in the environment, and therefore is exempt from CEQA.

Reviewed By:

City Manager

BK

City Attorney

JH

Finance Director

JM



Subject: 330 Distel Circle, Affordable Housing Update and Introduction of the Affordable Housing Developer

Policy Question(s) for Council Consideration:

In conjunction with the County of San Clara, does the City Council continue to support the development of an affordable housing project at 330 Distel Circle?

Summary:

This agenda report provides an update on the status of the affordable housing project at 330 Distel Circle and introduces the Affordable Housing Developer to the City Council and the Community

Staff Recommendation:

Receive report.

Purpose

Provides the current status of the 330 Distel Circle affordable housing project

Background

In 2020, the County of Santa Clara entered into a Purchase and Sale Agreement (the “Purchase Agreement”) with Midpeninsula Regional Open Space District to acquire the property known as 330 Distel Circle in the City of Los Altos (the “Property”) for the purpose of developing affordable and supportive multifamily housing and utilizing funds from the County’s 2016 Measure ‘A’ Affordable Housing Bond (“Housing Bond”). The Purchase Agreement was contingent on the County’s due diligence review of the Property and its potential development.

The site is located in the CT “Commercial Thoroughfare” zone district and multiple-family housing projects are a conditional use in this zone district. Design review approval and CEQA review will be components of the project as well. The Project is anticipated to contain a minimum of 90 units, with 100% of the units restricted to occupants earning 120% or less of the area medium income (AMI) with a minimum of 75% earning 80% or less of the AMI. Households earning 80% or less of the area medium income are “low-income” households and those earning up to 120 % of the AMI are moderate income households.

In October of 2020, the City Council entered an MOU with the County of Santa Clara to form a partnership that provides an opportunity to expand affordable housing in Los Altos by way of developing the Distel Circle site. A component of the MOU was the City’s waiving the park in-lieu and traffic impact fees, which are the City’s financial contribution that support the development of this project.



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Discussion/Analysis

In December of 2020, the County of Santa Clara Office of Supportive Housing released a Request for Offers (RFO) to its pre-qualified affordable housing developer list seeking proposals to develop the 330 Distel Circle site as an affordable housing project through a ground lease with the developer.

Five proposals were submitted and in February of this year, a developer review panel consisting of County and City staff members interviewed all five groups that submitted proposals. Following evaluations and interviews, this panel provided its recommendation on an affordable housing developer to the County of Santa Clara's Administrator.

The affordable housing developer recommended by the panel is EAH Housing. EAH Housing has developed, acquired, and/or is managing 27 rental communities within Santa Clara County. EAH Housing has worked in close partnership with the County of Santa Clara and other local governments in the County having developed 7 properties in Silicon Valley in the past 5 years. Current work by EAH Housing within the Silicon Valley includes 7 developments under construction. The 330 Distel Circle proposal will be designed and programmed to provide 90 affordable apartments that meet both the current as well as the emerging housing needs and demands of Los Altos and Santa Clara County's lower-income and workforce residents. The design program for the project is planned to provide apartments ranging from studio units to 3-bedroom units that are intended to meet the needs of the community and its diverse households.

The County Administrator has agreed with the recommendation of the panel and has scheduled the award to the recommended developer with the Santa Clara County Board of Supervisors for its meeting of April 20, 2021. The Board can either accept or reject the recommendation.

If the County of Santa Clara Board of Supervisors agrees and awards the developer with the 330 Distel Circle project, EAH and its team will be introduced to the City Council on the evening of April 27. This will provide EAH with an opportunity to provide the City Council and the Community with information about the affordable housing projects they have developed and share their concept for the 330 Distel Circle site.

Following the meeting, staff in conjunction with the County and EAH Housing, will be scheduling a community workshop where the developer will have an opportunity to hear and learn first-hand thoughts, ideas, and concerns the community has for an affordable housing project at this site. The EAH team will also be meeting with a broad range of City staff in the upcoming weeks so it can learn about the development regulations and policies it needs to be mindful of as it develops the plans for



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the formal submittal of the project.

Options

- 1) Option #1 – Receive an introduction to the 330 Distel Circle Housing Developer

Advantages: Results in the opportunity to increase the supply of affordable housing units in Los Altos

Disadvantages: None identified

- 1) Option #2 – Decline to receive an introduction to the 330 Distel Circle Housing Developer

Advantages: None identified

Disadvantages: Results in a missed opportunity to obtain affordable housing units in Los Altos

Recommendation

The staff recommends Option 1.