



CITY OF
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ALTO**

City Council Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: Planning and Development Services

Meeting Date: June 18, 2024

Report #:2403-2825

TITLE

PUBLIC HEARING/QUASI-JUDICIAL. Buena Vista Mobile Home Park Redevelopment/3980 El Camino Real [24PLN-00041]: Provide Direction on Applicant's Request for Amendments to the Existing Regulatory Agreement and Proposed Application for a Streamlined Housing Development Review to Allow the Redevelopment of the Buena Vista Village Mobile Home Park. The Proposed Development Would Result in Two Parcels, One Featuring a new 61-Unit, 100% Affordable Housing, Multi-Family Apartment Building and Associated Work Within the Right-of-Way; and the Second Parcel Featuring a Renovated 44-Unit Mobile Home Park, Which is Under State Jurisdictional Authority. Environmental Assessment: Exempt from the Provisions of the California Environmental Quality Act in Accordance with CEQA Guidelines Section 15332 (In-fill Development). Zoning District: RM-20.

RECOMMENDATION

Staff recommends that Council take the following actions:

1. Provide feedback on the development proposal;
2. Provide feedback on the proposed amendments to the regulatory agreements; and
3. Return on the August 5, 2024, consent calendar following the completion of the environmental analysis for a decision on the Streamlined Housing Development Review application and to authorize the City Manager to Execute the amended Regulatory Agreements.

EXECUTIVE SUMMARY

In December 2023, the Santa Clara County Housing Authority (SCCHA) submitted a compliant pre-application in accordance with Senate Bill (SB) 330. This pre-application freezes development standards for the proposed redevelopment and requires streamlining. On February 15, 2024, the Santa Clara County Housing Authority (SCCHA) submitted a formal application for Streamlined Housing Development review. The proposed project includes an affordable 61-unit apartment development on a portion of the subject parcel located at 3980 El Camino Real (see Attachment A, Location Map). The applicant has filed a separate, associated, Vesting Tentative Map Application with the City to subdivide the existing lot into two parcels.

The new lot to be created would be developed with 61 apartment units and the remaining existing lot would be rehabilitated with 44 mobile homes. Rehabilitation of the mobile home parcel is processed through the State Department of Housing and Community Development (HCD). The project is a housing development project in accordance with the Housing Accountability Act and qualifies for a Density Bonus and associated concessions, waivers, and allowances under state law (California Government Code §65915) and PAMC Chapter 18.15.

To align with the proposed redevelopment, the project also includes modifications to an existing 2017 regulatory agreement between the City, County, and County Housing Authority (see Attachment D, Existing 2017 Regulatory Agreement).¹

The project plans are included in Attachment H and the proposed Regulatory Agreements are included in Attachment C. The City, acting as the lead agency in accordance with the California Environmental Quality Act (CEQA), anticipates that the project will be exempt from CEQA per CEQA Guidelines Section 15332 (infill exemption). The documentation to support this exemption is currently being prepared and will be completed prior to a decision on the project.

SCCHA must submit applications to meet funding deadlines in the latter half of August 2024. This funding is critical for the project. The funding applications require approvals by the City and the County prior to application submission by SCCHA.

BACKGROUND

In June 2016, Council approved a Memorandum of Understanding (MOU) Between the SCCHA, the County of Santa Clara, and the City of Palo Alto to provide up to \$14.5 million in City affordable housing funds in support of SCCHA's acquisition of the Buena Vista Mobile Home Park for deed-restricted affordable housing. The SCCHA purchased the park in 2017 with the support of these funds.

After a park conditions assessment, SCCHA found that the park contained an array of hazards. With the purchase, SCCHA agreed with the City and County to improve and protect the park as affordable housing through a regulatory agreement which focused on maintaining affordable housing, enhancing the habitability of the property, avoiding resident displacement, and investing in rehabilitation and improvements. The regulatory agreement includes an improvements timeline and some expected outcomes. Since the onset of the agreement, SCCHA has focused on the people and the infrastructure of Buena Vista. They have:

- Removed trash and abandoned cars,
- Conducted necessary home repairs,
- Installed new utilities,
- Replaced aged sewer and water lines,

¹ City Attorney Report to City Council September 11, 2017, <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2017/staff-report-8493-buena-vista-mou-amendment.pdf>.

- Replaced paving,
- Demolished abandoned coaches (i.e., mobile homes),
- Capped unused utilities for safety,
- Provided spaces for services and an afterschool program,
- Relocated Park residents as needed (e.g., to new mobile homes), and
- Worked to bring the Park into compliance with various laws.

Council held a study session on February 13, 2023, in which SCHAA provided an update on these ongoing efforts at the site. Following submittal of the formal application for the proposed redevelopment of the 61-unit apartment building, Council held another study session on March 4, 2024, to provide early input on the redevelopment. The analysis section of this report includes key comments from Councilmembers at the March study session, which primarily focused on the relocation plan for existing tenants.

Project Description

SSCHA submitted a formal application for Streamlined Housing Development review for a 61-unit apartment development on a portion of the existing Buena Vista Mobile home site (Application 24PLN-00041). The proposed apartments are located within a single, four-story (37 feet), 63,736 sf building (1.0:1 FAR). Seventy-nine (79) parking stalls and one car loading space is provided in accordance with the code. Attachment A includes a location map showing the zoning designation of the site and surrounding areas. Attachment H shows the project plans for this development.

On April 30, 2024, SCCHA submitted a related application for a Vesting Tentative Map to subdivide the existing parcel into two parcels (24PLN-00129). Under the existing Regulatory Agreement, the property must maintain, at minimum, 100 affordable units. However, the existing spacing of mobile homes does not meet current state rules regarding spacing and setbacks. The introduction of an apartment building allows the property to both maintain the minimum number of affordable units, while allowing enough space to retain 44 mobile homes. The tentative map subdivides the existing parcel to better finance the 61 apartments and 44 mobile homes separately.

The total development, between the apartment building and mobile home units, would be 105 units; 40% of units will be provided at a rate affordable to households earning 30% of Area Median Income (AMI), 40% of the units would be provided at a rate affordable to households earning 50% AMI and the remaining 20% would be provided at a rate affordable to households earning 80% AMI.^{2,3}

² Income limits are based on annual published limits from HCD

³ To avoid displacement of existing tenants, three tenants that currently have an income level that exceeds 80% of AMI will be allowed to continue to rent at the site. Those units are considered as restricted low-income units

Revisions to the existing regulatory agreement are necessary in conjunction with the redevelopment to reflect the two individual parcels and their respective ownership entities as well as to reflect the necessary affordability requirements for their respective funding sources.

Requested Entitlements, Findings and Purview:

The following discretionary applications are being requested:

- **Streamlined Housing Development Review:** The process for evaluating this type of application is set forth in PAMC 18.77.073. Streamlined Housing Development Review applications require a study session with the ARB and recommendations are forwarded to the Planning & Development Services Director for action following the review. Action by the Director is appealable to the City Council if filed within 14 days of the decision. However, in this case, since the project is also associated with a regulatory agreement that requires City Council approval, the subject development application is also be presented to the Council for final review and action. Streamlined Housing Development projects are evaluated against specific findings and must be made in the affirmative to approve the project. Failure to make any one finding requires project redesign or denial. Draft findings for this project are provided in Attachment B.
- **Tentative Map and Final Map for condominium purposes:** The process for evaluating this type of application is set forth in Title 21 of the Palo Alto Municipal Code (PAMC) and California Government Code 66474. The process for approval of a Tentative Map for a condominium subdivision is outlined in PAMC Chapter 21.12. Tentative maps require Planning and Transportation Commission (PTC) review to determine whether the amended subdivision is consistent with the Subdivision Map Act (in particular Government Code 66474), Title 21 of the Palo Alto Municipal Code, the Palo Alto Comprehensive Plan, and other applicable provisions of the Palo Alto Municipal Code and State Law. The PTC's recommendation is forwarded to the City Council for final approval.

Council's purview of the development application is limited by the following state law:

- **Housing Accountability Act (Government Code 65589.5):** The project constitutes a "housing development project" under the Housing Accountability Act. The Housing Accountability Act Section 65589.5(j) requires that when a proposed housing development project complies with applicable, objective general plan and zoning standards, a local agency may only deny or reduce the density the project or reduce its density if the agency first finds that (1) the development would have a specific adverse impact on public health or safety unless disapproved, or approved at a lower density;

because the tri-party regulatory agreement requires that future units will be made available to lower income households at affordable rents after any initial moderate or high-income households voluntarily vacate their units. After any initial moderate or high income households vacate their units, those units will continue be restricted as low-income units with affordable rents for at least an additional 55 years or greater.

and (2) there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact, other than the disapproval, or approval at a lower density. Notwithstanding the subject project being subject to the Housing Accountability Act, this project is also reliant upon and subject to City Council's endorsement of the tri-party regulatory agreement.

- Housing Crisis Act (Senate Bill 330; Government Code 65589.5): SSCHA filed a compliant SB 330 pre-application on December 19, 2023. A formal application was filed on February 15, 2024, which is within the required 180 days from submittal of the compliant pre-application. Therefore, review of this project shall be in accordance with applicable regulations as set forth on December 19, 2024. Additionally, no more than five hearings may be held for the proposed project.
- Rehabilitation of the remaining parcel with mobile homes is processed by the state department of Housing and Community Development. Therefore, development of the 44 units on the mobile home parcel is not subject to the City's development review process. However, HCD does require signoff from the local agency prior to approval to ensure that requirements related to public services and service connections have been met.

Previous ARB Hearing

The Architectural Review Board (ARB) held a study session on May 2, 2024 to provide feedback on the project's consistency with the City's objective standards. Key feedback from ARB members included the following:

- Further evaluate the privacy for ground floor units by raising the units by a foot, adding privacy fencing, revising the sills, or providing better landscaping.
- Consider refinements to the interior floor plans to:
 - Provide better access to the ends of the building
 - Consider a more centrally located entrance area, trash room and laundry room
 - Reconsider including the junior one-bedroom unit design and the windows on the inner corner units of the 2-bedrooms.
- Consider whether some, even if not all, units could have private open space
- Provide the required justification of waivers, especially for the parking lot canopy cover exception; really consider options that would increase the parking lot landscaping
- Asked that each choice with respect to articulation, color, and materials has an architectural reasoning and a stronger architectural logic to the various plane changes.

The applicant's incorporation of ARB feedback is provided in the following section, under the Objective Design Standards heading.

ANALYSIS

Staff from all relevant departments reviewed the Streamlined Housing Development Review application for consistency with the municipal code and all other relevant state and federal regulations. Various departments are still finalizing their review of the current project plans. Standard draft conditions have been incorporated into the draft record of land use action at this time; however, final conditions of approval may be modified prior to Council's decision in August. Overall, staff finds that the project conforms to relevant plans, policies and guidelines relevant to the proposed project or otherwise requests concessions and waivers in accordance with state regulations.

Comprehensive Plan and Design Guidelines

There are no specific plans or design guidelines that are relevant to the proposed project. Staff's review of the project finds it consistent with the Comprehensive Plan, including the land use designation and applicable goals and policies. The project site has a multi-family land use designation, which permits multi-family residential uses and expresses that net densities will range from 8 to 90 units per acre. The density of the proposed 61-unit development would be 36 dwelling units per acre (DU/AC) based on the proposed parcel boundaries in accordance with the planned subdivision map, which aligns with the Comprehensive Plan. Overall, the development across the two parcels would equate to a density of 23 DU/AC.

Housing Element

Based on guidance from HCD, the City was able to report 117 very low-income units as qualifying preserved housing units for the fifth cycle regional housing needs assessment. As the proposed project does not result in any net new affordable units, there are no additional units to claim for the current housing cycle.

Zoning Compliance⁴

A table summarizing the proposed project's consistency with applicable RM-20 zoning standards is included in Attachment E. The proposed project complies with all applicable codes or is seeking, through the state density bonus provisions, permission to deviate from certain code standards in a manner that is consistent with the Zoning Ordinance and state density bonus law. Specifically, the applicant is seeking a density bonus, four concessions and six waivers as detailed below. Attachment G summarizes the justifications for the requested concessions and waivers. Separately, the project is eligible for an 80% density bonus in accordance with California Government Code §65915(d)(1)(G).

- Density Bonus: 36 DU/AC, where 20 DU/AC is permitted. This is an 80% density bonus, which is permitted for a project providing the amount of deeply affordable units proposed.
- Concession 1: Façade Breaks (less than 2 feet in depth)

⁴ The Palo Alto Zoning Code is available online: bit.ly/PAZoningCode

- Concession 2: Ground Floor Unit Direct Connection to Path or Common Open Space 18.24.020(b)(4)(E)
- Concession 3: Percentage of Frontage Dedicated to Utilities and Parking in accordance with 18.24.06(C)(7)(A)
- Concession 4: Private Open Space (None where 50 sf per unit is required)
- Waiver 1: Floor Area Ratio (1.01:1 where 0.5:1 is allowed)
- Waiver 2: Height (37 feet where 30 feet is allowed)
- Waiver 3: Site Open Space (24% where 35% is required)
- Waiver 4: Tree Canopy Cover in Parking Lot (future coverage of 47% where 50% is required)
- Waiver 5: Reduction in Street Trees (none provided along the mobile home project frontage where one per every 30 feet is required due to Valley Water easement restrictions)
- Waiver 6: Street width (28 feet where 32 feet is required)

State Density Bonus Law and Chapter 18.15 Compliance

The project is a qualifying project for state density bonus in accordance with California Government Code §65915(b)(1)(A) which includes projects that sell at least 10% of the base number of dwelling units of a housing development to persons and families of lower income, as defined in Section 50079 of the Health and Safety Code. In accordance with AB 1763, which modified state density bonus law (California Government Code §65915), an applicant providing 100% of units at a rate affordable to low income tenants, excluding managers units, is eligible for an 80% density bonus except that 20% percent of the units may be for moderate income households as defined in the Health and Safety Code. SCCHA is providing 60 units at a rate affordable to low income (80% of AMI) or lower plus one manager's unit. Per §65915(d)(1)(G) and PAMC §18.15.050(c)(iii), the project is also eligible for four concessions or incentives. In general, the City must provide an unlimited number of waivers from development standards that would physically preclude the project from being built at the allowed density. The requested waivers and concession are summarized above in the zoning consistency analysis. Under state density bonus law, the City may request reasonable documentation that establishes eligibility for concessions and waivers; however, the City cannot require the preparation of a study or report and the burden is on the City to identify a basis to deny a requested concession or waiver. For concessions, the City may request documentation supporting the cost reduction achieved through the concession. For waivers, the City may request documentation that explains why the development standard would physically preclude the project from being constructed at the proposed density. Attachment G provides the applicant's documentation for the requested waivers and concession. For purposes of the Housing Accountability Act, the use of concessions and waivers under density bonus law is not a basis for finding the project inconsistent with the City's objective standards. In other words, the City cannot deny a project for being inconsistent with a development standard if the applicant has requested a waiver or concession from that standard.

Objective Design Standards

An analysis of the project's consistency with the objective design standards is provided in Attachment F. The project is consistent with the objective design standards except where waivers or concessions are requested in accordance with state density bonus law. Therefore, the project is eligible from streamlining in accordance with the City's Streamlined Housing Development review process. In accordance with this process, the ARB reviews applications and provides feedback at a single study session to improve consistency with the objective design standards. A summary of the ARB's key feedback is provided in the Background Section. The project made the following modifications based on the ARB's feedback:

- Windows for ground floor units have been modified to create more privacy for units
- An additional access point out to Los Robles and closer to the parking lot has been provided
- Parking lot landscape planting has been increased from 33% to 47% shading to improve compliance with the objective standards for landscape planting of parking lots under 18.54 of the PAMC.
- The required justifications for waivers and concessions have been provided
- The articulation, color, and materials placement have been refined. Specifically, material and color changes correlate more closely now with the plane changes. The color and material palette has also been revised to add visual interest and define spaces or features. For example, to define the amenity space on the ground floor and to highlight the projections in the facade.
- A car loading space has been added in accordance with the objective design standards

Requests for private open space was mixed. The project has not provided private open space due to the increased project costs. In accordance with state density bonus law this is requested as a waiver as the additional costs would preclude construction of the project at the density proposed. Additional information is provided in the justifications of waivers and concessions. Major modifications to the ground floor layout have also not been incorporated into the design. SCCHA has stated that modifying the lobby to be more centrally located is less desirable for residents as it presents more security concerns if the lobby is internal to the project site. SCCHA indicated that the residents provided input during the design process and had specifically requested that this be located close to the entrance for security purposes.

