




TOWN OF PORTOLA VALLEY

STAFF REPORT

TO: Mayor and Members of the Town Council

FROM: Jeremy Dennis, Town Manager
Cara Silver, Town Attorney 

DATE: December 14, 2022

RE: Approval of Willow Commons Apartments' Request for Waiver of Town Fees for Affordable Supportive Housing Project

RECOMMENDATION

Staff recommends that the Town Council waive the Town processing fees in the amount of \$186,890.37 to support the affordable housing development project known as Willow Commons Apartments.

BACKGROUND

A. Inclusionary Housing Fund

Like many cities in California, Portola Valley utilizes the concept of inclusionary lots/in lieu fees to support affordable housing development. The "Inclusionary Housing Requirement" is a program of the Town's Housing Element since 1991 and is also contained in the Town's Municipal Code. The Inclusionary Housing Program includes three major elements: (1) new residential subdivisions shall set aside 15% of the lots for affordable units; (2) fractional lots pay in lieu housing fees and (3) applicants may receive a 10% density bonus if they comply with this requirement.

B. Use of In Lieu Housing Funds

Program 7 of the Town's current Housing Element states that the Town should consider the use of the money in the Town's in-lieu housing fund, including the money from the sale of the Blue Oaks below-market-rate (BMR) lots, to meet identified local affordable housing needs and provide affordable housing. The Inclusionary Housing ordinance provides: "The in-lieu fees shall be placed in a special housing fund for use solely for affordable housing." (Portola Valley Municipal Code Section 17.20.215.)

On September 22, 2021, staff brought a study session to the Town Council to discuss whether to develop guidelines to administer the fund. Given the number of other initiatives and projects, the Council did not see an immediate need to develop guidelines and instead directed staff to fold this into the ongoing Housing Element update process, including seeking input from the Race and Equity Committee on spending priorities. On October 26, 2022, the Council received a report from the Race and Equity Committee that the fund be used, in part, for fee waivers for all affordable housing projects that satisfy the Town's Regional Housing Needs Allocation (RHNA).

Following adoption of the 6th Cycle Housing Element, staff will bring back some additional recommendations on the use of the Housing Funds that will best support the new housing programs.

C. Willow Commons Apartments

On October 4, 2021, Jim and Patty White ("applicant") submitted an application to construct an affordable permanent supportive housing project for adults with intellectual or developmental delays ("IDD") to be located at 4388 Alpine Road, referred to as Willow Commons Apartments. The project consists of 11 one-bedroom apartments deed restricted for low income qualifying residents and 2 ADUs for program managing staff to live on site. On December 13, 2021, the Architectural & Site Control Commission (ASCC) conducted a hearing and approved the project. Additional information about the project is available on the [Town's website](#). The project was submitted under the supportive housing law (AB 2162) and density bonus law. Under the density bonus law, in addition to the requested zoning and land use concessions and waivers, the project requested financial assistance from the Town.

On January 12, 2022, the Town Council discussed Willow Commons' request to use the Town's Inclusionary Housing Funds. The Town Council noted that the applicant's request for a loan/grant for development costs should be deferred until the Town had finalized its Housing Trust Fund Guidelines. The Town Council left open the possibility that the Willow Commons project could later reapply for funds that would be tied to deed-restricting the seven units to a lower affordability level. The Town Council also agreed that the project should receive a local permit fee waiver.

DISCUSSION

The Inclusionary Housing Fund's current balance is \$4,815,359.00.

The applicant has requested a waiver of Town fees in the amount of \$186,890.37 in Town planning and building fees and \$1,550 in Woodside Fire Protection District (WFPD) fees. Per Council's earlier direction, Staff is recommending a fee waiver of Town fees only. Since the Town is a separate legal entity from the WFPD and the Town Council has not approved WFPD fee waivers in the past, staff recommends that the Town Council not waive the applicant's WFPD fees.

The amount of the requested fee waiver is nominal compared to the size of the Inclusionary Housing Fund, and there would be no impact on current programs by granting the request. The request is also consistent with the recommendations of the Race and Equity Committee. Therefore, staff recommends a fee waiver in the specific amount of \$186,890.37.

ENVIRONMENTAL REVIEW

The waiver of fees is not considered a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS

1. Willow Commons Request for Fee Waiver

ATTACHMENT 1

From: Jim White <jwhite@shv.com>
Sent: Thursday, September 29, 2022 10:35 AM
To: Cara E. Silver <ces@jsmf.com>
Subject: Fwd: Willow Commons Portola Valley Project Fees

Cara - The Willow Commons Project at 4399 Alpine Rd would like to request a reimbursement for the fees expended to date to enable the financial viability of the Willow Commons Permanent Supported Housing for adults with disabilities. Below are a listing of the fees paid to date and if needed we can provide the supporting documentation. Please let me know if you need any additional information. I'm happy to talk live if you want to call my mobile, feel free to call me. Jim

----- Forwarded message -----

From: Jason Raser <jason@shv.com>
Date: Wed, Sep 28, 2022 at 10:54 AM
Subject: Re: Willow Commons Portola Valley Project Fees
To: Jim White <jwhite@shv.com>
Cc: Carter Warr <carter@cjwarchitecture.com>, Kevin Schwarckopf <kevin@cjwarchitecture.com>

Hi Jim

As we discussed yesterday, I have updated the google doc that contains the listing of all expenses paid to Town of Portola Valley to date. I have underlying invoices/support and can add more details on the specifics of each expense if that's helpful. The google sheet is called "Willow Commons cost impacts". I have included the many checks written to the Woodside Fire Protection District since I believe those were mandated by the Town of PV.

Snapshot of the sheet below: