



CITY OF
**PALO
ALTO**

Planning & Transportation Commission Action Agenda: September 28, 2022

Council Chambers & Zoom
6:00 PM

Call to Order / Roll Call

6:10 pm

Chair Lauing: Good evening, everyone I'd like to call to order the Planning and Transportation Commission regular meeting for September 28, 2022, and please do a roll call.

Ms. Klicheva: Chair Lauing?

Chair Lauing: Present.

Ms. Klicheva: Vice-Chair Summa?

Vice-Chair Summa: Present.

Ms. Klicheva: Commissioner Chang?

Commissioner Chang: Here.

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1 Ms. Klicheva: Commissioner Hechtman?

2

3 Commissioner Hechtman: Present.

4

5 Ms. Klicheva: Commissioner Reckdahl?

6

7 Commissioner Reckdahl: Here.

8

9 Ms. Klicheva: Commissioner Roohparvar?

10

11 Commissioner Roohparvar: Present.

12

13 Ms. Klicheva: Commissioner Templeton?

14

15 Commissioner Templeton: Here.

16

17 Ms. Klicheva: We have a quorum.

18

19 Chief Planning Official Amy French: Pursuant to AB-361 this meeting will be held with the

20 option to attend by teleconference or in person. Members of the public may provide live public

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1 comment by submitting a speaker card prior to the start of Public Comment on that item.
2 Speakers may address items that are not on the Agenda during Oral Communications portion of
3 the meeting. Spoken comments via a computer or a smart phone will be accepted through the
4 zoom app. To address the Commission, go to <https://zoom.us/join> meeting ID 916 4155 9499.
5 When you wish to speak, click on raise hand. To offer comments using a regular phone call 1-
6 669-900-6833 and enter Meeting ID: 916 4155 9499. When you wish to speak on an item hit
7 star (*) 9 on your phone so we know that you wish to speak. Thank you.

8

9 **Oral Communications**

10 The public may speak to any item not on the agenda. Three (3) minutes per speaker.^{1,3}

11

12 Chair Lauing: Okay thank you that does bring us to Oral Communications if there's anyone
13 online that wants to speak on an item that is not on the Agenda now is the time to do that,
14 there's no one in Chambers.

15

16 Ms. Klicheva: I do not see any raised hands on line and I do not have any speaker cards.

17

18 **Agenda Changes, Additions and Deletions**

19 The Chair or Commission majority may modify the agenda order to improve meeting management.

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1 Chair Lauing: Okay thank you. Seeing no public comments we'll move on to changes, additions
2 or deletions, if there any please speak up.

3

4 **City Official Reports**

5

6 Chair Lauing: Okay, seeing none we'll move on to the official City Report.

7 1. Directors Report, Meeting Schedule and Assignments

8

9 Ms. French: Yes, good evening. This evening we have our ADU item, next session we will be
10 meeting on October 12th and address a project the Sabrato Company has submitted for 200
11 Portage, it's got a Park Boulevard address and another couple of addresses, I think 340 is one of
12 them, so that's the main important item for that evening. Coming up end of October with the
13 Planning Commission we have an item Heat Pump Water Heaters, if anyone followed last night
14 the Climate Action Plan (S/CAP) item at Council there's a pilot program proposed for heat pump
15 water heaters to help us meet our climate goals. And then also that night we have our ER
16 scoping meeting for 660 University, it's a PHZ proposal for housing and other uses on University
17 Avenue. Then that's it for October, we'll look towards November for Comp Plan
18 Implementation, a Study session on all the State Legislations that have passed through the
19 Legislature and being signed by the Governor, and we'll talk about the development agreement

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1 amendment for the medical... Stanford University Medical and the Oxbow Transportation will
2 be presenting their item. As far as what's happening at Council, I'm going to look and see who's
3 the representative ...

4

5 Chair Lauing: That would be me.

6

7 Ms. French: Okay. Let's see because we do have some items that are going in October, the
8 M/VCAP refined preferred alternative. So, that's October 24th, is the action item there. That
9 would be ideally situated having been on the M/VCAP ...

10

11 Chair Lauing: I wasn't the representative for it. I certainly followed it closely.

12

13 Ms. French: I'm sure! And then we have a couple of other things going to Council that did not
14 come through the Planning Commission, but it's not required representation but I'm sure
15 there's interest, the Permanent Parklet Program discussion is going to happen at the end of
16 October as well. Oh, I know, the 575 Los Trancos is on their Consent Calendar, but it did come
17 to the Planning Commission. So. And then just to note, that will be in November thought, the
18 CUP thresholds items, November 7th. So, whoever's up for November as our Representative for
19 the Planning Commission, you can be prepared for that. Okay. That concludes my (interrupted)

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1 Chair Lauing: Okay. Are there questions for the staff?

2

3 Ms. French: I do also have a slide that is of all the State Legislation that has passed, maybe later
4 in the meeting, after the main item you can... (interrupted)

5

6 Chair Lauing: You're fading out there.

7

8 Ms. French: Oh, I do have a bullet slide of the State Legislation that has passed, regarding land
9 use, we aren't really ready to give a treaties on that or a discussion but at some point if you'd
10 like we can kind of touch... (interrupted)

11

12 Chair Lauing: I think this would be a good time to flash that up... just to see what the
13 Governor's been up to.

14

15 Ms. French: Sure. Share my screen. It's been a while since I've done this... am I sharing my
16 screen? There okay. So, tonight's item will include the ADU related State Legislation and of
17 course that's in that presentation because that is on the Governor's desk. I didn't follow
18 whatever happened today with the Governor's desk. So. Not Sure. But we expect that these will
19 be passed. AB2097 was signed, and so this is a big one and we provided a summary to the City

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1 Council on this and we have a couple of bullets here, again we don't have this Agendized and
2 we don't have opinions on this or further discussion but (interrupted)

3

4 Chair Lauing: Yeah, this is just a report out from staff.

5

6 Ms. French: This is a report out from staff just to let you know that they've passed and this is a
7 game changer, this one. AB2897 some other legislation, the way they took planning and land
8 use matters are here. So, yeah, that concludes my presentation. Thanks.

9

10 Chair Lauing: Yeah we're going to get an update in a few weeks on all of those.

11

12 Ms. French: Yes, once they've actually ... these have cleared the month of September.

13

14 Chair Lauing: Yeah, that one the he's called Clean-Up SB35 we need to know what's going on
15 there.

16

17 Commissioner Hechtman: Do we have a transportation side update?

18

19 Ms. French: Yeah, Rafael.

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1 Chair Lauing: There he is.

2

3 Senior Engineer Rafael Rius: Sure, Hi Rafael Rius, Senior Engineer with the office of
4 Transportation. Thank you, Commissioners and Chair. Just wanted to mention that our item for
5 reviewing high incident locations in a study format will be on the Agenda for October 26th at
6 this time, and also, we're going to bring a Muni-Code clean up with respect to bicycle riding and
7 that's going to be... I think I previously mentioned that was going to be targeted for November
8 but that's likely to get pushed back a little bit, likely to December or January. I'll provide an
9 update on that when I find out more. No significant project updates since we last met. That's all
10 I have unless there's any questions.

11

12 Chair Lauing: Commissioner Chang.

13

14 Commissioner Chang: Yes, I had a question, you had told us the lights on Charleston were up
15 and running and I experienced them, they're up and running. You had also mentioned that they
16 are not yet synchronized. Do you have an update on when that will happen?

17

18 Mr. Rius: Not a very full detailed one. So there's a couple issues. Fabian and Charleston have
19 been out of whack for a while. There was a vehicle, a single vehicle accident that damaged
20 some equipment. We anticipate that one to be fully switched over by November and that will

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1 get... re-establish the coordination between Fabian and San Antonio which we previously had
2 and then to get Luis/Montrose, that one attached, I'm waiting for communication, like Fiber-
3 optics to get to that intersection because that's a whole new fiber one that's going to be
4 established. And originally like Wilke, Fabian and Montrose, they were all supposed to occur at
5 the same time, but we snuck in Montrose with kind of a temporary format right now so we're
6 still waiting to switch that over to the permanent equipment in February and hoping the Fiber
7 can come around the same time. Sorry, not February, November. And that would be able ...
8 that would allow us to coordinate you know Middlefield to San Antonio extension.

9
10 Commissioner Chang: Okay, Yeah, because it's pretty bad right now. On Saturday at 4 p.m. it
11 took me ten minutes to get on Charleston from Middlefield to San Antonio, and then it was fine
12 past San Antonio. It's just that little section, right... with like Luis and then Fabian and then
13 yeah.

14
15 Mr. Rius: Just a little anecdote, you said Saturday afternoon, right? Yeah, there was an
16 Earthquakes game as well as concerts. I was actually going for the concerts and several other
17 sporting events at Stanford at the same time ... I got stuck on Oregon for a bit around that same
18 time.

19

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1 Commissioner Chang: Except I was leaving Palo Alto and I still couldn't like going against the
2 traffic, so it's just a really sticky.... And I've heard a lot about it. (crosstalk)

3
4 Mr. Rius: It is a brand new you know intersect... traffic signal that's at... will add a component
5 of delay to the corridor... whenever you add a new signal... but yeah the coordination is not...
6 you know... I would add the coordination on weekends is generally limited also, but we'll
7 definitely look into it once we get the full capabilities up and running. So.

8
9 Commissioner Chang: Thanks.

10
11 Mr. Rius: Sure.

12
13 Chair Lauing: Commissioner Templeton.

14
15 Commissioner Templeton: Thank you. I heard that the Governor signed a law about having the
16 lead time for crossing state roads, the timing... the traffic light timing and I just wanted to ask if
17 you've heard about that and if you have an idea yet of when our El Camino crossings that are
18 part of Safe Routes to School will get that extra timing.

19

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1 Mr. Rius: I have not heard of that and also not to push it off on to others but I think we
2 discussed previously we don't control the timing along El Camino but my understanding is we
3 both use... at least in the signals that we control we use a conservative measure but I'm going
4 to look into... a measurement of feet per second that (crosstalk)

5
6 Commissioner Templeton: Yeah I totally understand that it's outside of our jurisdiction but it's
7 not outside our areas of interest so if the City wanted to advocate to push our parts of El
8 Camino ahead to the top of the list or something then we should definitely do that because we
9 have seen numerous collisions including a fatality in crossing El Camino so, I just wanted to let
10 you know about that because it did just happen and you might not have heard about it so,
11 maybe you can check into it and give us an update next time... I mean if there's anything that
12 we can do, if we need to start up a petition... or anything. Just let us know how we can help.

13
14 Mr. Rius: Most definitely I'm going to look into it, check out the measurement and I think it's
15 fair to already put in requests to CalTrans, I don't think we need a petition to do that but just
16 mention... I mean if they're not already, urging them to follow the most current standards and
17 laws would be appropriate.

18
19 Commissioner Templeton: Awesome. Thank you.

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1 Mr. Rius: Sure.

2

3 Chair Lauing: Great comment thanks Commissioner Templeton. Let's see. Commissioner
4 Reckdahl.

5

6 Commissioner Reckdahl: Yeah, I had a follow up on Charleston/Arastradero. I am looking
7 forward to getting that because Luis was very dangerous before, but Luis is not kind of mucking
8 up Fabian so I'm looking forward to the timing. Today also, Nelson was mucking up with
9 Middlefield. The light was green at Middlefield, and no one could get through because it was all
10 stacked up waiting for Nelson to turn green. Is Nelson going to eventually be timed with
11 Middlefield or are they going to be a-synchronized?

12

13 Mr. Rius: Let me d... it should already be but let me double check on that. That does happen,
14 there's a bike path crossing and there is, there's a separate phase for the bikes there and
15 sometimes if a bike... if a cyclist comes ... we often get complaints that the walk time... the walk
16 phase runs and that creates extra delay, with nobody there and that happens a lot when a
17 cyclist will push the crossing button and then cross in five seconds but the you still have to wait
18 thirty seconds for the pedestrian phase to go.

19

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1 Commissioner Reckdahl: Yeah, the pedestrian phase is very long just because Stevenson House
2 is there. And then a bicyclist does it and the rest of us has a long period left.

3

4 Mr. Rius: Yeah, and then you know the driver's see it running with nobody there because the
5 cyclist might be long gone (faded out)

6

7 Commissioner Reckdahl: Would it be possible to have two buttons there? One for standard
8 walk and one for bicyclists?

9

10 Mr. Rius: That's possible but it's generally not our practice, we try not to do... I know we have a
11 couple, but we try not to do buttons for bicyclists because they should just be detected if
12 they're waiting in their appropriate area. Like we generally don't want ... like if a cyclist, for
13 example is waiting in a bike lane, we generally don't want them to leave the bike lane to push a
14 button and then go back to the bike lane. That bike lane itself should just be detectable... have
15 the capability of detecting (interrupted)

16

17 Commissioner Reckdahl: Especially where Nelson T's there. The bicyclists are right by the
18 sidewalk there so the button is right there. And they get ancy and they press it, as a result you
19 lose twenty minutes of traffic flow. Twenty seconds of traffic flow.

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1 Mr. Rius: We are looking... we are experimenting with some other features, there's one over at
2 Sand Hill and what's the name of the cross street... where like a little indicator tells the cyclist
3 that they're being detected, because that's a lot of the time the problem is the cyclist don't
4 know, or they're not aware that they're being detected and they'll go and push the walk
5 button.

6

7 Commissioner Reckdahl: Okay, thank you.

8

9 Chair Lauing: Commissioner Roohparvar.

10

11 Commissioner Roohparvar: Thank you. Just a quick follow up. When are you going to take
12 down that extra equipment, is that going to be in November too?

13

14 Mr. Rius: Which extra equipment?

15

16 Commissioner Roohparvar: The extra lights, like on Fabian and Charleston, like I live right
17 there, there are two sets of lights, also on El Camino. When are you taking that extra set... it's
18 kind of confusing.

19

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1 Mr. Rius: Yeah, so [Audio Cut Out] last thirty or forty years, they're still in use and as soon as
2 we can wire up the new ones, get the new cabinets, switch it over to the new poles the same
3 day, they old poles will be removed.

4

5 Commissioner Roohparvar: So, November, right? Is that like the same timing as you had said?
6 Okay.

7

8 Mr. Rius: Exactly, and really waiting for the new cabinets and controllers and everything to go
9 in just because I believe all but one of the poles are already up.

10

11 Commissioner Roohparvar: Got it. Thank you.

12

13 Chair Lauing: Okay. Thank you. Transportation Department, and the Planning Department.

14

15 **Action Items**

16 Public Comment is Permitted. Applicants/Appellant Teams: Fifteen (15) minutes, plus three (3) minutes rebuttal.

17 All others: Five (5) minutes per speaker. ^{2,3}

18

19 Chair Lauing: Alright. Our next item is the only action item for tonight, Which is Public Hearing
20 on review and recommendation of Amendment to the Municipal Code 1809 which is ADUs and
21 JADUs and related sections. So, I know there's a staff presentation.

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2. PUBLIC HEARING: PUBLIC HEARING/LEGISLATIVE: Review and Recommend Amendments to Palo Alto Municipal Code Chapter 18.09, Accessory and Junior Accessory Dwelling Units and Related Sections of Title 18. Environmental Assessment: Exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080.17 and CEQA Guidelines sections 15061(b)(3), 15301, 15302 and 15305 (Continued From July 13, 2022, August 10, 2022, and September 14, 2022)

Ms. French: Garret is here. Garret Sauls. Thank you.

Planner Sauls: Hello Commissioners. It's been, I think this is now the 5th or the 6th item, of time that we're hearing this item. So, fortunately we've gotten through kind of a lot of discussions on this topic previously and we've narrowed it down to two or three items tonight to discuss. This is a continuation of the July 13th and August 10th meetings. In that time frame we were able to discuss as I said just a second ago, the majority of the items that you can see on this list, related to potential regulations to basements, noise producing equipment, parking, attached parking, data use, privacy, corner lot incentives, generally some affordable ADU policies, as well as the policies E one through eight, which had not previously been discussed with the PTC prior to the July 13th staff meeting, PTC meeting that are in the staff report for that date. The items that are remaining to be discussed were related to noise producing equipment standards as well as affordability standards for the potential program that PTC and City Council had asked the staff to kind of consider implementing. So, included in the staff report are items related to the

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1 questions that the PTC had asked about related to noise producing equipment, how noise can
2 attenuate over distances when they might be placed at closer proximity than zero to four
3 setback to a property line for detached ADUs or attached ADUs or JADUs. So, the staff report
4 talks about how there's a principle called the inverse square law which identifies how noise
5 attenuates over distance. It identifies also that there is generally a doubling of distance from a
6 specific point source or that the decibel ratings that are experienced from a piece of noise
7 producing equipment can generally decrease by about six decibel ratings when you double the
8 distance from a specific point source, so, you for example are experiencing a decibel rating of
9 76 and you're about a foot or two away from that noise producing equipment based on a
10 general theory of inverse square law, you double that distance and about four feet away you
11 would be typically expected to experience a decibel rating of about seventy. If you double that
12 to an eight-foot distance, than you'd be experiencing something like a sixty-four decibel rating
13 at that point, from the unit. Another good question that the PTC had asked about was whether
14 or not noise producing equipment could impact ingress and egress requirements for building or
15 fire department. Staff had followed up this question with the Fire Department who
16 communicated that the presence of equipment in these areas can create ingress and egress
17 issues in terms of being able to provide access for life safety, during life safety events, but they
18 also identified that the designs of these structures are not so regimented that there can't be a
19 resolution in terms of location of a noise producing equipment, piece of noise producing
20 equipment, or even a door or even an egress window for example, such that the fire

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1 department can still access the site safely, in order to provide whatever services that they need.
2 So, there are design aspects behind these buildings that can be resolved so there would not be
3 a conflict between the presence of noise producing equipment and whether or not the fire
4 department can access the unit. The other remaining items were related to affordability. The
5 two items that you see first in roman numeral one and two, were motions that had been made
6 in the previous hearing on August 10th, which identified that the policy, the potential incentive
7 for reconstructing or expanding non-conforming walls was made by a motion of six to zero to
8 allow that policy for all ADUs, all junior ADUs and ADUs, and similarly removing the existing
9 garage requirement that eliminating the two-step process as an incentive was also approved,
10 recommended to move to a policy that could be applied for all ADUs. The remaining
11 conversation was about potentially, was about how exempting affordable units that data
12 distribution would kind of play out and whether not over time, over a ten- to fifteen-year
13 period and applicant who might be receiving a waiver from the City for Impact Fees, may
14 actually end up losing money overall. And so, in the staff report, staff had provided this
15 analysis, which is what you see here, which talks about the data distribution of eighty-percent
16 AMI units. This was kind of the lowest end spectrum of affordable units and the range of
17 income that the City has provided to alta housing is kind of the two-thousand-six-hundred and
18 thirty-five dollars a month is basically kind of that highest end of how much some one could be
19 potentially charged for their monthly rent if they fell within this income category and then the
20 market rate analysis is what staff, in the staff report, had been able to pull together from

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1 information from census data, from market studies provided by private organizations that
2 generally talked about how there's a wide range within Santa Clara County between prices of
3 rental units and so staff looked to find kind of medium price which came out to about two-
4 thousand-eight-hundred and ninety dollars, that you see on the screen and in the staff report.
5 Overall, there was about a forty-two percent relationship in terms of how much someone might
6 be able to.... The relationship between the size of the ADU, to the size of the primary home that
7 might identify kind of when someone can kind of break even in terms of Impact Fees that they
8 might be charged relative to a ten-year period of time. For a fifteen-year period of time, that
9 factor was actually more significant, that the size of the ADU needed to be closer to the size of
10 the home so that they would be charge a bigger number of Impact Fees or waived potentially, a
11 greater amount of Impact Fees. And an offset of this fifteen-year period which you see at the
12 end, which is this forty-five thousand nine-hundred-dollar difference. What are Impact Fees?
13 Impact fees are fees that are collected to provide for the following services: parks, community
14 centers, libraries, public safety facilities and general government facilities. So, these fees are
15 kind of designed to offset the increase in demand for public services that occur due to increase
16 in populations, as more units are built within the city, single family homes, multi-family homes,
17 ADUs, Junior ADUs, this demand will generally increase, and these fees help to offset the
18 impact of the increase in population. These are actively paid through development projects that
19 are submitted to the city and if these fees would be considered to be waived, these city services
20 or maintenances will generally decrease over time due to a lack of funding for these facilities

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1 and potentially could even be, or not be constructed dependent on whatever sort of revenue
2 sources are available. So, it is an important thing to keep in mind when making the decision
3 about waiving impact fees, or not. The other items that Ms. French talked about in her
4 presentation were potential State Law changes to, that we were waiting to receive input from
5 the Governor on, as to whether or he was signing them. SB897 has a number of items. These
6 three items you see on the screen are kind of condensed as to the most significant aspects of
7 city's... of our municipal code that would need to change in order to conform with what this
8 potential policy would allow for. So, the first one is at: For a detached ADU on lots that are on
9 either existing or proposed single family or multi-family dwelling, you could be allowed to have
10 up to an eighteen-foot structure, Eighteen-foot tall ADU. Now, this requirement is that you be
11 placed within one-half mile walking distance of either a major transit stop or high-quality transit
12 corridor. Palo Alto, the only high-quality transit corridor that the city has is along El Camino
13 Real, the major transit stops being all the CalTrans stations. California Avenue, Palo Alto, and
14 technically must outside the boundary San Antonio station and Mountain View. In addition,
15 there may be... there could be an allowance for an additional two feet in height to
16 accommodate a roof pitch that is in alignment with the primary dwelling unit. So, potentially
17 you may be able to have a twenty-foot tall ADU. Second provision was about an eighteen-foot...
18 allowing an eighteen-foot tall detached ADU with an existing or proposed multi-family, multi-
19 story dwelling. So, the distinction here is that it's a multi-family, multi-story dwelling. If it were
20 potentially a single-story dwelling there may be the possibility that in stead of allowing an

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1 eighteen-foot-tall structure, there could potentially be instead a requirement or allowance at a
2 sixteen-foot-tall structure instead. And lastly there's an allowance, or a potential allowance for
3 a twenty-five-foot attached ADU. These ADUs would not be allowed to exceed two-stories
4 internally in height, so you would not be able to have a three-story ADU but potentially a two-
5 story ADU with this attached ADU. A lot of the other provisions that are identified in the staff
6 report are somewhat more administrative policies that staff already adopts as a part of
7 reviewing these applications. Namely related to processing timelines, some I think if I
8 remember correctly, some discrimination in terms of allowing certain units to be converted
9 from certain types of structure or not, but again as I mentioned, a lot of these policies are
10 things that staff already adopts as part of their review process, so there aren't necessarily
11 technical changes needed in the code to address them. AB2221 talks about how a garage would
12 be allowed to... a detached garage from a primary dwelling may be allowed to be converted to
13 an ADU. This is something that staff already adopts, so again, something that we don't need to
14 change in our Municipal Code but was added for clarification at the State level. It talks about
15 denying permits for junior ADUs as well as ADUs that the City needs to provide a full set of
16 comments to the applicants identifying why the application is defective or deficient and how
17 that can be remedied. Again, staff already does this in in the normal steps of their review
18 process and identifies to the applicant how those changes can be corrected. So, there's not a
19 need to update our Municipal Code to have that language more directly in there. The more
20 significant change to this policy would be that they added a limitation to local jurisdictions

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1 being able to apply a front setback when we look at a site that is looking to provide for at least
2 an eight-hundred square foot ADU with a four-foot setback. Four-foot side or rear setback and
3 sixteen-feet in height. Staff's understanding of this policy and where it was specifically
4 introduced into the state law is more relative to the scenarios where you... or an applicant or a
5 homeowner may be looking to build an ADU but for whatever reason have no other option,
6 other than within the front setback to develop that eight-hundred square foot ADU. So that's
7 not necessarily that it's for front to say that initially you're putting it within the front setback is
8 the first approach but if there are other opportunities to place it elsewhere then those are the
9 ones we can look forward to. Encouraging applicants to locate their structures there, rather
10 than immediately within the front setback. And included in the staff report related to SB 897 is
11 an attachment that represents just visually in the City, where that half mile walking distance
12 from El Camino Real and the major transit stops are located, so graphically it represents an area
13 of where these potential policies would apply, or this specific potential policy on this first bullet
14 point, would apply, could apply. Staff would utilize that map in our GIS software to be able to
15 apply this standard for future applications. So, it is a helpful tool for everyone. And that
16 concludes my presentation. But our recommendation is to recommend an approval of the draft
17 ordinances for Council and implement any suggested changes in a motion so that staff would
18 be able to proceed with this ordinance.

19

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1 Chair Lauing: Okay. So, we can do a round of questions, the idea is to come back and act on the
2 items that we left open because we have voted on some previous items. Everybody have the
3 same understanding there? And then of course we'll look at the exact ordinance as well. So, are
4 there any questions for Garret? Commissioner Hechtman.

5

6 Commissioner Hechtman: Thank you Chair and Thank you Mr. Sauls for ... well first of all for
7 bringing us information that we had asked for at our last meeting because we struggled at our
8 last meeting on a couple issues just because we didn't have the data and information so we
9 described what we needed and I thought you provided it so I feel a lot more comfortable taking
10 a position on some of these items now because I feel like I'm more fully informed so thank you
11 for listening and for following through. I had just a quick question on the ... when we're talking
12 about incentives for affordable ADUs, and you've provided us with a lot of facts and figures
13 which I thought were very useful. The clarification I wanted was if we look on packet page
14 eleven, in the incentives and we list three of them, the third one is exempting affordable units
15 from impacts fees and plan review fees. That's the title of the item. When you have provided
16 the explanation where you're plugging in figures you just used the term impact fees and so I
17 wanted to find out in the math you did, have you used impact fees as a shorthand for impact
18 fees plus plan review fees or is impact fees all that was looked at here so that plan review fees
19 were not included in the math?

20

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1 Mr. Sauls: And I should have made that clarification, so it does only incorporate Impact Fees,
2 mostly because those are very predictable in terms of how that fee comes out because again
3 it's just based on a relationship of the ADU relative to the primary home. Whereas the building
4 permit fees will change based on every square foot that's added or not included. And those
5 fees can change a little bit more less predictably. So, right now the analysis that's included on
6 packet page 12, only identifies impact fees. So, in addition to that if there were additional
7 waivers for plan review fees, which I know before I said can range between about four and ten
8 thousand dollars roughly, for ADUs, you can add that additionally on to it as a potentially
9 additional incentive. But the impact fees like I said before are much more predictable which is
10 why we use those.

11

12 Commissioner Hechtman: Okay, thank you for that. That's helpful clarification. And then the
13 other question I had is if the Commission is interested in moving forward with some version of
14 this concept... of a waiver of impact fees for these deed restricted ADUs, there's not any
15 language yet in the draft ordinance suggested language, to cover that. The heading for... this is
16 at the last line of packet page twenty-five, section 18.09.060 Affordable ADU/JADU Program,
17 and then the provisions follow on packet page twenty-six, but if we wanted to craft a concept
18 here, it looks like there's not draft language there yet, we'd have to direct staff to craft some
19 language for whatever the Commission wanted to go forward with. Or did I miss something?

20

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1 Mr. Sauls: Right so, in the conversations we had last year, we had talked a lot about, we had
2 brought on Alta housing about kind of how that program would be implemented and so in
3 terms of what that would look like, it would more than likely result in kind of like a policy
4 document separate from the Municipal Code language only in the sense that that document
5 might need to be updated more regularly outside of... administratively maybe updating terms
6 or language that's incorporated into that document that if there's a need to go through it and
7 have that language also updated within the Municipal Code, that can add kind of a lot of
8 difficulty just in time to be able to make that change, when if it's a separate policy document it
9 can be updated maybe a little bit more efficiently on staff side. But over all the language that's
10 included in there is really to capture the exemption for the impact fees for example as well as
11 kind of a duration of the time that we're looking to potentially target these units for. So that's
12 the fifteen years that's included in the language potentially up to 100% AMI and identifying that
13 the administrator will income qualify tenants.

14

15 Commissioner Hechtman: Okay. Thank you.

16

17 Chair Lauing: Commissioner Chang.

18

19 Commissioner Chang: Thank you Mr. Sauls for all of this information, super helpful. I was
20 surprised, you know in doing all these calculations that you did, I was surprised to see that the

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1 biggest factor in determining whether waiving impact fees would make a real difference for the
2 owner of the ADU was the relative size to the house. And so can you just back up a little bit, it's
3 a little bit out of scope for this meeting, but it would be helpful for context for me. How are
4 impact fees for the main house calculated? Because it seems like their different from how the
5 ADUs impact fees are calculated.

6

7 Mr. Sauls: Yeah, and I can bring that up too. Let me just... give me five seconds real quick. The
8 City has a development impact fee schedule, obviously it's tied in as part of the Municipal Fee
9 Schedule that's updated every year, and previously the City even had a breakdown of impact
10 fees and I want to say this might have been 2021 and before or maybe even 2020 and before,
11 there was a breakdown in single-family homes impact fees between homes that were less than
12 three thousand square feet and homes that were three thousand square feet and greater.
13 Meaning that at that point the City had said if you have this really big home, we're going to
14 charge you more impact fees but then, at least more recently, that was went away with... that
15 disappeared. At least in the documents that staff more actively use. So, it seems like that kind
16 of difference, that separation was removed by Council. What I'm trying to pull up as I'm
17 describing all these things is the current Impact Fee Schedule which we have one on our
18 webpage.

19

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1 Commissioner Chang: Maybe while you pull it up I can maybe share some of kind of my line of
2 questioning or what I'm thinking about this because what's so surprising is that the impact fees
3 for an eight-hundred square foot ADU are not actually dependent upon the ADUs, not fully
4 dependent on the ADUs square footage it actually depends on what the associated house's
5 square footage is as well. So that's very different.