Multi-Modal Access and Parking

The proposed project creates a secondary access point off of Los Robles for vehicles. While providing only one curb cut from Los Robles would be better from a bicyclist/pedestrian perspective, this addition ensures better circulation on site and reduces the volume of traffic traveling along the private road where residents are crossing to access shared amenities.

Parking is provided on site and exceeds the minimum requirements for standard parking spaces as required in accordance with state regulations for state density bonus projects (California Government Code 65915(p)(1)) by providing 78 parking spaces where 77 are required. A car loading space is required in accordance with the Zoning Code for projects of more than 50 units and is provided in one additional space on site. Currently many residents park along the

frontage; therefore, the project improves the existing condition by providing more parking on site and utilizing the frontage to improve the pedestrian connection. An access easement over the sidewalk will be required as a condition of approval of the project and incorporated into the proposed tentative map. Bicycle parking is provided at grade and a pathway meeting the minimum requirements for pike/ped access is provided.

Tree Protection and Removal

The proposed project removes 60 trees that are currently located on the project site (both parcels) to accommodate the proposed redevelopment. The project proposes to plant 65 new trees across both parcels in replacement. In-lieu fees would also be required in accordance with the city's no net loss of canopy requirements.

Tree 75 of the arborist report is an oak tree growing through an existing mobile home. The City's arborist and the applicant's arborist have discussed this tree removal and the reasoning for removal to determine whether any feasible alternatives would allow for preservation. Ultimately, due to the level of disturbance that would be required both during demolition and construction, the City's arborist agrees with the findings of the applicant's arborist report that this tree would need to be removed. In particular, the existing conditions provide artificial support for the tree that would be removed as a result of the project (the existing mobile home) and the proposed construction requires more extensive excavation of this drive aisle area to provide the necessary compaction to support the weight of emergency vehicles since this also serves as an emergency vehicle access. Some of this additional reasoning was discussed in meeting with the project arborist and City staff. The City has asked that the arborist report be updated prior to approval to fully reflect this reasoning in order to justify the removal.

Additionally, some residents and the city's arborist expressed that the Lombardy poplar tree proposed on the HCD portion of the property should be revised to a more appropriate tree species. SCCHA intends to update the species for plans that are submitted to HCD.

Regulatory Agreement

Affordable housing projects often involve a regulatory agreement between parties, with a long, fixed term and provisions to ensure affordability is maintained, and frequently include an option for one of the parties to purchase the property towards the end of the term at a minimal cost. The original regulatory agreement for the Buena Vista Mobile Home Park (referred to within this report as the "2017 Regulatory Agreement"), executed in 2017, was an agreement between the Santa Clara County Housing Authority, the City of Palo Alto, and the County of Santa Clara. Key provisions of the original 2017 regulatory agreement included:

- A 75-year term,
- Commitment to maintaining the property as an affordable housing resource,
- Enhancing the habitability of the property,
- Avoiding displacement of residents currently residing at the property,

- Relocating 8 mobile homes and 2 studio units located on leased property,
- Investing at least \$10 million in rehabilitation and improvements,
- Maintaining a minimum of 100 residential units or mobile home spaces, and
- Providing an annual report and financial audit.

