

City Council Priorities

The [Redwood City Strategic Plan](#), approved October 12, 2020, provides focus for City Council decision making and City initiatives and affirmed the City Council's Strategic Priorities of Housing, Transportation and Children and Youth. The following describes the proposed project's conformance with these priorities:

Housing

Based on the current description, the project would be subject to the City's Affordable Housing Ordinance (AHO), which requires payment of a Housing Impact Fee (Section 29.3 A of the Redwood City Zoning Code). The Housing Impact Fee is calculated by multiplying the net new square footage of the proposed nonresidential use by the current fee rate per square foot (sq. ft.) identified in Table 1:

TABLE 1

Housing Impact Fee Rates Per Nonresidential Use	
Nonresidential Use	Fee Rate per Sq. Ft. of Net New Square Footage
Office, Medical Office and Research & Development Uses	\$23.62
Retail, Restaurants and Services	\$5.91
Hotel	\$5.91

Based on information provided by the applicant on March 24, 2023, the project proposes net new square footage, by use, described in Table 2. The Housing Impact Fee amount for the proposed project is then calculated by multiplying the net new square footage by the fee rate per sq. ft. for each proposed use.

TABLE 2^[1]

Estimated Project Housing Impact Fee by Proposed Use					
Development Type	Existing SF	Proposed SF	Project Net New SF	Fee PSF	Total Fee
Net New Office SF	970,000	3,300,000	2,330,000	\$23.62	\$55,034,600
Net New Retail SF	0	0	0	\$5.91	\$0
Net New Hotel SF	0	102,620	102,620	\$5.91	\$606,484

Total \$55,641,084

The Affordable Housing Ordinance (AHO) provides applicants with the ability to propose an alternative means of compliance with the ordinance, such as the provision of off-site affordable units, donation of land for the construction of affordable units, or purchase of existing units for conversion to affordable units instead of paying the Affordable Housing impact fee (Section 29.8.A of the City's Zoning Code).

Section 29.8 of the City's Zoning Code and Resolution No. 16014 allows for nonresidential developments that propose an alternative means of compliance, to build ten affordable units per 100,000 net new sq. ft. of office space and four affordable units per 100,000 net new sq. ft. of retail or hotel, at the income levels identified in Table 3 below, to mitigate the affordable housing impacts of new commercial development in lieu of payment of the otherwise required Housing Impact Fee.

Table 3

Required Affordable Units by 100,000 Net New sq. ft. in a Nonresidential Project				
Development Type	Moderate Income	Low Income	Very Low Income	Total
Office	3	5	2	10
Retail	NA	2	2	4
Hotel	NA	2	2	4

If the applicant were to pursue an alternative means of compliance by creating new deed-restricted units, the new affordable units should be designated at the income levels identified in Table 42:

Table 4

Development Type	Project SF	Moderate	Low	Very Low	Total
Net New Office SF	2,330,000	69.9	116.5	46.6	233.0
Net New Retail SF	-	0.0	0.0	0.0	0.0
Net New Hotel SF	102,620	0.0	2.1	2.1	4.1
Total Requirement		69.9	118.6	48.7	237.1

Applicant's Affordable Housing Proposal

The applicant's latest Affordable Housing Plan (dated November 2022) was to make financial contributions directly to affordable housing developments in Redwood City in need of financing. To comply with the base requirements of the AHO, the applicant proposed to invest the same value of the Housing Impact Fee, as shown in Table 2 above, directly into new affordable housing developments. The estimated financial contribution would be \$55,641,084. In addition to satisfying these base affordable housing obligations, the applicant proposed to make an additional \$30 million contribution, as a community benefit that may be used to fund more affordable housing in the City. The applicant stated that they would fund the development of affordable housing units at the affordability levels identified in Table 4. While the applicant has identified a potential affordable housing development partner, Eden Housing[2], the applicant has not identified any specific projects that these funds could be contributed to.

Initial Staff Response to Applicant's Affordable Housing Proposal

The applicant's proposed Affordable Housing Plan lacks details about the overall timing and phasing of the project and when the required funding and community benefits would be provided. Staff recommends that 100% of the community benefit funding proposed for affordable housing be paid when the first building permit for the new development is issued and that an appropriate fee escalator be applied given the long timeline for this project.

In the past, the City has allowed for impact fees to be contributed directly to projects; however, without specific projects identified, staff recommends that the fee be paid directly to the City. This would ensure that the funds can be deployed expeditiously to affordable projects in the City's pipeline that are in need of funding, rather than letting the applicant retain the funding until they identify a projects. Additionally,

staff has encouraged the applicant to identify specific new construction and/or preservation affordable housing projects in need of subsidy as part of their planning application.