6

7 Mr. Sauls: Yeah, and what I will note is that what I'm sharing on my screen right now is slightly
8 out of date just in terms of this document, but the new fees are relative to what is identified in
9 the staff report where the maximum amount comes out to I believe it was about seventy-two-
10 thousand-five-hundred and sixty-one dollars, or something like that. I'm trying to be more
11 accurate of it. But, in general, these are the fees that are charged per unit. So, you have a new
12 single-family... so in this scenario the only time for a single-family-home, not an ADU, that we
13 would charge impact fees is if we had a vacant lot, for example. If it were a vacant plot of land
14 in Palo Alto and someone was developing a new home on it, that would be when we would
15 charge impact fees. And like I said before, in the way that they represented this table before
16 2021, they had a breakdown here, or a separation, kind of a split in the middle that said single-
17 family home less than three-thousand and single-family home greater or equal to three-
18 thousand or they charged, where there is a higher charge for the larger unit. And so, with these,
19 all this... this ratio is also applicable to ADUs. So, like I mentioned in the staff report if the ADU is
20 the same size as the primary home, we would be treating the impact from that unit as

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1 effectively the same. Kind of one and one. But the fractional relationship, or the relationship
2 that's stated... adopted in 2020, basically said... asked the question of what is the relation...
3 what is the percentage of size of the ADU compared to the home. And what occurred there is
4 that you know, if it's twenty percent the size of that primary home, then you'd pay twenty
5 percent of the seventy-two thousand dollars.

6

7 Commissioner Chang: So, let me understand this. Essentially, we have a flat fee for a single-
8 family home. It doesn't matter the size of the fee... size of the new home, when that new home
9 is being built, then it's a flat amount whether it's a one thousand square foot home or a six
10 thousand square foot home. Correct?

11

12 Mr. Sauls: Correct.

13

14 Commissioner Chang: And then... but... with an ADU, that is not the case so in a sense if
15 somebody has an existing family home am I correct in kind of guessing that then the incentive
16 would be to just remodel the home because no development fees would be charged. There's
17 actually a disincentive to build an ADU.

18

19 Mr. Sauls: So, the only times one of the things I was trying to capture in my example before for
20 the single-family home example is if you have an existing home on the property, and it's

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1 redeveloped, you don't actually get paid... you don't get charged impact fees because it's not
2 increasing a new unit. You can for example if you don't want to pay impact fees either build an
3 ADU that's less than seven-hundred-fifty square feet or you know, build some additional
4 bedroom in your house right, but you couldn't claim it to be a second unit unless it actually met
5 all that criteria. And again if it's seven-hundred-fifty or greater, than we would charge impact
6 fees which brings us again back to the question of what's the size relationship.

7

8 Mr. Yang: So, Commissioner Chang you're pointing out something that's a little counter
9 intuitive and it's part of the, one of the mandates of State Law, that impact fees for ADUs have
10 to be in proportion to the square footage of the primary home. And there's actually another
11 unrelated State Law that will require us to shift all of our impact fees to per square foot feet
12 fees rather than per unit fees and that's going to happen over the course of the next five years
13 or so. And when that happens, then everything is going to be per square foot, basically. And so
14 your ADUs will be charged impact fees by the square foot, your primary home will be charged
15 impact fees by the square foot and the... it will be a much more intuitive relationship at that
16 point.

17

18 Commissioner Chang: Thank you Mr. Yang, that's super helpful because it just seems a little
19 backwards right now as we do all the math it doesn't make sense and you're saying that we're

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1 going to move towards a per square foot impact fee and that'll happen in the next five years, is
2 there any reason it can't be done faster than that?

3

4 Mr. Yang: Well, we need to prepare studies to establish what those per square foot fees should
5 be, it's not an easy... it's not like we can take our per unit numbers and divide them by three-
6 thousand or something like that. So, there's just a lot of technical work that needs to get done
7 and you know, many different fees that we need to study. So, it's just going to take time to get
8 there.

9

10 Commissioner Chang: Sure. That makes sense. Okay thank you.

11

12 Chair Lauing: Other questions, Commissioner Reckdahl.

13

14 Commissioner Reckdahl: Yeah, this is troubling because you do want an incentive for
15 affordable ADUs, but the problem is the fees, they aren't arbitrary. NEXTA study says if
16 someone lives in this house how much facilities do they need? How much libraries, how much
17 parks do they need and what's the cost of all that? And if we don't charge those impact fees,
18 we're not going to get parks, now the people moving in won't have an appropriate amount of
19 facilities. So, I'm really hesitant to use this as an incentive to have affordable ADUs, unless we
20 have some other fund to payback the parks and the libraries for this use. Really, just because

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1 these are people are affordable doesn't mean they won't be using parks. But if you're using this
2 as leverage then fine, I'm for that, but I would want someone to repay the parks and libraries to
3 make sure we don't lose the facilities we need to be serving people.

4

5 Mr. Yang: Excuse me Chair. So if we're done with Commissioner questions we should move to
6 see if there's public comment before the Commission discussion.

7

8 Chair Lauing: Yeah. So, was there a question there? I thought you were building up to a
9 question.

10

11 Commissioner Reckdah!: No.

12

13 PUBLIC COMMENT

14

15 Chair Lauing: Okay we'll do that. Is there any public comments? There's no one in Chambers.
16 And I'm seeing that there's nobody online so we're good to go. So, we can go to the comment
17 section. Should we just take these in order? Which means I think the first one is noise
18 producing equipment.

19

20 Mr. Sauls: That's correct.

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1

2 Chair Lauing: We did finish basements, yeah. And we're staying with the July 13th motion on
3 that. Okay, actually I had one question on that then. Just to squeeze in. When you commented
4 Garret, it's also at the top of page four on this noise producing equipment that the building, the
5 design of the building is flexible within a zero to four-foot setback, is that... do we feel like that
6 flexibility is going to be defined in a way that's understandable by the applicant and the builder
7 and so on? We don't want... ehh... be flexible, you know we need to kind of define that.

8

9 Mr. Sauls: Yeah, I think one of the things that's important to note is the location standard of the
10 equipment can facilitate flexibility as well. Right. So, if we say it can be located anywhere, that
11 means I can design my unit however I need to and then place my HVAC system somewhere
12 else. So, as it relates to accommodating things like egress or ingress, like if you have a structure
13 that's abutting your property line, and you know, it really has a lot of work, you need to tear it
14 down and build something else, you know that the playdough to some extent is entirely
15 malleable. Right. You manipulate it in whatever way you need to accommodate fire or building
16 egress requirements as well as noise require... or HVAC system requirements in terms of where
17 it's placed. It's not necessarily a scenario... I've yet to see a scenario where if the noise
18 producing equipment standards were more flexible, someone would have a harder time to
19 build an ADU or design it in a way that would address maybe some of the other issues. Because
20 in general you can think of at least a minimum sized ADU is a hundred and fifty square feet. So,

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1 there's ten feet wide by fifteen feet deep, there's a lot of space there to put in a window, a lot
2 of space there to put in an AC unit, add a door or some other [unintelligible] the building, to
3 satisfy kind of any of those allowances. And most ADUs tend to be some form of garage
4 conversion and those tend to be two hundred to four hundred square feet. So again, in terms of
5 where that's located, the more restrictive standard for where the AC unit can be, might have an
6 impact because it might be in an inconvenient location, say in the middle of a building and the
7 building wall and now you're kind of stuck and not able... to put a window or a door on either
8 side for some reasons.

9

10 Chair Lauing: Okay. Vice-Chair Summa. You have your light on.

11

12 Vice-Chair Summa: That was from earlier.

13

14 Chair Lauing: Oh. Sorry, okay. Alright so let's just go ahead with the comments now, whoever
15 wants to light it up here. Commissioner Hechtman.

16

17 Commissioner Hechtman: So, just a couple of things on noise, after our last meeting where we
18 had some questions about how noise attenuates, I actually reached out to a noise consultant
19 that I have worked with on a number of projects, Jeff Pack, who actually is a second generation
20 noise consultant, his father Edward Pack started the business and Jeff himself has been doing

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1 this for about forty years and he told me a couple things I wanted to share with the
2 Commission. One was sort of an affirmation of Commissioner Reckdahl's amateur sleuthing in a
3 physics book I think where he was explaining the relationship of sound and distance which I
4 think staff has now put a name to this inverse square law, right. I don't know if you found that
5 but what you described is that phenomenon, I think. Jeff Pack explained that to me, it's a
6 simplified law if you will because there are many factors that can tweak that 6 dB reduction
7 over distance. But Commissioner Reckdahl brought it up last time as a consideration that we
8 really should be mindful as we get closer than four feet and so I think the staff analysis pointed
9 out that point that the Commissioner made last time. So, I think we should consider that as we
10 weight this and the other thing that Jeff Pack mentioned to me when I told them our
11 requirement is that this equipment if it is going to be in that four foot area has to be insulated
12 and housed, and he says that's not going to work because so much of this equipment needs
13 airflow and housing doesn't... you know, won't allow it. And so I thought that was very
14 interesting but then I came back and I looked at the language that staff has and it actually
15 [inaudible] twenty-two and it's the fourth paragraph down and the print is actually too small for
16 me to read I think it's I, and it starts "noise producing equipment" but the second part of it,
17 after requiring housing it says or the Planning Director can permit insulation without housing
18 and insulation provided that ... yeah here it is right here, and so kudos to staff for forward
19 thinking on that, the only question I have on that language is that whether the planning director
20 may permit insulation without housing and insulation... shouldn't that be and/or insulation so it

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1 doesn't seem like either its got to have housing and insulation or neither because maybe there
2 are times where some either housing without insulation or insulation without housing maybe
3 those are appropriate, so I'm just wondering if that should be an and/or. But, otherwise I think
4 we're covered on that issue.

5

6 Mr. Sauls: Yeah, it could be and/or, I don't think there's an issue with that.

7

8 Chair Lauing: Was that all?

9

10 Commissioner Hechtman: Yes.

11

12 Chair Lauing: I'd like to ask you a quick question about your question. And that's for hiring that
13 extra consultant. So, isn't it sort of automatic that without the housing it's going to be noisier?
14 So, does there have to be some test done on that? Do we think that's covered in the ordinance
15 here?

16

17 Commissioner Hechtman: Well, I think that's what's provided in that sentence, I just didn't
18 read down through it. It can be uninsulated and unhoused provided that a combination of
19 technical noise specifications, location of equipment and/or screening or buffering will ensure
20 compliance with the City's noise ordinance. Right.

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2 Chair Lauing: So, that's literally testing the equipment within an unhooded system. Is that how
3 you read it?

4

5 Commissioner Hechtman: Yeah.

6

7 Mr. Sauls: That's correct. In the event that we do need see someone propose say like a seventy-
8 eight-decibel rating unit near the property line, you know our first answer would be show us
9 the noise study that proves that this works. There are ... there's newer technologies, there's
10 sound blankets that can help to more meaningfully help dissipate sound kind of impact at the
11 unit, and then obviously as a result from there. But those tend to... the best-case scenario of
12 one I've seen tend to only decrease decibel ratings by about five. You know obviously as
13 technology evolves that can be greater but I think more seriously staff has been pretty capable
14 in using their judgment to really know when to use or get a noise study to prove that that unit
15 that might be proposed by a homeowner or applicant can work and we use that pretty
16 frequently on commercial projects a lot too, especially in places in the downtown where the lot
17 lines are much more close together.

18

19 Chair Lauing: Okay, just wanted to note that Commissioner Templeton is with us on video now
20 as well as audio at 6:58. Hello.

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Commissioner Templeton: I've been on a little while.

Chair Lauing: those flowers behind you grew while you were gone. Commissioner Reckdahl.

Commissioner Reckdahl: Yeah, I mean the fact that you have to have air flow through it doesn't preclude housing, example, the muffler on your car. Air flows through that and it cuts down the noise quite a bit so you could put that on, but it comes down to you have to have a study and they have to meet noise requirements, so I don't have any heart aches at this. I think the staff will be reasonable in using their judgment of when housing and when structure insulation can be waived. The thing I want to talk about was the fire. And the design can resolve these issues but no where in here do we say that they should. So, I was looking at like packet page thirty-five. And in the middle of the page there they talk about the noise and then at the very bottom it says the noise equipment must meet the City's noise ordinance. I would want something similar that would say Noise should be ... If equipment is placed in the setback, it must be placed to minimize interference with any fire/public safety activity in setback. Something like that. Just so that we identify that the ability for fire to access this area is a concern and that we should take that into account, I don't think we want to tie the hands too much but it think we should make it clear that it's a concern because in here there's nowhere... now we're going into the setback and I would want protection to make sure we don't accidentally make a mistake.

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Chair Lauing: Can the fire department just provide that sort of spec?

Mr. Sauls: Typically during plan review what will happen is each department will review the application, planning, building, fire ... fire will look at an application and say hey you have your AC unit or your heat pump unit in this space that's leading towards where your egress window is for the master bedroom for this unit, you need to find a new location for that AC unit or that heat pump so that it doesn't impact that path of travel... that life safety issue they want to resolve. So, it may be a matter that if it's even possible on that specific application swap in the location of the window or the heat pump or the AC unit or like I said before, kind of relocating one to another location. So, they have been pretty diligent in being able to resolve that [unintelligible] you know anymore specific language in the City's ordinances such that it hasn't become any prevalent issue that we would have otherwise raised to the PTC or City Council beforehand to say ... hey this is a really big problem, and our zoning code is being... even before... right, 2020 when we reduced those standards. It wasn't an issue before then, more so because the standards were pretty restrictive in saying where they could or couldn't be but even since then we haven't had any big flare up from the fire department or applicant... hey I can't make this work, you know, because you know... life safety issues or anything. There's always been a way to resolve that issue.

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1 Commissioner Reckdahl: I don't see any downside of putting a statement in here saying that
2 placement should take fire into consideration.

3

4 Chair Lauing: Yeah, meet fire regulations or whatever it is in terms of access. I agree with that.

5

6 Commissioner Reckdahl: I mean we talked about last week; do you have a two-foot setback
7 and I was thinking more about that, and you know then what happens if someone needs a foot
8 and a half setback to make a project better and I don't think we want to micro-manage that
9 much. I just think we should take this into consideration. I think that's the right way to go.

10

11 Chair Lauing: Commissioner Hechtman.

12

13 Commissioner Hechtman: So, right now the language that we're looking at on packet page
14 thirty-five doesn't allow this equipment to be inside the four feet. Right. The first sentence is
15 that this equipment shall be located outside of the setbacks right, which means at least four
16 feet away. So I think what we're talking about is the possibility of changing that to allow
17 something closer than four feet and that ... if we add that language that's where I think we
18 would want to have that caveat that Commissioner Reckdahl is talking about. You know, you
19 can be closer than four feet provided the noise standards are met and it doesn't raise a fire
20 safety issue.

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Commissioner Reckdahl: Yeah, package page twenty-two is where the markup was, and I was looking for the clean version. The clean version is the original, not the markup. So it should be middle of packet page twenty-two is where the marked up version is that allows it inside the setback.

Chair Lauing: Vice-Chair Summa.

Vice-Chair Summa: I have a question for staff. How would we resolve, maybe this isn't a realistic scenario, but noise that's produced by multiple sources. So, we know we can have... if this passes, we can have ADU equipment on three sides of a property and people are experiencing a lot more noise generated from equipment on our poles also. So, how would we deal with a situation like that?

