

# Memorandum

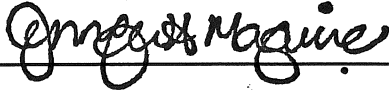
**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Kim Welsh  
Jacky Morales-Ferrand

**SUBJECT:** "HOUSING DAY" CHANGES

**DATE:** August 16, 2019

Approved



Date

8/16/19

## INFORMATION

### BACKGROUND

On June 25, 2019, City Council directed staff to move forward with a unique services agreement for a consultant to perform the required financial feasibility assessment for actions related to potential amendments to the Downtown High-Rise Incentive Program, with the intent of staff returning on, or as near as reasonably possible to, August 6.

In addition, staff from the Community and Economic Development City Service Area have been actively working over the summer to bring forward various housing-related items for the City Council's consideration, and had targeted September 24, 2019. These items include:

- Housing Crisis Workplan Update
- ADU Amnesty Program Options
- Cost of Residential Development Report (of both Market Rate and Affordable Housing)
- Unified Development Fee Framework
- Inclusionary Housing Ordinance Proposed Revisions
- Ellis Act Ordinance Potential Modifications

The purpose of this Memo is to provide an updated schedule for Council consideration of various items related to housing. Three items will be brought to Council on September 24<sup>th</sup> and five will be scheduled for November 5<sup>th</sup>.

### ANALYSIS

Four consultant reports are being prepared to support the analysis for these various items.

**Consultant Reports Supporting Upcoming Staff Recommendations**

<b>Report</b>	<b>Description</b>	<b>Consultant</b>
Cost of Residential Development	<ul style="list-style-type: none"> <li>- Evaluates the cost of development for different building types in various locations</li> <li>- Compares the cost of development for market rate and affordable housing</li> </ul>	Keyser Marston
Land Cost Study	<ul style="list-style-type: none"> <li>- Tracks land sales prices over time</li> </ul>	David Paul Rosen and Associates
Inclusionary Housing Framework	<ul style="list-style-type: none"> <li>- Evaluates the financial impacts of proposed policy recommendations on future housing development</li> </ul>	Keyser Marston
Downtown High-Rise Financial Feasibility Assessment	<ul style="list-style-type: none"> <li>- Assesses financial feasibility of downtown high-rise housing development</li> </ul>	Strategic Economics

Based on the City Council’s June 25<sup>th</sup> direction, staff worked diligently to select a consultant, develop a scope, and execute a contract in order to complete the Downtown High-Rise Financial Feasibility Assessment. Despite everyone’s best efforts, Strategic Economics is unable to complete their analysis until mid-September. In addition, following completion of the High-Rise Feasibility Assessment, staff needs time to review and integrate all four reports and to ensure that stakeholders understand the reports’ methodologies and implications.

Therefore, there are four items that will go to Council on September 24<sup>th</sup> because they are not dependent on the alignment of all four studies. Staff will submit the following items for the September 24<sup>th</sup> City Council Meeting:

- Housing Crisis Workplan Update
- ADU Amnesty Program Options
- Downtown High-Rise Feasibility Assessment
- Extension of Downtown High-Rise Incentive Program

The remaining items require additional time to ensure that the policy alternatives are consistent with the consultant reports. These policy alternatives include (i) a development fee framework intended to achieve clarity and simplicity akin to the “universal fee” concept, (ii) alignment of the payment of fees, (iii) a new policy and in-lieu fee structure for the Inclusionary Housing Ordinance and (iv) new alternatives to meet the Ellis Act Ordinance re-control requirements. Considering the report delivery timelines and posting requirements, staff will be able to finalize the remaining memorandums for a November 5<sup>th</sup> City Council discussion.

- Cost of Residential Development Report
- Land Cost Study Report

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- Unified Development Fee Framework
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The Housing Department and Office of Economic Development will track housing developments in the permitting or construction process that may be waiting for the outcome of these policy decisions. All high-rise developers with projects in the pipeline have been notified of the September 24<sup>th</sup> date.

### **COORDINATION**

This report has been coordinated with the Office of the City Attorney and the Department of Planning Building and Code Enforcement.

/s/

KIM WALESH

Deputy City Manager

Director of Economic Development

/s/

JACKY MORALES-FERRAND

Director

Housing Department

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