In order to secure project financing, the parties will need to either change the existing Regulatory Agreement to enter into two new regulatory agreements for the apartments and mobile homes which is needed to secure project financing. Specifically, the lot will be split into two parcels with new assessor parcel numbers (APN), each with a distinct financing structure. Since the apartment financing will include low-income housing tax credits (LIHTC) financing, it will involve a lender, investor, and tax credit allocation committee (TCAC) and regulatory agreements that will affect the apartment parcel. To attract lenders and investors, the City’s Regulatory Agreement for the apartment parcel must align with the apartment’s APN and only cover the apartment improvements. Similarly, the mobile homes will have HCD financing and regulatory agreements specific to the mobile homes parcel/APN. This modification to the site necessitates terminating the current 2017 Regulatory Agreement and “amending it” to replace it with two new Regulatory Agreements.

The Housing Authority has applied for a Vesting Tentative Map to create these two parcels, one for the apartments and one for the mobile homes. The apartment improvements will be owned by a separate legal entity, a limited partnership, distinct from the entity that will own the mobile homes improvements.

Key Provisions of Proposed Regulatory Agreements

The table below highlights the key provisions of the proposed new Regulatory Agreements alongside the original Regulatory Agreement. In the table, “Owner” refers to the Housing Authority.

	Original 2017 Regulatory Agreement	Proposed Regulatory Agreements	
TYPE	Mobile Homes	Apartment Building	Mobile Homes
UNITS	100 residential units or mobile home spaces	60 affordable units + 1 unrestricted manager’s unit	44 mobile home spaces ⁵
TERM	75-year term	SAME	SAME
RENT	<ul style="list-style-type: none"> • Households with incomes <30% AMI, monthly rent ≤one-twelfth of 30% of 30% AMI 	<ul style="list-style-type: none"> • Households with incomes <30% AMI, monthly rent ≤one- 	<ul style="list-style-type: none"> • Households with incomes <30% AMI, monthly rent

⁵ The project is proposing 61 apartments and 44 mobile home units for a total of 105 units. This will result in 60 affordable apartments plus one manager’s apartment and 40 affordable mobile home units, leaving four unregulated, non-manager mobile homes. The unregulated mobile homes can be rented to existing residents who are over-income and wish to rent at Buena Vista Mobile Home Park.

	Original 2017 Regulatory Agreement	Proposed Regulatory Agreements	
	<ul style="list-style-type: none"> • Households with incomes >30% AMI - ≤50% AMI, monthly rent ≤ one-twelfth of 30% of 50% AMI • Households with incomes >50% AMI-<80% AMI, monthly rent ≤one-twelfth of 30% of 60% AMI • Households with incomes >80% AMI-<120% AMI, monthly rent ≤ one-twelfth of 30% of 110% AMI • Households owning mobile home and making mortgage payments, mortgage payments and property taxes, assessment and insurance premiums payable for mobile home will be deducted in determining affordable rent 	<p>twelfth of 30% of 30% AMI</p> <ul style="list-style-type: none"> • Household with incomes >30% AMI - ≤50% AMI, monthly rent ≤ one-twelfth of 30% of 50% AMI • Households with incomes >50% AMI- ≤80% AMI, monthly rent ≤ one-twelfth of 30% of 80% AMI • Households with incomes >80% AMI- ≤120% AMI, monthly rent ≤ one-twelfth of 30% of 120% AMI 	<p>≤one-twelfth of 30% of 30% AMI</p> <ul style="list-style-type: none"> • Households with incomes >30% AMI - ≤50% AMI, monthly rent ≤ one-twelfth of 30% of 50% AMI • Households with incomes >50% AMI-≤80% AMI, monthly rent ≤ one-twelfth of 30% of 80% AMI • Households with incomes >80% AMI-≤120% AMI, monthly rent ≤ one-twelfth of 30% of 120% AMI
AFFORDABILITY	<ul style="list-style-type: none"> • ≥40% of units rented to households with incomes <30% AMI • ≥40% of units rented to households with incomes <50% AMI • Remainder of units available to households with incomes ≤80% AMI 	SAME	SAME
REINVESTMENT	<ul style="list-style-type: none"> • If property sold, proceeds will be reinvested in the City to create affordable housing. 	SAME	SAME

	Original 2017 Regulatory Agreement	Proposed Regulatory Agreements	
	<ul style="list-style-type: none"> • If sold to party unaffiliated with Housing Authority and not used for affordable housing, then an amount equal to (a) the amount not repaid to City and County for loans and (b) $\geq 52\%$ of total appreciation value will be reinvested in City to create affordable housing. • If sold to party unaffiliated with Housing Authority and used for affordable housing, then (a) 52% of total appreciation value will be applied as a reduction to the purchase price and (b) the Owner will repay the City and County any outstanding loan amount. 		
VACANCY	If household increases in income results in not meeting affordability percentage requirements, then Owner offer vacant units as available in appropriate affordability category until percentages are met.	SAME	SAME
EXISTING RESIDENTS	<ul style="list-style-type: none"> • If income is $>80\%$AMI- $<120\%$AMI may continue to rent or lease at affordable rent • If income is $\geq 120\%$ AMI may continue to rent or lease however, upon written notice, rent may 	SAME	SAME

	Original 2017 Regulatory Agreement	Proposed Regulatory Agreements	
	be adjusted to fair market rent		
RELOCATION	<ul style="list-style-type: none"> Residents shall not be displaced before suitable replacement housing is available All relocation costs to be paid by Owner (not resident) Residents have the right to return after any temporary relocation. 	SAME	SAME
REPORTING	<ul style="list-style-type: none"> Annual report on occupied units, including household income and size and rental rate Annual financial audit 	SAME	SAME

The SCCHA has expressed its commitment to delivering the same number of required housing units at the same affordability levels in the new agreements. City staff, County staff, and SCCHA staff will discuss the amendments. City and County staff have had similar comments and concerns when reviewing the Regulatory Agreements and are in close communication (e.g., regular emails, meetings, and phone calls) on this work.

In the proposed regulatory agreements there are draft changes to affordability levels, these are:

- For households with incomes greater than 50% AMI but less than or equal to 80% AMI, a monthly rent less than or equal to one-twelfth of 30% of 80% of AMI, rather than one-twelfth of 30% of 60% of AMI.
- For households with incomes greater than 80% AMI but less than 120% AMI, a monthly rent less than or equal to one-twelfth of 30% of 120% AMI, rather than one-twelfth of 110% AMI.
- There is no language referring to mobile home owners and mortgage payments and the ability to deduct mortgage payments, property taxes, assessment, and insurance premiums in determining affordable rent.

These changes represent SCCHA’s proposed update to the rent calculation methodology to better align with the funding sources that will be in place for both the park and apartments.

When the parties initially entered into the regulatory agreement in 2017, the funding sources were not yet fully known. As the parties enter into the updated agreements, SCCHA proposes to use the federal Department of Housing and Urban Development (HUD) published area median income levels (AMI) and rent calculation method, which better align with financing sources. The Housing Authority (SCCHA) indicated that impacts to current residents are minimal and vary based on each household's income. Some residents will see a reduction, some residents will see no change, and others will see an increase. For those receiving an increase, the increases will be limited to either 5% or 10% per year until they "catch-up" to the correct affordable rent for their household.

Although it did not result in a change to the regulatory agreement, it is worth noting that the Housing Authority indicates it has invested a much higher proportion of the project's funding than anticipated under the original agreement (more than double the original amount) and remains committed to seeing the project through.

City staff anticipate returning to Council for approval on Consent in August with the intent to execute an agreement based on the revised terms drafted. County staff have indicated that they will be bringing the Regulatory Agreements before the Board of Supervisors late summer / this fall for their review and approval.

FISCAL/RESOURCE IMPACT

In June 2016, Council authorized the expenditure of \$14.5 million in City affordable housing funds to support the Housing Authority's potential acquisition of the Buena Vista Mobile Home Park for deed restricted affordable housing. The money was utilized to acquire the site in 2017. The redeveloped Buena Vista Community will have two separate development budgets: one for the mobile home park and one for the proposed apartments. With the State's award of nearly \$25 million in Manufactured Housing Opportunity and Revitalization funds, the mobile home park is fully funded. The Housing Authority is continuing to work on the financing plan and funding applications for the apartment building and intends to apply for Preservation & Reinvestment Initiative for Community Enhancement funds in June and tax credits in August. SCCHA also intend to apply for tax credits at the end of August 2024.