Further, the City expects to release a Notice of Funding Availability (NOFA) this summer to identify pipeline affordable housing projects in need of funding. The City is estimating that it will need to invest \$200,000 to \$250,000 per affordable unit through this NOFA. Additionally, in 2021, the City conducted a housing preservation feasibility study that found preservation projects would need a per unit subsidy of \$200,000 to \$300,000 depending on the size of the project. Based on these figures, staff estimates funds could support approximately 283 to 425 new construction and/or preservation units. The applicant has noted its funding contribution could lead to the creation of over 800 affordable units, assuming a contribution of \$100,000 per unit. However, as noted above, City staff believe the applicant's per unit subsidy estimate is low and the total number of units created or preserved would be lower than their estimate.

Applicant's Response to Initial City Feedback on Affordable Housing Proposal

In a comment letter, dated January 13, 2023, and meeting on April 6, 2023, staff provided the applicant with feedback above on their most recent Affordable Housing Plan. The applicant stated they are open to the City's comments and will modify and resubmit the Affordable Housing Plan soon. On April 7, 2023, the applicant stated in they were committed to the following, all of which will be further detailed and reviewed when a revised Affordable Housing Plan is submitted:

- A minimum of \$85 million will be allocated for affordable housing;
- The applicant will work closely with the City on defining "targeted tenant groups (e.g. seniors, families, special needs)" when considering which projects to invest in;
- Applicant will begin to start identifying specific affordable housing projects that may be in need of funding in the nearer term, rather than solely relying on developments Eden Housing may be pursuing;
- If the applicant is unable to identify a qualifying affordable housing project that is acceptable to the City, the applicant would direct its contribution to the City's Affordable Housing Fund.

On May 16, 2023, the applicant forwarded to the City a correspondence reaffirming their affordable housing and community benefit commitments connected to the Redwood Life project.

Staff Response to Applicant's Correspondence Dated May 16, 2023

- Staff supports the applicant's desire to partner with Eden Housing to develop off-site affordable housing units. At this time, the applicant should assume any and all impact fees or community benefit funding for affordable housing would be given directly to the City to ensure a transparent process on how the funding is invested to produce new affordable housing;
- The applicant shall pay any community benefit funding for affordable housing upfront, prior to the first phase of the project moving forward; and
- The details of the housing impact fee obligations, additional community benefit funding for affordable housing, and timing of applicable payments will be finalized as part of the development agreement process.

Transportation

In summer 2020, the City Council approved a policy to comply with the new State law for projects' transportation impact evaluation and to guide new development projects on how to scope their transportation studies including site access and circulation. Also, in January 2022, the City Council adopted a Transportation Demand Management (TDM) ordinance which requires all new office and commercial developments with more than 10,000 square feet or 10 employees and all residential projects with more than 25 units or more than 5 units with a homeowners association to have a site TDM plan and to identify strategies to reduce vehicle trips to and from their project site.

Traffic associated with the project is a key concern that has been expressed by stakeholders and community members at open houses and community workshops. Due to the fact that Redwood Shores only has two ways in and out of the neighborhood, increases in congestion during peak commute hours can have outsize impacts on the quality of life for residents and employees. Residents have also noted concerns with emergency vehicle access during congested times and around schools. Currently, the applicant is working with a transportation consultant to analyze the project's transportation needs and impacts and to identify strategies that reduce the project impacts on the surrounding area. One outcome of this effort will be a TDM plan that includes measures to limit single occupancy vehicle trips and to encourage other modes of travel, while reducing the demand for parking on site. TDM measures could include shuttle services, transit passes for employees, and access to shared micromobility services such as bicycles and scooters, etc.

Parallel to these efforts, both the City and the applicant are collaborating with neighbor jurisdictions (San Carlos and Belmont) to evaluate the implementation of area-wide solutions to improve mobility. One potential solution would be the creation of a Transportation Management Association (TMA) to serve all existing and new development projects in the area and that provides transportation services across jurisdictional boundaries. A multi-jurisdictional TMA could be funded by, and serve more sites, than if it were restricted to a single jurisdiction, therefore increasing the likelihood of it being sustainable and successful over the long term.

Children and Youth

The project proposal identifies a \$2 million childcare investment and partnership with BuildUp San Mateo grant program as a potential community benefit of the project. Given that environmental constraints related to the previous landfill use of the site preclude the ability to provide onsite childcare facilities, the program identifies needs within the county to best allocate funding to improve access to childcare at the time of distribution.