Mr. Sauls: Yeah, so the noise study will look at kind of the ambient noise levels from the area and then identify how this will impact that. So, all the relationship is, is from the unit to the property line and if there are multiple units by there, we'll also need to accommodate or account for those in their analysis to demonstrate that they can still meet the noise ordinance requirement, or by placing it further away or using a different unit that is more quieter, like I

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1 said before, life using a sound blanket. There are multiple ways that they can still achieve that,
2 even where you might have multiple units nearby each other.

3

4 Vice-Chair Summa: So the last person in could kind of have to modify their location if there
5 were multiple situations already. This is maybe a larger discussion on noise but every time we
6 add something the ambient goes up so then there's a new louder experience for residents but I
7 think you answered my question. Thank you.

8

9 Mr. Sauls: At least in the last six years when the new comp plan was updated it didn't seem like
10 the ambient levels changed, I think it was still sixty, sixty-five, and seventy were kind of the
11 ambient levels throughout the city. And then our noise ordinance provides a six decibel
12 increase for residential properties at each of those intervals and eight for commercial
13 properties at each of those intervals. So, if you think of residential, it's sixty-six, seventy-one,
14 and seventy-six are kind of the highest amounts you can have at a property line and for
15 commercial it's sixty-eight, seventy-three and seventy-eighty.

16

17 Chair Lauing: Commissioner Roohparvar.

18

19 Commissioner Roohparvar: Thank you. Kind of related to the noise issue but I think there's a ...
20 and Mr. Sauls can you correct me if I'm wrong, but I think practically thinking I think there's a

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1 California building code or fire code provision that says if you're within five feet of a fence or
2 property line, then you need special fire like rated walls with specific insulation because of the
3 cost of that just understanding the market I've seen a lot of people make sure they're not
4 within five-feet so they don't trigger that requirement. Are you familiar with that? Can you
5 speak to that? It just might give us some comfort knowing that and I know just, how the market
6 is and the cost of those walls that people do actually pull them back more than five feet to
7 avoid triggering that.

8

9 Mr. Sauls: Yeah, so, for fire rating it is more of a building and fire department regulation so I'm
10 not entirely sure of the technical details of it but to my rough understanding from the
11 conversations I've had with building and fire, I think if you're between a zero and three foot
12 setback, you need a one hour rated wall, there maybe a requirement for zero to five feet and
13 the same kind of rating effectively that that wall could burn for that long period of time without
14 jumping right, necessarily from the structure to others or kind of lighting up like a tender box.
15 Right. And then causing a worse fire. So it gives a bit of a time for responders, first responders
16 to get to it and resolve the issue and fortunately enough, most properties in Palo Alto are not
17 kind of up in the foot hills so it's more likely that they would... first responders would get to that
18 kind of issue before that becomes a more serious problem. But from a technical standpoint I
19 don't have that information on you know... what's that breakdown, how far away you need to
20 be to do one hour rating, or shorter time spans for hour rated walls. So.

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Commissioner Roohparvar: Okay. I just thought I'd throw that out there for people to think about.

Chair Lauing: Okay. Other comments. Based on our new data. Are we at a point where we want to just go ahead and make a vote on this one? Anyone have a proposal for a vote?

Commissioner Reckdahl: Yeah, I'll move that. Do we have to specify some type of fire access language or is that something that staff can do?

Chair Lauing: I thought I was hearing from Garret that we don't. But that the fire department would be looking at this in the planning stage and make sure there's effective access, if I understood that correctly.

Mr. Sauls: That's correct. There isn't a need to add language there, no.

Commissioner Reckdahl: So, fire review is required?

Mr. Sauls: Correct.

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1 Commissioner Reckdahl: For all ADUs..

2

3 Mr. Sauls: Correct.

4

5 Commissioner Reckdahl: Okay. Then I'm happy.

6

7 MOTION

8

9 Commissioner Reckdahl: Then I'll move...

10

11 Chair Lauing: You have the floor.

12

13 Commissioner Reckdahl: Okay. I move that we ... where the... section is this... we'll make it
14 simple... I move that we accept staff's recommendation for the noise equipment in the
15 setback... ADU setback.

16

17 Chair Lauing: (crosstalk)

18

19 SECOND

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1 Commissioner Chang: I'll second.

2

3 Chair Lauing: Commissioner Chang seconded; I think.

4

5 Commissioner Chang: Yes.

6

7 Chair Lauing: Okay, do we have any further discussion on the motion that's on the table in
8 terms of amendments or ... no? Okay, let's go to a roll call vote please.

9

10 VOTE

11

12 Ms. Klicheva: Commissioner Chang

13

14 Commissioner Chang: Yes.

15

16 Ms. Klicheva: Commissioner Hechtman

17

18 Commissioner Hechtman: Yes.

19

20 Ms. Klicheva: Chair Lauing

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2 Chair Lauing: Yes.

3

4 Ms. Klicheva: Commissioner Reckdahl

5

6 Commissioner Reckdahl: Yes.

7

8 Ms. Klicheva: Commissioner Roohparvar

9

10 Commissioner Roohparvar: Yes.

11

12 Ms. Klicheva: Vice-Chair Summa

13

14 Vice-Chair Summa: Yes.

15

16 Ms. Klicheva: Commissioner Templeton

17

18 Commissioner Templeton: Yes.

19

20 Ms. Klicheva: Motion carries 7-0

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MOTION #1 PASSED 6 (Hechtman, Lauing, Reckdahl, Summa, Chang, Templeton, Roohparvar) –
0 – 0.

Commission Action: Motion by Reckdahl , seconded by Chang. Motion Passed 7-0.

Chair Lauing: Okay. Thanks to all on that one including our amateur sleuth and our extra consultant. Okay next one up is the incentives for affordable ADUs and we’re talking about item small three which is exempting affordable units from impact fees. Who would like to go first on that? Commissioner Chang.

Commissioner Chang: I have some concerns about doing it and I think I talked about this before when we were talking about affordable ADUs, I would be open to a.... so my concern is that we don’t know what the demand will be. My suspicion is actually that the demand won’t be very high. But, with the impact fees being structured the way they are, we really don’t know what the budget impact would be so even for an eight-hundred square foot ADU, the impact fee could be you know twenty something thousand dollars or couple times that and so I would like to see this more kind like in a I would like to... like if we wanted to do something like this I’d want to do it in a way where we could protect the downside for the city services that rely on the impact fees. So my suggestion would be to do some sort of pilot where we allow x number

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1 of ADUs right, just to sort of see what the data came in as. Or, if the City wanted to do it on an
2 ongoing basis, I think that the city can say we'll we will set aside sort of a budget of impact fees
3 that can be waived if we spent down, right of two hundred thousand dollars or five hundred
4 thousand dollars or a million, whatever it is. And the first you know, all the ADUs that are
5 affordable can have this impact fee waived until the total amount of impact fees gets up to this
6 threshold and we could say that that... an annual threshold so that way we're sort of budgeting
7 and planning for it and also we don't let it get too out of control so that's how, if we're doing
8 this, that's how I would recommend that we put that kind of waiver in place. Also, I just think
9 there's this overall problem of how the impact fees are charging if they were away to do the
10 whole overhaul of the impact fees and waive the ADU impact for affordable ADUs, that would
11 make a lot more sense to it. Because it's really perverse the way that it is structured right now.
12 Thank you.

13

14 Chair Lauing: Vice-Chair Summa

15

16 Vice-Chair Summa: Thanks and this is sort of a question for staff on packet page thirteen, you
17 talk about a state program... CAL FHA ADU Grant Program, I was wondering if there was some
18 sort of... how that works a little more specifically and whether it would be appropriate if
19 somebody qualified for that to give them some sort of break for remove the impact fees or if in
20 fact this program could pay impact fees. I have the same concerns I think that Commissioner

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1 Chang has about removing impact fees altogether but I do think there are residents that... I
2 think we have a fair number of residents who are house wealthy and yet don't have a lot of
3 money and this could be sort of a useful program for them if it helped them so, I wanted to
4 know more about that state program and also just to generally ask my colleagues if they think
5 there wasn't a... if this could be triggered by an affordability issue, more than just for everyone.

6
7 Mr. Sauls: Yeah, so the program looks like it really only covers pre-development costs which
8 would be associated more likely with paying fees, drafting plans, getting them approved, rather
9 than it's related to whatever loans associated with actually building anything. So do some
10 extent it might help them get their foot in the door but maybe not resolve the longer term issue
11 of whatever loans they need to take out to actually bring on a contractor to pay and make
12 those sources and materials and actually build it on site. But that's a program that it seems like
13 the state is putting forward rather than the... they have that grant program that people can
14 apply for rather than any sort of local jurisdiction us implemented and then do the same thing.
15 So it's a bit of a different revenue source for potential home owners who want They're for
16 homeowners who potentially want to do these ADUs who find themselves struggling right... to
17 be able to afford to do something like this but still want to engage in this kind of development.
18 So, it's definitely an interesting idea right, and I'm curious to learn what the results are in terms
19 of how effective it is and encouraging development and whether or not there'd be a lot of
20 individuals in Palo Alto who may qualify for it versus other places, I don't know if they'll ever

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1 have that kind of data distribution broken down or if it will just say how many people used it. It
2 would be an interesting thing to investigate once it's ... once that's studied and finished.

3

4 Vice-Chair Summa: Yeah, I agree it would be interesting to know more about that. So, thank
5 you.

6

7 Chair Lauing: Commissioner Templeton

8

9 Commissioner Templeton: Thank you Chair. Mr. Sauls can you clarify this incentive we're
10 talking about it's for affordable housing only?

11

12 Mr. Sauls: Correct. It would be only for ADUs that meet the eighty to a hundred percent AMI
13 county thresholds.

14

15 Commissioner Templeton: Okay. So, I just want to reflect back what I think I heard from my
16 fellow Commissioners and if you want to chime in after to clarify, but it sounds like we're
17 talking about concerns if this incentive to build affordable housing is too effective and we get
18 too much affordable housing. So, I'm sure that's not what you meant, but it sounds... I'm trying
19 to understand the position of my fellow Commissioners here but that could be an interesting ...

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1 you know... I don't know if we've had any incentives that were that effective for affordable
2 housing so if that's a concern maybe that's a sign that this is one we should double down on.

3

4 Mr. Sauls: Are you talking about the Cal FHA or ...

5

6 Commissioner Templeton: No, No, the impact fees, waiving the impact fees for affordable
7 housing and Mr. Sauls you don't have to answer I'm just trying to parse some of the comments
8 that came before me because yeah, I personally think if we hadn't an incentive that was that
9 effective at building affordable housing, we should go for it. Even more intensely. So, I'd love to
10 hear more commentary from my fellow Commissioners so I can kind of understand where they
11 stand. Thank you.

12

13 Mr. Sauls: It sounded at least from what Ms. Chang had been commenting on it didn't sound
14 like ... it might have actually sounded like just the opposite that there just wasn't enough
15 information to know how meaningful or how impactful this would be comparatively, right. Like
16 if there's an incentive... if the City more kind of carte blanche kind of waived impact fees I think
17 that might have more the impact that you're thinking of where a lot of people would say oh, I'll
18 just build a bigger ADU because I don't have to pay any impact fees it's just whatever loans I
19 have to take out to pay for construction or permitting right.

20

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1 Commissioner Templeton: Right but all of that would be affordable housing and I definitely
2 don't want to put you on the spot Mr. Sauls, I would love to hear from my fellow
3 Commissioners about it but I think if an incentive that we had was so effective that many
4 people were taking advantage of it, that's a nice problem to have. Thank you.

5

6 Chair Lauing: Commissioner Reckdahl I think your opinion was the opposite. That we need that
7 from every ADU but go ahead.

8

9 Commissioner Reckdahl: Impact fees and ADUs are kind of screwed up because having to pay
10 sixty thousand for an ADU just doesn't make sense so I think having a fixed fee would make a
11 lot of sense and this will be fixed when we go to straight, you know per square foot. Then that
12 would be a much easier issue. But also like I mentioned earlier, I have a big problem with this
13 coming out if it, the funds themselves, so why are doing impact fees as opposed to just giving a
14 stipend or a cash incentive to people who want to make ADUs, affordable ADUs. Why are we
15 even conflating this with incentives ... impact fees.

16

17 Chair Lauing: It sounds like that would just be a different proposal.

18

19 Mr. Sauls: Is that a question directed to me?

20

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1 Commissioner Reckdahl: Yeah.

2

3 Mr. Sauls: Okay. Yeah it was just a part of the discussion that Council had in 2020 ... was to
4 evaluate whether this type of policy would be effective or not. (crosstalk)

5

6 Chair Lauing: This is a policy decision, but we could make that recommendation too.

7

8 Commissioner Reckdahl: Okay. And ...

9

10 Chair Lauing: Correct, Garret?

11

12 Mr. Sauls: Correct.

13

14 Commissioner Reckdahl: To me that seems a lot cleaner. Just, then we could give that incentive
15 and have that incentive per square foot or per unit or whatever you thought was appropriate,
16 but then you don't have to worry about libraries and parks and it's just a cleaner calculation,
17 especially the way that it's calculated today. What is the... so if you build a rental property, right
18 now, you have impact fees for affordable housing. What is that per unit? Affordable housing
19 impact fee.

20

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1 Mr. Sauls: The impact fee for ...

2

3 Commissioner Reckdahl: What I'm trying to get at is how much does it cost us today to have a
4 eighty to hundred percent AMI unit.

5

6 Mr. Sauls: So, for at least for maybe a sixty percent AMI unit for example might be willed into
7 court could be one we could think about. The City contributed about twenty million dollars for
8 those fifty-eight units so that came out to about three hundred forty-five thousand dollars per
9 unit. But that was slightly lower so you can imagine ...

10

11 Commissioner Reckdahl: Yeah, exactly. This is the same type of affordable unit that we would
12 get with inclusionary units, correct? This income level?

13

14 Mr. Sauls: To some extent, yeah. It would be moderate income category is what had been
15 discussed or would have at least been considered an appropriate target area for these.

16

17 Commissioner Reckdahl: So, we should have a pretty good idea how much that cost the city. If
18 inclusionary unit impact fees, or in lieu fees I mean.

19

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1 Mr. Yang: Yeah, so in lieu fees for condos under our inclusionary program are fifty-six dollars
2 per square foot. So, if you had a 1000 square foot unit fifty-six thousand dollars.

3

4 Commissioner Reckdahl: Okay. Do you have more or should we go to Commissioner Chang?

5

6 Commissioner Reckdahl: Yeah, I'm just noodling on Is this going to be a big enough incentive
7 to move the needle and that if we think it won't, we'd be better off going the route of multi-
8 unit developments. So what's the best bang for the buck? If we want to have a hundred units,
9 how much is it going to cost us to have a hundred affordable units in lieu fees and how much to
10 subsidize a hundred 80 to 120% AMI units in the multi-family environment.

11

12 Chair Lauing: Well, yes but that's a whole different audience. One is an existing homeowner
13 that's going to put up an ADU and the other is a developer. So it's kind of different sales
14 process.

15

16 Commissioner Reckdahl: Yup. Without a doubt but I'm saying bang for the buck, if we want to
17 allocate, if we're telling Council, you should allocate this much money to go after these
18 affordable ADUs, I'd want that to be a reasonable deal and not a waste of money that could be
19 spend better providing more people with affordable apartments elsewhere. Does that make
20 sense or am I missing...