No additional funding is requested from the City at this time. The formal application is a cost recovery project and the SCCHA has paid the required deposit fee in accordance with the municipal fee schedule for processing of this application.

STAKEHOLDER ENGAGEMENT

Van Meter Williams Pollack on behalf of SCCHA began the community engagement process in early 2019 but was disrupted by the COVID pandemic. In the Fall of 2022, SCCHA, Van Meter Williams Pollack, and Associated Right of Way Services, Inc. worked with Engage FORA to resume the community engagement process for the redevelopment of the Buena Vista Mobile Home Park). The Housing Authority reports the engagement process included:

- 4 interactive workshops
- resident advisor 1-on-1s
- 3 property tours
- monthly newsletters
- on-site tours of a new coach
- frequent FAQs
- 3 resident education sessions
- website updates
- 3 community-building events

Through the engagement process, SCCHA reports Buena Vista resident's having an influence over several aspects of the design, including:

- Colors, material, and architectural style
- Massing and orientation of the apartment building
- The size of the new mobile homes

Residents also reportedly stressed the importance of amenities like play areas, a place for a homework club with computers, indoor and outdoor community gathering and event spaces, a dog run, and garden beds.

SCCHA reports that during the engagement process, some resident questions and concerns were raised, which the agency states it responded to through written Q&A documents in February, April, May, and June 2023. SCCHA indicates a Townhall meeting was held in April 2023, in addition to one on one meetings and workshops. For residents with very specific questions and circumstances, the SCCHA reports corresponded directly with these households. For some residents, navigating the process has included bringing the Law Foundation, and, in some cases, trusted clergy, into meetings involving housing options and decisions.

Additionally, City staff has met with the SCCHA monthly, and at times weekly, to better understand how resident concerns are being addressed and to partner and assist as appropriate. One example of this was staff leveraging its relationship with a local mental health provider that has attended some Buena Vista-related community events and connected with community members to develop relationships and provide support.

Public Comments

At the Council study session in March 2024, several residents of the mobile home park and interested stakeholders provided comments on the proposed project. Generally, comments focused on the relocation plan and ranged from those interested in having the project approved as soon as possible to improve their existing living condition, to those that felt that the residents' needs were not being met in under the relocation plan. For example, one resident expressed that they requested a three-bedroom unit in the relocation because their current two-bedroom unit did not provide enough space and were not afforded that option.

Another stakeholder expressed that as a current renter they were not provided the opportunity to become an owner in this relocation plan, which deviated from their original expectations.

There were also comments generally asking the City to reassess its authority with respect to the portion of the site that would be reviewed by HCD. One commenter asked for the private street to be relocated.

At the Architectural Review Board study session in May 2024, two local residents spoke in support of the proposed redevelopment. One resident asked for more clarity on the total number of parking spaces between both parcels, encouraged more clarity on which trees would be removed, asked for reconsideration of the species proposed on the portion of the property subject to HCD purview (specifically discouraging the use of Lombardy Poplar trees). A second stakeholder agreed with the first speaker with respect to trees and expressed that more oak trees should be planted.

ENVIRONMENTAL REVIEW

Because this project involves federal programs, it must be evaluated under both the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Under CEQA and NEPA, the project must be considered as a whole, so the City is serving as the lead agency for CEQA, and the Responsible Entity (RE) for NEPA for all aspects of the project (including the mobile homes). The Department of Housing and Urban Development will serve as the lead agency under NEPA. As the RE, the City is responsible for preparing the NEPA evaluation. An Environmental Assessment is currently being prepared in accordance with NEPA and is required to be complete for the release of any federal funds for the project.

ATTACHMENTS

Attachment A: Location Map

Attachment B: Draft Record of Land Use Action

Attachment C: Proposed 2024 Regulatory Agreements

Attachment D: Existing Regulatory Agreement

Attachment E: Zoning Code Consistency Analysis

Attachment F: Objective Standards Consistency Analysis

Attachment G: Project Description and Justification of Waivers

Attachment H: Project Plans

APPROVED BY:

Jonathan Lait, Planning and Development Services Director