TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: JULY 10, 2006 CMR: 297:06

SUBJECT: EDEN HOUSING AFFORDABLE HOUSING PROJECT STUDY SESSION

BACKGROUND
Since the spring of 2003, Eden Housing, Inc. has been under contract to the City of Palo Alto to identify potential sites suitable for a higher density affordable housing project. Given the extremely high land values in Palo Alto, Eden began to focus on the Alma Street substation site in the summer of 2004 since it was a City-owned property and the Utility Department was considering relocating the substation to its Quarry Road site to eliminate redundancy. At a City Council Study Session held on September 27, 2004 Eden analyzed three different housing types, senior housing, SRO housing and workforce housing for families on the substation site. Although the City Council noted that there was a great need for workforce housing, senior housing appeared to be the best option at that time because its limited size was more suited to accommodate smaller senior units than larger family units.

DISCUSSION
Eden, now partnered with the Community Housing Alliance, Inc. (CHA), an affiliate of the Community Working Group, has developed a preliminary design for an expanded site that includes both the substation site and the corner site at 801 Alma Street (currently Ole’s car repair). CHA has entered into a contract with the property owner to purchase the corner site. Eden and CHA, working with their architect, Rob Wellington Quigley, have developed preliminary designs for a family housing project on the expanded site. The additional parcel makes housing for families a good option for the larger site. The preliminary design for the proposed building includes four stories of apartments over underground parking. Access to the parking will be from the existing underground parking garage at 800 High Street. While the mix of units may change, current plans show 53 apartment units that include:
• 17 one-bedroom units
• 20 two-bedroom units
• 16 three-bedroom units

The main entrance to the building will face Homer Avenue, and an entry court will provide a separation between the street and the front door. Common spaces will include a lobby, a community room, a computer lab, outdoor spaces for children and adults, management offices, laundry rooms and a possible roof deck. Landscaped areas will surround the building. There will be 77 parking spaces in the garage. The Floor Area Ratio of the current proposed plan is 2.26 and the parking ratio is 1.45 parking spaces per unit. Conceptual plans for this design are attached and will be discussed at the study session.

The target income levels for future residents are families whose incomes are at 30% to 35% of the Area Median Income (AMI). In Santa Clara County, those incomes would range from $22,290 to $26,005 for one person, up to $36,930 to $43,085 for a family of six. Rents will not be more than 30% of income.

The best option for the major funding source for this project is 9% tax credits. Additional funding will most likely come from a combination of federal, state and local sources. These include:

• State of California Housing Trust Fund
• Santa Clara County
• Affordable Housing Program (Federal Home Loan Bank)
• City of Palo Alto
• Community Housing Alliance, Inc.

Since the project site is located within the SOFA 2 Coordinated Plan Area, this project will require a Planned Community (PC) rezoning because its FAR exceeds 2.00. Eden and CHA anticipate preliminary review by the Architectural Review Board this fall with a submittal for the PC process either later this year or early in 2007; and completion of the PC process by December 2007.

Eden will begin applying for 9% tax credit funding in March 2008. If tax credits are granted in June from that application, construction will need to begin in November 2008. Under this schedule, it is estimated that construction will be completed by late spring 2010 and full occupancy by late summer 2010.

At the study session, Eden and CHA will present the background and overview of the project and Rob Quigley will present the design concepts for the building and the site.
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ATTACHMENTS: 
Exhibit 1: Conceptual Site Plans
Exhibit 2: Summary—Estimated Development Cost
Exhibit 3: Affordability Matrix