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1

2 Chair Lauing: I don't think it's an either or, I think if you're trying to get affordable housing, you
3 should be looking at it from all angles but... so I'm not sure that's the right comparison I guess
4 I'm saying.

5

6 Commissioner Reckdahl: Okay. My thinking is we have a finite amount of money that we can
7 spend on affordable housing how can we produce the most units. That's my question.

8

9 Chair Lauing: Commissioner Chang

10

11 Commissioner Chang: I actually really like that line of thinking that Commissioner Reckdahl is
12 going down. Because my concern is... the bottom line is I would love more affordable housing. I
13 haven't really met anybody who wouldn't want more affordable housing. The challenge with
14 affordable housing is by definition it requires some sort of subsidy coming from somewhere.
15 And in the case of this affordable ADU incentive, the subsidy is effectively coming from the City
16 in the form of impact fees. So, because of ... I think the analysis that Mr. Sauls did shows that
17 it's really hard to tell if waiving the impact fee would be sufficient enough of an incentive
18 mainly because for any given ADU, a given size and the rent is determined by the size of the
19 ADU, right, but the impact fee, the subsidy is actually determined by the size of the house. So it
20 just doesn't kind of make sense I think to tie it that way, I think that if we are interested in it

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1 and we know what the cost differential is between a market rate, we only have an estimate
2 based on Mr. Saul's analysis of the differential between affordable unit at 80% AMI versus
3 market rate. It sounds like to make a homeowner whole; you need to provide at least around
4 thirty thousand dollars. So, it seems to me, I like I, like going down the line of thinking that
5 Commissioner Reckdahl was going down, I think it would just make sense to steer completely
6 clear of the impact fee as an incentive and just have a flat dollar amount. And either way the
7 City is losing revenue, right. So that's my... I think that would just make more sense. And then ...
8 yeah, I'll just leave it at that.

9
10 Chair Lauing: Okay yeah, I just had a couple of comments on this item, you know I'm a little, in
11 spite of all your work, I'm a little suspicious about the validity of this data because you're
12 comparing a lot of one bedroom apartments to an ADU which is just a different living
13 experience and also you're giving Santa Clara numbers which aren't Palo Alto numbers so I
14 wouldn't want to make a definitive decision based on your very understandable best efforts to
15 get us to something and on top of which we're only about three hundred dollars different that
16 eighty percent of the market, even if this analysis so I'm not sure this gives us enough of a delta
17 to figure out an impact there. And there just isn't a lot of data out there that's available for
18 rentals from ADUs. So that's the problem we're facing. But, it seems like we're still going
19 without much data. So, the other thing I was thinking in the midst of all this complexity and lack
20 of data and now we're hearing that eventually it's going to move to square footage, I was most

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1 concerned about all this in terms of the analysis at the very high end because there's just even
2 almost a visual ... what should I use... repulsiveness to having to spend seventy-two thousand
3 dollars to put a little thing in the back yard. So, I was thinking maybe a simple solution in the
4 short term is just to cap that. You know, make it forty-five or something like that because it's
5 simple to administer, it's only going to effect the affordable ones that have that kind of ratio
6 and so it sort of minimizes the damages to the revenue and gives us some sort of test and we
7 can even cap the cap as Commissioner Chang was talking about, up to a certain amount of
8 point in a given year. So, that would be a lot simpler to administer in the short term. Let's see.
9 Commissioner Hechtman.

10

11 Commissioner Hechtman: Thank you. So, I would really like to be a part of a Planning and
12 Transportation Commission that showed initiative in actually developing and promoting to the
13 City Council a program that had an opportunity to tangibly increase the amount of affordable
14 housing in Palo Alto and with the information that staff provided, I actually see a path to try
15 that and so, and I'm hoping we will. I had a question for staff just to make sure I understood the
16 information before I kind of weighed into this. Mr. Sauls on packet page twenty-six where we
17 have at the top of the page the draft provision, and it refers to providing affordable rental units
18 for households earning up to a hundred percent of AMI. Are you familiar with that draft
19 language?

20

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1 Mr. Sauls: Yeah.

2

3 Commissioner Hechtman: Okay, So in the analysis that staff did on packet page twelve, you
4 were using eighty percent AMI right, so, if I liked the math you're doing on packet page twelve,
5 I think I need to be using eighty percent AMI in the ordinance, am I confusing that? Because
6 that's how I'm reading the data.

7

8 Mr. Sauls: Previously it was eighty to a hundred percent so it could have been even more clear
9 to just put it in that specific range.

10

11 Commissioner Hechtman: Okay, well that's... I'm trying to understand on packet page twelve
12 you list eighty percent AMI for this one-bedroom unit would be two-thousand-six-hundred and
13 thirty-five dollars a month. So, what I'm trying to understand is if my income was ninety
14 percent AMI, could I qualify for that? Is this really eighty to a hundred percent or is this truly
15 eighty percent or below is that figure for 2635?

16

17 Mr. Sauls: Yeah so that... let me share my screen while I show some of that, so, that
18 information is what we have as kind of our 2022 BMR rental rates, this is just kind of a crude
19 spreadsheet that kind of capture some of that information here where it identifies but it
20 identifies kind of the studio, one-bedroom, two, three, four-bedroom rental rates and targets

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1 kind of these three priority areas which is what we had talked about previously. The reason we
2 had only shown kind of a one-bedroom eighty percent AMI is because that's more
3 representative of ADUs being just kind of a one-bedroom or more or possibly kind of like a
4 studio unit rather than a multi bedroom unit. And eighty percent was... when we looked... after
5 we had compiled kind of averages from some of those numbers we could pull together was
6 below that higher mark for the market rate and even kind of the market rate data we are
7 showing here, you know identifies that that amount could be even above that average that we
8 had identified. So, the one hand, I think we were also trying to highlight that the market
9 information as Chair Lauing was identifying, I wouldn't say flimsy but pretty difficult to come by.
10 But as a way to just kind of represent the best we could, you know, what are the target ranges...
11 eighty percent shows kind of that lowest end spectrum of how you could make this possible
12 where anything above that actually makes it you know, much better. Right. So, ninety percent
13 or a hundred percent you can already tell that it's going to go beyond that assumed market rate
14 value that we have there and will provide a benefit.

15

16 Commissioner Hechtman: Okay. So, again I'm liking the numbers I see on packet page twelve
17 and so I'm interested in using that eighty percent figure in the ordinance and I actually think
18 this ties to something that Vice-Chair Summa said maybe it was at the last meeting or the
19 meeting before that, where she pointed out if we're going to wade down this path, we should
20 be looking at something that's sort of not marginally affordable but more deeply affordable for

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1 the people who need it more. And so, here again, I'm seeing at eighty percent, a path where
2 this might work, so I'd be interested in a version of the ordinance that used that eighty percent
3 because that's... essentially the rent cap that the builder of this deed restricted ADU is buying
4 into. They're going to provide affordability at that eighty percent or below level in order to get
5 the benefit, and the benefit we're talking about here is avoidance of the impact fees. And I do
6 although I think last time I was interested in also folding in the plan review fees, now I sort of
7 like the idea of focusing just on the impact fees and let the project pay its plan review fees
8 which as Mr. Sauls said you know, would be based on the design and size of whatever is
9 proposed but also it allows us to have sort of a cleaner analysis and the property owner would
10 have a cleaner analysis of these are the impact fees, they're easy to calculate based on its this
11 percentage of compared to the house and so they can easily do the math. I do think that if
12 we're going to use... if we look at the numbers on page, packet page twelve, and we're looking
13 at... you know, staff has given us examples of a ten-year period, and a fifteen-year period and
14 we're using as an example what I think is actually a pretty good example. It's a... I'm building an
15 800 square foot ADU on a lot where I already have a I think it's a twenty-five hundred square
16 foot house. Right. Kind of typical sizes for both structures. And so, it's going to be maybe
17 something in this range is the most prevalent example we're going to see and where that
18 happens the impact fees are twenty-two thousand and some change. And so, the question I'm
19 going to have as a homeowner thinking about going into this deed restriction program, is
20 what's it going to cost me to save twenty-two thousand dollars up front and when I look at

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1 these numbers, well over fifteen years, if it's a fifteen-year restriction it's going to cost me
2 forty-five thousand dollars. Well, no way I'm doing that. That doesn't make any economic
3 sense. Over ten years it cost me thirty thousand dollars, so I save twenty-two thousand up front
4 but over ten years it's going to cost me thirty-thousand dollars, so I save twenty-two thousand
5 up front but over ten years it's going to cost me thirty-thousand six hundred, that's closer but I
6 don't love it. I think that the right number here is eight years. Because eight years, if you back
7 out the math, it's a little bit more than twenty-two thousand dollars. So, it's about a wash after
8 eight years. Now of course, we're going to get applications for different sizes of ADUs and ADUs
9 with different sizes of homes, and so we really don't know today how this is going to play out.
10 But what I do know is it's going to play out in one of three ways if we actually do something like
11 this. Either no one is going to bite, no one is going to be interested because for whatever
12 reason we have not offered enough of an incentive. The second possibility is we'll get a small
13 handful, two, three, maybe four people that in the next year think this really works for me and
14 my particular situation. Right. The third possibility is this is successful beyond our wildest
15 dreams, and we get... what that to me looks like is only maybe ten or twelve people may
16 actually do this in the next year. And my thinking is, that would be fantastic. And my thinking is
17 that I think our parks and our libraries can handle you know, twenty-four new residents in those
18 twelve-deed restricted ADUs in the short term and if it's too popular it's a law that can be
19 changed. We can adjust it. We can if it's ... if there are too many people who grab it the first
20 year, then maybe we're going to adjust the eight-years to ten years or twelve years or maybe

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1 we're going to adjust the eighty percent down to seventy percent or something like that. But
2 my idea is... my thought is, let's try it. Let's see if something can happen with this experiment
3 which we can tweak as we move forward and we probably will need to tweak in three or four
4 or five years whenever it is that the impact fees change to a straight per square foot basis, if in
5 fact they do that. You know, the laws are looking like they're going that way now, but we've
6 seen a lot of laws take left turns in the last few years at the state level and it's sort of hard to
7 predict how things will shake out long term. So, that's my vision. I would like to see a version of
8 this ordinance with an eight-year period, and eighty percent AMI, that is limited to impact fees
9 which the draft language already has and I'm hoping as a group we have the courage to support
10 and recommend something like that to the Council.

11

12 Chair Lauing: Commissioner Templeton

13

14 Commissioner Templeton: Thank you Chair. You know I appreciate those remarks
15 Commissioner Hechtman . I do think if we compare the... kind of the cost benefit if we're really
16 talking about the impact that these affordable housing homes, units would have an impact, if
17 we discounted or significantly reduced the impact fees, I think it's going to be nominal. We do
18 get a benefit, it's not in dollars, but the benefit we get is affordable housing in our City which
19 has been traditionally so far, been pretty hard to create. So, if we could lower the barrier to
20 entry and incentivize affordable housing, different types of affordable housing through having

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1 discounts on the impact fees, I'm all for it. I don't think revenue is the point. I think that the
2 major benefit here is the housing. That's my two cents. Thank you.

3

4 Chair Lauing: Other comments on this? I just want to confirm that we have the math. You're
5 proposing a hundred percent waiver of the fees for eighty percent BMR?

6

7 Commissioner Hechtman: Right. Deed restricted at eighty percent of AMI for eight years, one
8 hundred percent waiver of impact fees. Right.

9

10 Chair Lauing: And so, you're calculation on that on your hundred square foot house for
11 example totals lets see... twenty-two thousand?

12

13 Commissioner Hechtman: I was using a figure that appears, yeah, top of... fifth line of page
14 twelve, twenty-two-thousand seven-hundred and eighty-four dollars and thirty-three cents. So,
15 and that's an eight-hundred square foot ADU built on a lot that has a twenty-five hundred and
16 fifty square foot primary residence.

17

18 Chair Lauing: And the eight years meaning after that it's not deed restricted any more.

19

20 Commissioner Hechtman: Correct. Then it's just more housing for Palo Alto at market rate.

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Chair Lauing: Right. So, we had a long discussion about that on a prior meeting. I just want to make sure I have the math correct. And I presume that it's not a motion yet but I presume that you would be amenable to ... they have to make sure it's... somebody is actually living there and their getting rent for it, and people are complying with these rules in terms of residency.

Commissioner Hechtman: Yes, and I think staff has taken a stab at that notion on packet page twenty-six and the next paragraph where the housing administrator has to income qualify tenants prior to issuing the permit. So, and I think in one of our prior meetings maybe we got a little more color on that from staff on how the program works.

Mr. Sauls: Yeah, that's correct. So again, with ALTA housing kind of being our you know, administrator for all BMR programs in the city, they do basically kind of the same thing. They utilize their services to income qualify the individuals to make sure that we establish a tracking mechanism to ensure that that individual follows within that category repeatedly or if they're falling out, then another individual is put within that space that does fit that criteria.

Mr. Yang: We would also if we went forward with this program, we'd develop language for the deed restriction that would require that the unit is actively marketed and you know, that it doesn't sit vacant.

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2 Chair Lauing: Good, I wanted to get that part of the detail of how it would be administered.

3 Commissioner Reckdahl.

4

5 Commissioner Reckdahl: Yeah I do like the eight years, I think for a lot of people ten years is a

6 long time and I see this being especially good for say people in their fifties who want to retire

7 there in that ADU, they build it in their fifties, it's low income and then once it goes to market

8 rate they move in their and rent out the house. So, I think that would be good. What about

9 relatives? If I built this for my parents and the parents came and I rent it to my parents who are

10 now retired, would they qualify for this exemption? Mr. Sauls would you...

11

12 Mr. Yang: So, I think there are details we need to work out on how this program would be

13 administered. If we really just wanted to hand it over to ALTA housing then it would be, you

14 know, whoever is on their list. If we wanted to allow the homeowner to have more of a say,

15 then ALTA might just be involved in income qualifying the tenants that the homeowner

16 proposes. And in that case, if it's a relative, and they are income qualified then there wouldn't

17 be an issue with that.

18

19 Commissioner Reckdahl: Okay. I'm worried about people gaming this. Because people game

20 everything. I do like... like I said I do like the eight years; I think it's a good project. I still do not

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1 like the fact that we're coupling it with impact fees. Why wouldn't we just give them a flat fee,
2 say okay you're going to do this we're going to give you x number of dollars per square foot or
3 twenty-five thousand in cash, I think that's a much cleaner answer.

4

5 Chair Lauing: To get to the same number?

6

7 Commissioner Reckdahl: Yeah. I think Bart's (Commissioner Hechtman) barking up the right
8 tree here. My only objection is the impact fee.

9

10 Chair Lauing: Commissioner Chang

11

12 Commissioner Chang: Yeah, I have the same objection to just the impact fee piece. I have no
13 problem providing a subsidy. I just don't think that it should be tied to the impact fee because
14 the impact fee it's self is variable relative to a given ADU so I think it would be better if we you
15 know, if we're kind of aiming for this twenty-two thousand, you know just like twenty-five
16 thousand or something like that and we don't know how many people will take it but then it's
17 not tied to future strange legislation about the impact fee, it's just a subsidy for affordable
18 housing and in my mind, at that price tag to get an affordable unit for eight years for twenty-
19 five thousand dollars that's a huge bargain. If people would really do that, that's fantastic. So,

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1 I'd be all for that, I just don't like tying it to the impact fee because of the strange way the
2 impact fee is calculated.

3

4 Chair Lauing: Okay just to clarify in question what you're saying, when the ADU is done and
5 rented they would get a check for twenty-five thousand dollars?

6

7 Commissioner Chang: Yup. Or we could say to offset development fees up to twenty-five
8 thousand dollars or something like that. It's just so strange the way the development fee... ooh
9 sorry, the way impact fees are being calculated. Right. The same ADU, could be twenty-two
10 thousand dollars or seventy-two thousand dollars impact fee and hopefully that is a separate
11 issue that we will work to fix.

12

13 Chair Lauing: Vice-Chair Summa

14

15 Vice-Chair Summa: Thank you. So, I'm uncomfortable with tying it to impact fees too and I'm
16 sort ... I appreciate that eight years and eighty percent AMI and the amount but the difference
17 between twenty-two thousand and seventy-two thousand is huge and we don't know what
18 we're going to get. I think it would be better to tie this to the affordable housing fund. Which I
19 understand doesn't have much money in it right now, I just think it's a cleaner way to do it. And
20 I'm slightly uncomfortable giving a one time waive of the impact fees for eight years, which is a

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1 long time for some people, but after that they could use it in a way that wasn't for housing. And
2 we don't have any control over that under the state law so I'm a little uncomfortable with that
3 and I think we really need our impact fees to pay for city services especially as we grow as a
4 city. And for fairness I would think it would have to be the next person waiting on the ALTA list.
5 I mean people wait for many many years and I think that might be hard to work out for this
6 program because I think people will want to choose more who's staying there, so, you know, it
7 doesn't make a difference if they still have to be income qualified but I'm worried it's a little
8 unfair to take somebody who's been on the waiting list for a really long time and put somebody
9 ahead of them in the que. So those are some of my concerns right now.

10

11 Chair Lauing: Commissioner Hechtman

12

13 Commissioner Hechtman: So, I guess it occurred to me if somebody went through this program
14 and after eight years they vacated the affordable tenant and weren't going to use it for housing
15 anymore, after the eight years there's no impact on parks or libraries or any of those things and
16 that actually supports further the waiver of development impact fees. I don't know if that
17 would happen that much. It may not always be used as rental after that, but I think it would
18 generally be used as housing whether it's for a family member or you know, some relative. I
19 had a question for staff, I don't know if this is for Mr. Yang or somebody else in staff, but is
20 there some prohibition of the City of Palo Alto using money from it's general funds for parks or

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1 libraries or the other things that the development impact fees go to? In other words, is the City
2 constrained to only use development impact fees for those purposes?

3

4 Mr. Yang: No, it's quite common for us to use other general funds to supplement what we have
5 in our development fee accounts.

6

7 Commissioner Hechtman: Okay. Alright, and that was my impression. This really ... what made
8 me think of this was the suggestion a couple of Commissioners have had that they're more
9 comfortable Rather than a waiver of fees, direct payment. The issue I have with that is to my
10 thinking that's just one more obstacle that we put in front of City Council. If we forward that
11 concept to them, now they have to decide how much are we going to budget for that next year
12 and my belief is the answer will be... oh let's study that for a year or so and maybe look at it
13 next year. So, I think if we do it the way I'm suggesting, again we can... it's essentially a test
14 program in the first year and at the end of the first year the City could actually see, this is the
15 amount of development impact fees that were waived in the last year and we have every
16 reason to believe that the same or somewhat more would be waived next year, let's do this
17 differently. Let's change this, let's tweak this because we're more exposed than we wanted or
18 we want to allocate our cash differently, we'd rather spend from the general fund directly to
19 these ADU builders than backfill parks and library. And again, I think going through this program
20 as a test program for a year will inform that dialogue a year after it's implemented. So, while I

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1 appreciate the concerns and ... you know there's some amount of unknowns here. And I think
2 there will be some effort to game the system, as Commissioner Reckdahl says, you know what I
3 was thinking is people will try to figure out how ... how do I maximize the development impact
4 fee that's getting waived. Right. Because my rent is going to be somewhat fixed, so if I can
5 propose this house and I'll have a development impact fee of twenty-two thousand... this ADU...
6 with a development impact fee of twenty-two thousand or this ADU with a development
7 impact off of thirty-five thousand, but in both situations I'm only losing twenty three thousand
8 dollars in rent over eight years, I'm going to go with what I think would be a larger structure
9 which okay, so they got away with something there, and we might see examples of that in the
10 first year and then could adjust. On the other hand, that larger structure is probably going to
11 have more bedrooms. And maybe that's a good thing so I appreciate the concern and I agree
12 that people will act in their own self-interest and but here we want people to That's what
13 this incentive is all about. It's giving you a self-interest reason to do the right thing. So, I'm liking
14 at least for the first year of trying it with a waiver of development impact fees.

15

16 Chair Lauing: Let's see, Commissioner Reckdahl

17

18 Commissioner Reckdahl: Yeah, Bart [Commissioner Hechtman] does bring up a good question
19 about funding. You'd have to have... if this is a direct payment you'd have to come up with
20 some fund as opposed to saying I'm going to collect this, therefor you're reducing your revenue

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1 as opposed to increasing your outlays. So, from a budgeting standpoint it does, it is easier for a
2 for your wavering fees. I would just still... if we are going to waive anything I'd like to waive x
3 number of dollars as opposed to this very strange impact fees. But again, in the long run I think
4 this is a bad policy and I think any fees that aren't collected, are paid back the next year by the
5 general fund or within two years if we wanted to effectively use impact fees as a no interest
6 loan to the city, to support affordable housing. The benefit is we're getting affordable housing.
7 That's a huge benefit. But and I agree in the short term if we don't get money in for parks, the
8 parks aren't going to disappear, but I don't like the precedent, I would want to say in there that
9 the funds would be paid by the general fund back into those impact fee funds within two years.
10 That would give the Council time to allocate that money in and pay it back.

11

12 Chair Lauing: I just want to make a couple comments on how you've elaborated this
13 Commissioner Hechtman. I mentioned in the last meeting when we talked about this, however
14 long ago that was, effectively what this does is it creates temporary affordable housing.
15 Because by definition it's restricted to in your suggestion here, eight years. And then it goes
16 away. So, there's a difference there between us subsidizing affordable housing for a project like
17 Wilton Court that's going to be for a hundred years affordable housing versus that we're
18 financing it for eight years and then it could revert to a pool house. So just want to put that on
19 the table as a consideration. And I do think that Counsel Yang has a point here that we have
20 some details to work through, so , a procedural question relative to where we are in the rest of

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1 the ordinance would we want to, for example, approve one point and pass it on and say we
2 want to look at maybe a draft ordinance maybe more along the lines of what we're discussing
3 and separate that in terms of Council recommendation or do we just postpone the whole item
4 again? I don't know about the urgency of this.

5

6 Mr. Yang: So, if there are... if some of those implementation pieces are sort of policy, important
7 policy items that the Commission would like to weight in on, we can come back for a discussion
8 of that in more detail. While moving the ordinance forward to the Council still. I generally
9 envision a lot of the detail to be something that staff will work out with ALTA housing, at an
10 administrative level, but if there are items that the Commission want to provide direction on,
11 that's something we can schedule for a later date if we're not able to get to it today.

12

13 Chair Lauing: Yeah, so two comments on that one policy and one process. Process could also be
14 a one- or two-person ad-hoc that meets with you for one meeting to get ready for it or
15 something like that. So, we can pre-process it. But I think this issue, for example, we haven't
16 even raised potentially all the issues, this issue of family moving in there is pretty significant
17 policy question. When my mom was old, I could have moved her from Wisconsin and she
18 definitely would have qualified and I could have jimmied up the rent incorrectly and paid her
19 back, there's all kinds of ways to do that. But I think there are certain exceptions that we would
20 really want to look at if we're going to do this and I guess I'm suggesting is that we don't spend

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1 two hours on that tonight, so, get other opinions from other Commissioners on that.
2 Commissioner Reckdahl your light is still on. Commissioner Hechtman.
3
4 Commissioner Hechtman: So, a couple things, I appreciate the Chair's point that things like
5 Wilton Court are permanent although I doubt those buildings will last a hundred years, but I
6 would point out that if you do the math, I think we just heard earlier, I think the City
7 contributed something like three-hundred and forty thousand dollars per unit for Wilton Court
8 and let's say that lasts for a hundred years, if you run... mmm? Right but we're paying twenty-
9 two thousand essentially, the City is, for eight years here. So, and if you stretch that out for
10 over a hundred years, I think you get up something like a two hundred and sixty-five thousand
11 dollars. In other words, if you wanted a deed restriction that would last a hundred years at this
12 rate that we're talking about, the waiver of fees you'd have to offer is not two hundred and
13 sixty-five thousand. So, this is actually shorter term than Wilton Court, but it's also costing the
14 City less per year than Wilton Court is going to cost. So, it's another reason to try it. I am... I did
15 have a thought as I was listening to Commissioner Chang and Commissioner Reckdahl about
16 sort of this unknown and one thought I had was we're seeing this potential range, I don't really
17 like the fixed fee idea because I think we're going to unintentionally exclude some people
18 because they won't get all of their development impact fee waived so they won't want to do
19 this. But what about a cap of fifty thousand dollars? Right. We've seen that the impact fees in
20 the examples we have range from what we expect to be about twenty-two thousand to this

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1 really unusual situation where I've got a eight hundred square foot house and I'm going to build
2 an eight hundred square foot ADU and it's seventy-two thousand dollars. Well, I really don't
3 think we're going to see that much but what if we had a cap of fifty thousand. We'll waive the
4 impact fee up to fifty thousand. They are calculated the way state law mandates that they be
5 calculated but you know, if you do have that unusual lot and you want to build an eight
6 hundred square foot ADU and you're going to have a seventy-two thousand impact fee and
7 only get fifty thousand of it waived, then maybe this program isn't for you and I'm okay with
8 that, because again, I think that's the outlier anyway. So, I'm wondering if that kind of softens
9 the concerns that some of my fellow Commissioners had on that issue. If we had a cap and I
10 just picked fifty thousand because it's kind of the middle of twenty-two and seventy-two.

11

12 Chair Lauing: Yeah that was the earlier idea I that I had on cap as well, almost exactly like that.
13 Commissioner Templeton.

14

15 Commissioner Templeton: Thank you. Just thinking about the revenue and the revenue sources
16 in the back feeling we are anticipating potential changes and how the affordable housing fund
17 will be funded if things go... if the ballot measures pass so just something to think about that,
18 that maybe this is premature to be worrying about that until that has been determined, but
19 perhaps our recommendation that we don't move before Council until that has passed either,
20 so we don't know but I just want to make sure that we realize that changes are on the horizon

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1 about how some of those things parks and affordable housing and what not are funded. And
2 then secondly to the Chair's question of what about family, you know I've been thinking about
3 the SCAP this week as a lot of us have and there's a lot to be said for the environmental impact
4 of having one's loved one especially an elderly loved one, live in close proximity, so you know,
5 remember we're not always trading off dollars, we're trading off quality of life, we're trading
6 off the health of our environment and other community concerns, so just let's be holistic about
7 our concerns and our trade offs and not just go down one direction. Thank you.

8

9 Chair Lauing: Commissioner Chang.

10

11 Commissioner Chang: Yeah, I think the idea of a cap makes a lot of sense because you know it's
12 interesting, Commissioner Hechtman had said that he was concerned that if we made a
13 payment, it would create a budgeting problem, well, I look at this as this is a budgeting problem
14 in reverse. So, if I have a check book and I'm being a responsible appointed officer, I need to
15 make sure that we don't spend ... don't do something that will cause the funds to be deleted...
16 to be depleted from the checkbook. So, I do think that putting a cap on it maybe gets around
17 the issue of having to make a specific allocation for City Council but then also minimizes any
18 concerns. I always share Chair Lauing's concern about being really clear about who is and who's
19 not eligible for the affordable unit that's created, especially because we are using City funds, I
20 know how sensitive people are to essentially giving a subsidy that isn't for the benefit of the

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1 entire city, so I want to make sure that however we do it, that we do it in a way that can be
2 clearly explained and doesn't seem like somebody would be lining their own pockets with city
3 funds. But I do think that there's a way to do that and I like the idea of a cap. I'm not sure that
4 fifty thousand is right since we're looking at the analysis and I understand that it is a beck of the
5 envelope [unintelligible] like a twenty-five thousand dollar benefit and ... I'm not actually.. the
6 other issue here is I'm not actually sure that it's that unusual to have a pretty small house on a
7 six thousand square foot lot, a lot of the original houses that were built you know fifty seventy
8 years ago here in Palo Alto are much smaller than the houses are today and those are actually
9 ones that I can imagine that somebody would be particularly interested in building an ADU
10 because they've got the space to do so. So, that's just my two cents. I think that we are a
11 Commission ... several of us are agreeing on some sort of cap and that might be a path that we
12 can go down.

13

14 Chair Lauing: Vice-Chair Summa.

15

16 Vice-Chair Summa: Thank you! So, I would be... I think a cap is a good idea or when
17 Commissioner Chang spoke about that at the beginning, I thought she was speaking about an
18 overall cap that the city would identify, like a budget, not a cap for each applicant but an overall
19 cap about how much we could lose. I wouldn't ... I mean I think the budget in coming years is
20 going to be very tight. There's no, we're not going to realize enough from... and I think

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1 Commissioner Templeton was probably talking about, Measures K & L passing, that's going to
2 keep us where we are in terms of budget while prices for everything... the cost of everything is
3 going to go up and etcetera and are other obligations so I don't know if we can rely on that to
4 find funding for some of the programs that might have to be cut for the other parks and
5 libraries from our CIP and I think a 25k cap per person might be appropriate. There are
6 neighborhoods where there are predominantly smaller houses right, then some other
7 neighborhoods in Palo Alto so that might be something to think about but I think maybe we
8 should approach this as not a permanent but a trial I guess it would still have to be a ordinance
9 but it could definitely have a sunset.

10

11 Chair Lauing: Or a pilot?

12

13 Vice-Chair Summa: A pilot.

14

15 Chair Lauing: A one year pilot.

16

17 Vice-Chair Summa: A pilot, or a sunset or something because of the uncertainty of what we're
18 going to get with this and the effectiveness.

19

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1 Chair Lauing: Just for clarification, when you said 25k cap per person could you say what that
2 is?

3

4 Vice-Chair Summa: Oh, I was thinking... I believe Commissioner Hechtman thought we should
5 cap each of the impact fees that would be waived at 50k and that seems rather high to me. It
6 could add up kind of quickly.

7

8 Chair Lauing: Okay. Is that all? Commissioner Hechtman.

9

10 Commissioner Hechtman: Yeah, I think I'm ready to try a motion and see if there's a second.
11 And then see what kinds of amendments there might be suggested, but before I do, I wanted to
12 point out that I live on a six thousand square foot lot, it's an Eichler, and I think the ground
13 floor, which was the original is I think between thirteen and fourteen hundred square feet and
14 subsequent owner added another seven hundred so now it's at two thousand square feet. So if
15 I wanted to add an ADU in this program, it would cost me substantially more than twenty-two
16 thousand because I'd be adding an eighty hundred square foot ADU to a two thousand square
17 foot house. Right. So, it's a higher proportion than our example of twenty five fifty square foot
18 house and my impact fee and Mr. Sauls could probably calculate this pretty quickly, on a two
19 thousand square foot house my impact fee is going to be north of thirty thousand dollars and
20 so again, I think that I've suggested the fifty as kind of a buffer. I think if you say twenty-five,

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1 then you're going to exclude everyone like me who might do this but now I can't because I'm
2 only saving... again if Mr. Sauls calculates, if it's thirty-three thousand, I'm only saving twenty-
3 five, I'm still paying eight thousand but I'm only getting the twenty-two or twenty-three
4 thousand or so in ... I'm losing twenty-three thousand in rent and I'm paying eight thousand so
5 I'm losing thirty-one thousand dollars. So, again it will make it so it doesn't work for me. So, and
6 the other interesting point is even though I have a six thousand square foot lot, with only a
7 thirteen square foot footprint, I really have no place on my lot because of the way the house is
8 laid out and oriented, to fit an eight hundred square foot ADU without taking up literally all of
9 the back yard, so that there's just a little sidewalk between the main unit and the ADU and so,
10 again I think these are factors and what it points out to me is we don't know... every piece of
11 property in Palo Alto is different, and we just don't know how it's going to play out, so let's just
12 try. There is no such thing as a permanent ordinance in effect because the City Council can
13 modify or skuttle an ordinance at any time, so I don't think we have to call it a test program or a
14 pilot, I think we just put it out there and the thing I don't like about a sunset is what if it's
15 working really well? Now we've actually got to go in and modify the ordinance to take out the
16 sunset. So, I think the Council has that power and so you won't find that as part of my motion
17 but we'll hear what people think about it.

18

19 MOTION

20

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1 Commissioner Hechtman: So, My motion would be to recommend the City Council adopt the
2 version of Section 18.09.060 Affordable ADU/JADU program that starts on packet page twenty-
3 five and consists of subparts A and B on packet page twenty-six with the following changes to
4 subpart A: Changing the fifteen years to eight year, changing the hundred percent AMI to eighty
5 percent of AMI and in the third line after the words “all development impact fees” adding the
6 language... up to a maximum of fifty thousand dollars.

7

8 Chair Lauing: Which page are you on again?

9

10 Commissioner Hechtman: So that’s packet page twenty-six which shows the modified
11 ordinance, the proposed language at the top of that page in two underlined paragraphs A and B
12 and I’ve proposed three modifications to subpart A and no proposed modifications to subpart
13 B.

14

15 Chair Lauing: Does everyone understand the motion?

16

17 Commissioner Chang: Can you repeat the third part?

18

19 Commissioner Hechtman: Sure. If you look at ... on the third line at the top of packet page
20 twenty-six, there’s a sentence that reads “These units shall be exempt from all development

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1 impact fees” and I’m proposing to add right after the fees and before the comma the language
2 ‘up to a maximum of fifty-thousand dollars’.

3

4 Commissioner Chang: okay.

5

6 Chair Lauing: Okay is there a second for that motion?

7

8 Commissioner Roohparvar: I’ll second.

9

10 Chair Lauing: Okay we have a motion and a second so now we can speak to the motion.

11

12 Commissioner Hechtman: Yeah, I don’t have much to add. I think I’ve covered all of these items
13 and really tried to listen to my fellow Commissioners and find something that might be
14 attractive to most if not all of you. So, I hope the voting bears that out.

15

16 Chair Lauing: So while I’m waiting for other lights to come on, in the last few minutes I still
17 haven’t alleviated my concern that we’re trying to do too much tonight with a lot of numbers
18 and figuring out where it’s going to come from and if we’re going to cap the individual one plus
19 cap the program, there just seems to be a lot of variables and I think there’s some policy issues
20 like the family thing, that I we need to spell out or decide if it needs to go to ALTA housing and

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1 that seems to be.. would be better discussed after you've done some modeling on the variables
2 here and giving us the totals so again, I just feel like it would be better to spend two hours with
3 two Commissioners and a staff member and just kind of get this thing a little trimmed up before
4 you come back with a ... and come back with a motion that has just some of those things
5 already ironed out, that'd be my first comment. Other people? Commissioner Reckdahl.

6
7 Commissioner Reckdahl: Yeah, I agree with you, I think we're on the right path, but what I
8 don't want to do is give something to Council that we haven't really vetted. And I don't think
9 we've really vetted this. I would like to see us polish this so Council doesn't turn around and
10 throw it back in our lap for us to think about it. I think that this is ... if we got this program
11 through, I think it would be good for the city so I think it's something we need to work on and
12 work on it with high priority.

13
14 Chair Lauing: Other Commissioner's with comments? Vice-Chair Summa.

15
16 Vice-Chair Summa: So, I agree with the Chair and Commissioner Reckdahl that it would be
17 better to send something to Council that was more ready to be accepted with a lot of the
18 questions we brought up here tonight... I think the last time we discussed this we thought there
19 were so many administrative sort of difficulties and questions that we didn't think it was very
20 likely to be successful at all, so I'm glad that we've moved on beyond that but I think it would

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1 be good if staff is willing to work with a smaller group to get more detail into this ordinance I
2 think it would be useful to do that quickly. And I see more hands, so.

3

4 Chair Lauing: Commissioner Chang.

5

6 Commissioner Chang: Yeah, I just had a question. So, Commissioner Hechtman this was meant
7 to re.... the fifty thousand was meant to apply both towards the impact fees as well as...

8

9 Commissioner Hechtman: Plan review fees?

10

11 Commissioner Chang: Plan review fees? Is that correct?

12

13 Commissioner Hechtman: No.

14

15 Commissioner Chang: Okay, so just impact fees, sorry.

16

17 Commissioner Hechtman: Yeah, so as stated, as described in the draft ordinance it only
18 identifies the development impact fees.

19

-
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1 Commissioner Chang: Okay, I think my thing is we're shooting in the... we've all said we don't
2 really know what the impact of this would be and we don't really know how much the impact
3 fees for any given ADU would be, and so I was leaning towards twenty-five thousand and
4 Commissioner Hechtman's leaning towards fifty thousand, it sure would be good to see what
5 the distribution of lot sizes are and square feet are in the city in order to zero in on the right
6 number. This is like data that we have and so it just seems strange to be forwarding on an
7 ordinance that I think City Council would just reject out of hand because we've already
8 described out squishy it is. So, I would like to see this pass, but I think we could do a better job
9 of passing on something that will be more widely accepted.

10

11 Chair Lauing: Was that all? Okay, Commissioner Templeton.

12

13 Commissioner Templeton: Thank you Chair. I believe that staff said that this was the sixth time
14 that we've seen this ordinance and the idea of sending it back again for yet further study kind
15 of... it leaves a bad taste in my mouth I'm frustrated that you know, I share the frustration that
16 we don't have precise data, but we don't have to have precise data to send this to Council. You
17 know, if they do want to direct further study they can, we've brought up some good questions
18 that staff can you know, adjust and annotate when this goes to Council, they have our
19 feedback, I think it's okay for us to just go forward with the commentary that we've given and
20 vote to support moving forward on this. We've seen it six times. So, as imperfect as it may be, I

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1 think it's really the best that staff can do and I'm not sure that we're really going to get a lot of
2 return for those of you thinking about revenue, it is costly for them to prepare these and having
3 seen it six times at Council just think about that expense as well. You know just like holistically
4 what is the potential benefit that we're going to get between now and seeing it again that
5 couldn't also happen if they send it to Council. So, I think we've done our job with providing our
6 feedback, we've analyzed it, we've talked about the pros and cons that should be presented
7 when this goes to Council, so I'd like to see us just kind of move on. Thanks.

8

9 Chair Lauing: I just had a couple other comments based on what I've heard colleagues say.
10 Maybe I'll just pick up on two comments that Commissioner Templeton made. I do think that
11 we have to invest in affordable housing. There's no question about that and I think they're
12 going to be additional ways beyond just the business tax if it passes because we want to as a
13 city, put in more affordable housing and the State wants us to as well. So, we have to raise a lot
14 more money and it's just inevitable we're going to be pressing the accelerator on investing in
15 affordable housing and spending more money. So, I have no opposition to the issue of
16 subsidizing this and I think that you know, where we're looking at it now, it's getting a bit more
17 concrete and maybe even capped, so, in general to echo Commissioner Reckdahl I think we're
18 actually on the right track here. I don't think that staff has said we've seen this particular item
19 six times, I think we saw that one time and at that point we were talking about if that should be
20 thirty years or twelve years or whatever. So, I don't really think we've seen it this many times.

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1 And I think what the issue is here is not so much the data, as the cost just so we can have a
2 ballpark of what we really think it is but more so the policy. So, we put the issue of families in
3 there because that's a policy issue but what haven't we thought up yet? Which by reflecting
4 weak and having one meeting to figure that out, could come back and we can have just a lot
5 more informed decision on this. It doesn't seem like it was urgent which was the question I
6 asked before in terms of getting this to Council. So, the kind of who qualifies, do we do an
7 individual cap, plus a program cap, do we make it a pilot, a pilot is just really like a temporary
8 ordinance and then it automatically going to renew unless Council changes it, so we could do it
9 like that. So there's some procedural stuff there that I don't feel we should be handing over to
10 the attorney and say let's just figure it out. I think it's a matter of a few hours on this, come
11 back with a draft and we can do an up or down. That's kind of how I'm feeling. So, I would,
12 using our... Oh is there another comment? I'm sorry. Commissioner Hechtman go ahead.

13

14 Commissioner Hechtman: So I'm feeling like this is a situation where perfect is an enemy of the
15 good. I have no idea if a majority of our City Council is going to like this idea and I'm loath to
16 spend another two to three hours fine tuning something that it turns out they weren't interest
17 in, in the first place. So, I would be very happy if this went to Council and they said this is a
18 great idea let's get into the nitty gritty, send it back to the Planning Commission to do it,
19 because if that happens, they're going to give staff specific ideas of their particular concerns
20 which may be different from ours and that will result in a better product. Alternatively, and

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1 more likely perhaps, you know, we already have a well baked BMR program in this city, we've
2 dealt with a lot of these issues. We have a staff that understands how to protect the public fisc
3 and I would expect if the Council likes this idea, and I hope they do, that they would direct
4 staff... okay, we need some policies surrounding this and these are our concerns, go do it. And it
5 will work and if the Council doesn't like the fifty-thousand-dollar cap, they'll change it. This is
6 just a recommendation, if they don't like the eighty percent or the eight years, they'll change it.
7 But let's deliver something to them and I'm thinking we should do it now. And they will have all
8 this transcript so they will understand that we're ready, willing and able to tackle sort of the
9 bigger policy questions if they want to send it back to us. But I think that's the right order to do
10 it rather than bake the perfect cake only to find out the Council is on a diet.

11

12 Chair Lauing: Yeah, I think, just responding to that from my own comments, I think what I'm
13 saying here more than anything else is I think we're getting close to alignment but there's a few
14 things we haven't even addressed yet, like who can be in there and so on. So, why would we
15 send it sort of half baked? When we can spend this couple hours, in my phraseology and get it
16 to a motion that could go 7-0 so that they can see we're really behind it as opposed to risk
17 having it defeated tonight, and it doesn't go anywhere. That would be the tradeoff that I see as
18 a possibility here which I think would be really unfortunate. Commissioner Chang. Mute. You're
19 muted. Can't hear you.

20

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1 FRIENDLY AMENDMENT #1

2

3 Commissioner Chang: Thank you. I think we can try fixing some of the issues here tonight with a
4 friendly amendment. I don't know how we would deal with the policy issue of who can be in
5 the unit, a family member or not, and that does leave me a little bit uncomfortable, but I do
6 have faith in Mr. Sauls and our staff so, I mean that what if we were to... so it's my fiscal
7 conservatism here that's coming out, where I don't like writing a blank check and I don't ... so I
8 would prefer that if we made this a temporary, sorry, a pilot ordinance so where we structured
9 it such that it goes into effect and stays into effect unless something is done about it, right,
10 which is ... but... and that we change it to ... I just... I don't... the numbers are so squishy; I would
11 just prefer to have it at something like thirty thousand dollars. And then for eight years of
12 affordable housing that still seems like a pretty good deal to me, it addresses the one case that
13 Commissioner Hechtman brought up of his own two-thousand square foot home, grant it that
14 lot wouldn't be really great for an ADU anyway, you know I think it's more conservative fiscally
15 but then it should be because we don't know what we're doing. But I really like... I'd love to see
16 it out there and see if anyone bites.

17

18 Chair Lauing: So is your cap... I'm just trying to understand your... that's an amendment?

19

20 Commissioner Chang: Yeah, that's a proposal for a friendly amendment.

-
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Chair Lauing: Okay, so the thirty thousand is there but there's no budget cap so if a hundred people wanted to do this then that's okay.

Commissioner Chang: Yeah, we'll try that.

Chair Lauing: I'm just trying to clarify the amendment. (crosstalk)

Commissioner Chang: Yeah, yeah, if somebody else thinks that's a concern then ...

Chair Lauing: And in your amendment, I'm a big one on amendments too but in your amendment, you don't want to address the family issue?

Commissioner Chang: I don't know how to. I would love to address the family issue but don't know how to.

Chair Lauing: You can exempt them.

Commissioner Chang: So you're suggesting that (crosstalk) not allowed to stay in affordable units is that what you're suggesting?

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Chair Lauing: It's your amendment, I'm just trying to understand it.

Commissioner Chang: I don't think I want to say that.

Chair Lauing: Okay.

Commissioner Chang: Because I don't know... I ... I I ... don't know, yeah I don't want to go that far.

Chair Lauing: That's fine. Okay so that's a formal friendly amendment?

Commissioner Chang: Yeah, friendly amendment.

Chair Lauing: So, Commissioner Hechtman do you accept that?

Commissioner Hechtman: So, I need to understand from Mr. Yang the concept of a pilot ordinance because I'm not familiar with it.

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1 Mr. Yang: So, I guess I would interpret that to just be for that section of the ordinance, the
2 section of the code would say this is a pilot program on affordability. But we would prepare the
3 ordinance as a permanent ordinance.

4
5 Commissioner Hechtman: Okay. So, I'm comfortable with that kind of language in the
6 ordinance. Now my next question is to Mr. Sauls, Mr. Sauls, by any chance did you happen to
7 do the math on the ADU for my house, the eight hundred square foot ADU with my two
8 thousand square foot house?

9
10 Mr. Sauls: Yeah, it was twenty-nine thousand dollars.

11
12 Commissioner Chang: I did the math.

13
14 FRIENDLY AMENDMENT #2

15
16 Commissioner Hechtman: Alright, I should have expected Commissioner Chang would have
17 done the math. So, again, there are smaller houses than mine, the ones on both sides of me are
18 Eichlers that haven't expanded. So, I am, I guess I like more the idea of an overall cap for a year
19 than to squeeze people down. That's another way to protect the public fisc so what I'm
20 thinking, and again if we're thinking most of these are going to be in the twenty-two to thirty-

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1 something dollar range, if we had a fifty thousand dollar individual cap and I'm going to just say
2 to pick a number a four-hundred thousand dollar overall cap and so when we get to four-
3 hundred thousand dollars which again, if these are all our typical example in the staff report ,
4 that's still something like seventeen ADUs before we get there, which would be phenomenal.
5 Absolutely phenomenal if we could get there, again if they're that small, but if they're all sort of
6 my size, thirty thousand, then that's like thirteen. Which is still outstanding. So, I would accept
7 the pilot ordinance but not the thirty thousand cap, but I'd offer as an alternative a fifty
8 thousand individual cap and a four-hundred thousand overall annual cap. What do you think
9 about that Commissioner Chang?

10

11 Commissioner Chang: I like it. Yeah.

12

13 Chair Lauing: Commissioner Roohparvar are you still the seconder on that amendment?

14

15 Commissioner Roohparvar: Yes, I'll still second.

16

17 Chair Lauing: Commissioner Templeton.

18

19 Commissioner Templeton: If this is what it takes for us to compromise I support it but I would
20 like to say that the lack of ambition and only being willing to support thirteen or seventeen new

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1 ADUs, we could do better than that and this is... the financial aspect of our role is really, that's
2 Council's role and our part is to talk about how can we get more housing, how can we
3 incentivize more housing, how can we use our zoning and our other tools to look for more so I
4 understand the conversation that's been had here, but that's the lens I want everybody to kind
5 of look at. Is there an opportunity for us to be more ambitious in terms of, could we build
6 twenty houses, right? I just want to throw that out there, I think thirteen and seventeen is too
7 low. Thank you.

8

9 Chair Lauing: Commissioner Chang.

10

11 Commissioner Chang: I agree with you Commissioner Templeton that it's too low, but my
12 challenge is I don't know where we're going to get the money. And even if we're spending
13 impact fees that are you know... that aren't immediately going to hurt our parks, I just think it's
14 fiscally irresponsible to do that and I know that it's not... I know that it's your view that we can
15 separate the policy from the fiscal decision but it's just not how I was raised and not how I was
16 trained and so I can't do that, but I do... I hear you; I want more and maybe if we have a
17 business tax, right, that is ... that exceeds our expectations and that the economy turns around
18 then we can do this. Because frankly, if we could build deeply affordable housing, if we had the
19 money to do thousands of units, that would be fantastic. It's the money that's been the barrier
20 to all of this. And so, I think we're on the same page here, but I just want to make sure I'm not

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1 exposing our city and frankly the future of all the future residents who are living in all of these
2 affordable units to something that we can't pay for. So, that's my feeling but I am comfortable
3 with the motion as it is now.

4

5 Chair Lauing: Commissioner Templeton your hand is still up.

6

7 Commissioner Templeton: Yes it is, I just want to make sure that it was clear that my fellow
8 Commissioners who were addressing me directly or not, saying those things about me
9 personally, I don't think that Commissioner Chang was saying that I was fiscally irresponsible or
10 any other interpretation of that for the record, and I'm not suggesting that we move anything
11 that is fiscally irresponsible to the Council, what I'm suggesting is we ask staff to present the
12 fiscal implications when they present it to Council but that our considerations focus on our
13 territories and the areas that we're primarily responsible for and that's where I was going with
14 that and I don't think it's fair to assert that there's anything irresponsible about that, that's
15 staff's job. So, and Council's job to work with staff on how to pencil it out or how to adjust it if it
16 doesn't pencil out. So, I just want to make sure that we're clear about where we see the
17 boundaries of our roles, I think is where we differ and it's great that Commissioner Chang wants
18 to alert staff to that and make sure Council thinks about that, I think they are all really good
19 points. I'm just saying that that's a decision that will be made at the Council level and if we

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1 wanted to push ourselves and make a recommendation to Council that gives them more room
2 to adjust. Thank you.

3

4 Chair Lauing: Vice-Chair Summa.

5

6 Vice-Chair Summa: I had a question for staff and that is do we have a... I think you may have
7 mentioned this earlier Mr. Sauls, an average ADU size that we're seeing being applied for in the
8 city?

9

10 Mr. Sauls: Yeah, so and I was also just going to talk about impact fees and how that kind of gets
11 assessed just related to some of the language in the proposed in the draft motion. So, for
12 average unit sizes, one of the items included in the staff report was a link to the quarterly
13 report that was provided to Council back in June or July and in there identified that the average
14 unit size was about five-hundred and fifty square feet, which has gone up relative to the last
15 two years, which I think is anticipated or expected, especially given how the State has kind of
16 incentivized larger units. And it's more likely in the coming times that average kind of increases
17 ... or that average is likely going to increase. One of the other things that's helpful in that link is
18 that is actually also in the table in the quarterly report, identifies how much in impact fees we
19 have taken in from 2017 until today and you'll be able to see that in 2022 we've actually only
20 taken in about a hundred and forty thousand dollars in impact fees, I'm sorry, 2021, excuse me.

-
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1 So last year was only about a hundred and forty thousand dollars in impact fees. And as, the
2 way that the language is currently included in the motion, our ... at least my understanding of it
3 right now, is that it's not necessarily there will be a budgeted four-hundred-thousand-dollars,
4 but it's more so that that would be money that we just don't take in when we have a permit.
5 Right. Up to that amount, we don't take you know impact fees and obviously staff will find a
6 mechanism to track that more accurately, right. But it's not so much that we'd be asking
7 Council to but a budget aside for that, it's just that when we get a permit, you know, we either
8 do or we don't charge any impact fees.

9

10 Commissioner Hechtman: Yeah, that was my intention in that language, and I haven't
11 suggested particular language for the four-hundred-thousand dollars overall annual cap and I
12 was trusting that staff would find the right language to do it to address the concern that Mr.
13 Sauls just described.

14

15 Chair Lauing: I concur with your approach there that it's better at this point not to go into the
16 general fund and ask for four-hundred-thousand dollars, in terms of moving the process along
17 but that's why I think that this being sort of temporary ordinance helps that. Because it brings it
18 up for review in a year or whatever. So. Others? Commissioner Reckdahl.

19

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1 Commissioner Reckdahl: Is this going to be a temporary ordinance or a pilot? Because a pilot is
2 effectively a permanent ordinance a temporary one will stop after x number of months.

3

4 Commissioner Hechtman: The friendly amendment that I agreed to and the seconder is that
5 this is a pilot.

6

7 Commissioner Reckdahl: Which means ...

8

9 Commissioner Hechtman: Right. It means it's there until the Council takes it away. Which could
10 happen as quickly as any temporary ordinance.

11

12 Commissioner Reckdahl: But there's no difference between a pilot and a permanent ordinance
13 is there?

14

15 Commissioner Hechtman: Mr. Yang?

16

17 Mr. Yang: Technically no but when we call something a pilot we create the expectation that it
18 will be revisited.

19

20 Commissioner Reckdahl: Okay. Fair enough. I'm happy with that.

-
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Chair Lauing: So, these have been friendly amendments, so we don't have to vote separately on that. Just for the record. Any other questions before we go to a vote. Yes Mr. Sauls.

Mr. Sauls: Just a point of clarification, the language at least temporarily is ... as Commissioner Hechtman had proposed is to provide kind of an up to a maximum potentially at fifty-thousand dollars, so just from my own sense and making sure I'm reading that potential language correctly, you know if an individual such as yourself that scenario that you provided before, only had a thirty thousand impact fee, we wouldn't be providing them fifty thousand dollars and any money up to that thirty thousand dollar limit. Is that correct?

Commissioner Hechtman: Yeah, that's correct so the instance you give in the staff report, you actually give two, there's a fella who has the twenty-two-thousand-dollar impact fee, that would be waived, and that's all the benefit he gets, and the fella with the seventy-two thousand dollar impact fee wanted to build that unit, he's get fifty thousand dollars of waiver and he pay the twenty-two thousand dollar delta.

Mr. Sauls: Okay, thank you.

Chair Lauing: Okay, so up. There's a light on. What's that Commissioner Reckdahl?

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Commissioner Reckdahl: Yeah, just a couple comments. This is not a perfect implementation I mean in my world I'd like to see about forty thousand and I'd actually like to see a half a million and I'd like to see the Council pay back that money to the impact fees within a couple years but I don't want to micro manage this, I think like you said perfect is an enemy of the good and I think this is a good proposal so I will support it as is.

Chair Lauing: Okay so no other comments we'd like to go to a roll call vote please. Do we want to restate it? Who would like to restate that? Mr. Sauls?

Mr. Sauls: Sure, so from what Commissioner Hechtman had said the motion had been to change ... to adopt sorry... to adopt staff's proposal of the language in 18.09.060 A and B with the added changes in subsection A to reduce the fifteen year requirement to eight years, change the one hundred percent AMI requirement to eighty percent, and then add language at the third line, if I remember that correctly I apologize, I probably should just share my screen and show where that language is that would be easier. Let me just get to that quick.

Ms. French: It adds it after "all development impact fees, up to a maximum of fifty thousand, maximum waiver.

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1 Mr. Sauls: At the end right here we'd be adding language to say up to fifty thousand dollars per
2 individual not to exceed four hundred thousand dollars annually, roughly that kind of language,
3 something like that.

4
5 Ms. French: For the program, a four hundred thousand overall cap so that we would not take in
6 over four-hundred thousands in impact fees in the first year.

7
8 Commissioner Hechtman: Right, right, and staff will figure out where to best put both the
9 reference to the pilot program and the ... there's some logic to putting the four hundred
10 thousand near the fifty thousand but maybe there's a better way. Staff will figure that out.

11
12 Mr. Sauls: Okay.

13
14 Vice-Chair Summa: So, it's still 50k per project.

15
16 Chair Lauing: Max. Ok is everyone clear now? If so, we're going to roll call vote, if not we're
17 going to ask some more questions. Everyone is alright? Okay. Let's go to the vote.

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19

20 **VOTE**

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2 Ms. Klicheva: Commissioner Chang

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4 Commissioner Chang: Yes.

5

6 Ms. Klicheva: Commissioner Hechtman

7

8 Commissioner Hechtman: Yes.

9

10 Ms. Klicheva: Chair Lauing

11

12 Chair Lauing: Yes.

13

14 Ms. Klicheva: Commissioner Reckdahl

15

16 Commissioner Reckdahl: Yes.

17

18 Ms. Klicheva: Commissioner Roohparvar

19

20 Commissioner Roohparvar: Yes.

-
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Ms. Klicheva: Vice-Chair Summa

Vice-Chair Summa: Yes.

Ms. Klicheva: Commissioner Templeton

Commissioner Templeton: No.

Ms. Klicheva: Motion carries 6-1

MOTION #1 PASSED 6 (Hechtman, Lauing, Reckdahl, Summa, Chang, Roohparvar) – 1 (Templeton) - 0.

Chair Lauing: Okay, Commissioner Templeton would you like to speak to your no vote please?

Commissioner Templeton: Yes, I think that this cap is too low and we should be trying to remove barriers to the building of affordable housing, I hear a lot of our Commissioners are supportive of that and just wanted to make sure we had the opportunity to say ... to suggest to Council that maybe this doesn't go far enough. Thank you.

-
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Commission Action: Motion by Hechtman, seconded by Roohparvar. Motion Passed 6-1.

Chair Lauing: Okay that concludes that item. Appreciate the extra effort, got it across the line.

Approval of Minutes

Public Comment is Permitted. Three (3) minutes per speaker.

3. August 31, 2022 Draft Verbatim and Summary Minutes

Chair Lauing: So, we have some Minutes. Madina, would you like to address that? You have listed here August 31, 2022 draft verbatim and summary meeting. No changes to that correct?

Ms. Klicheva: Yes.

Chair Lauing: Okay. Commissioner Hechtman.

Commissioner Hechtman: No changes to the list but changes to the minutes.

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1 Chair Lauing: Yea definitely.

2

3 MOTION

4

5 Commissioner Hechtman: I move approval of the August 31, 2022 draft verbatim and summary

6 minutes as revised.

7

8 Chair Lauing: Second from anyone?

9

10 SECOND

11

12 Commissioner Chang: I'll Second.

13

14 Chair Lauing: Okay Commissioner Chang Second. Any other comments? Alright roll call vote

15 please.

16

17 VOTE

18

19 Ms. Klicheva: Commissioner Chang?

20

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1 Commissioner Chang: Yes.

2

3 Ms. Klicheva: Commissioner Hechtman?

4

5 Commissioner Hechtman: Yes.

6

7 Ms. Klicheva: Chair Lauing?

8

9 Chair Lauing: Yes.

10

11 Ms. Klicheva: Commissioner Reckdahl?

12

13 Commissioner Reckdahl: Yes.

14

15 Ms. Klicheva: Commissioner Roohparvar

16

17 Commissioner Roohparvar: Yes.

18

19 Ms. Klicheva: Vice-Chair Summa?

20

-
1. The Chair may limit Oral Communications to 30 minutes for all combined speakers.
 2. Spokespersons that are representing a group of five or more people who are identified as present at the meeting at the time of the spokesperson's presentation will be allowed up to ten (10) minutes at the discretion of the Chair, provided that the non-speaking members agree not to speak individually.
 3. The Chair may reduce the allowed time to speak from five (5) to three (3) minutes to accommodate a larger number of speakers

1 Vice-Chair Summa: I'll abstain as I was absent.

2

3 Ms. Klicheva: Commissioner Templeton

4

5 Commissioner Templeton: Yes.

6

7 Ms. Klicheva: Motion carried 6-0-1.

8

9 MOTION #1 PASSED 6 (Hechtman, Lauing, Chang, Reckdahl, Templeton, Roohparvar) – 0 – 1
10 (Summa abstained).

11

12 **Commission Action**: Motion by Hechtman, seconded by Chang. Motion Passed 6-0-1.

13

14

15 **Committee Items**

16

17 Chair Lauing: Okay Thank you. That's the formal items we're going to go to the Committee
18 items, I don't think there are any Committees currently.

19

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1 **Commissioner Questions, Comments or Announcements**

2

3 Chair Lauing: Comments, questions or announcements from Commissioners? Commissioner
4 Reckdahl.

5

6 Commissioner Reckdahl: I got my COVID booster, the omicron booster this past weekend.
7 Went down to San Antonio the old JoAnn Fabrics, you just walk in they give it to you. No wait,
8 no appointment needed.

9

10 Chair Lauing: No pain either?

11

12 Commissioner Reckdahl: What?

13

14 Chair Lauing: No pain either?

15

16 Commissioner Reckdahl: It threw me for a loop but it was worth it.

17

18 Chair Lauing: Commissioner Reckdahl, I'm sorry...

19

-
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1 Commissioner Hechtman: I just wanted to report that if you go to the Renzel pond you'll see
2 that the trimming work has begun. They've cleared out a substantial part of the brush. I want to
3 thank my fellow Commissioners who have connections and to staff, whoever got the work
4 underway. It's already a great improvement. Thank you.

5
6 Chair Lauing: So the nesting must be over and the birds are safe. Which is also good.

7
8 Commissioner Reckdahl: It's serendipity that they were waiting until the day that Bart
9 [Commissioner Hechtman] asked about it.

10

11 Chair Lauing: Any other comments and we've already discussed future agenda items, so we
12 don't need to do that. So if there's nothing else we will be adjourned. Thank you very much.

13

14 **Adjournment**

15 6:53:00 pm

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