



Item No. 13 Town of Atherton

CITY COUNCIL STAFF REPORT – REGULAR AGENDA

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GEORGE RODERICKS, CITY MANAGER

DATE: SEPTEMBER 20, 2023

SUBJECT: CITY COUNCIL FEEDBACK AND DIRECTION REGARDING AFFORDABLE HOUSING FEASIBILITY STUDY; ENGAGING OF MARKETING FIRM TO ASSIST WITH HOUSING ELEMENT; AND ENGAGING OF A LOBBYIST FIRM TO ASSIST WITH HOUSING ELEMENT

RECOMMENDATION

Review and provide direction to staff regarding engaging various consultants in support of the Town's 6th Cycle Housing Element.

BACKGROUND

During discussion of the Town's 6th Cycle Housing Element, the Council discussed the possibility of engaging a consultant to prepare an Affordable Housing Financial Feasibility Study. The purpose of the Study would be to evaluate the financial feasibility of producing a successful affordable housing project in Atherton with the underlying assumption that the development would need to purchase the land as part of the project. The Study would evaluate the cost of land in relation to the financial feasibility to develop multi-family housing, taking into consideration the number of inclusionary and market rate units necessary to do so. A similar study was completed for the City of San Jose (Attachments 1, 2, & 3).

In addition, the Council asked staff to evaluate what the Town of Los Altos Hills did in moving their Housing Element forward to approval and certification by the State's Department Housing and Community Development (HCD) in May 2023. In reaching out to Los Altos Hills it was noted that the Town engaged the services of two consultant firms to assist. The first was a marketing firm ([Tripepi-Smith](#)), to assist with marketing and messaging of the Town's Housing Element. The firm was used to create materials (digital and non-digital), facilitate engagement with the press, draft editorials, facilitate housing discussion forums, and develop coordinated talking points, social media posts, and infographics.

Lastly, Los Altos Hills also engaged a lobbyist firm ([Gonsalves & Son](#)) to assist with discussions at the State level with local legislators.

ANALYSIS

Affordable Housing Feasibility Study

The Town is using [BAE – Urban Economics](#) to produce the Inclusionary Zoning Study for the Town's Inclusionary Zoning Ordinance and Fee. This program is a component of the Town's Housing Element, and the Study will analyze the feasibility of an inclusionary fee. BAE also has the capability and capacity to include a feasibility analysis specific to the development of multi-family housing with inclusionary units relative to land values. This effort would require an augmentation to their current contract with the Town. BAE estimates that producing the additional analysis would cost an additional \$50,000 to \$75,000. This could be done as an additional Task Order to their current effort with the Town. Because BAE is currently engaged on the Inclusionary Zoning Study there is natural alignment with the additional financial feasibility study that would assist in keeping the cost of the study within budget.

Marketing Assistance

Tripepi-Smith worked with Los Altos Hills during the development of their 6th cycle Housing Element over the course of three months on a time and materials basis. As noted, their work largely focused on providing the Los Altos Hills with assistance in engaging the community. In Atherton, for example, part of a Marketing firm's effort could be focused on the production of materials for the community with an effort to provide better education around multi-family housing, affordable housing, accessory dwelling units (ADUs), SB9, Objective Design Standards and the development process. The Town of Atherton already has an agreement with Tripepi-Smith for assistance with production of the Town's quarterly Athertonian Newsletter. Tripepi-Smith estimates that, like Los Altos Hills, work for the Town on the Housing Element would also be done on a time and material basis and would cost somewhere between \$20,000-\$30,000, depending on scope.

Lobbyist Assistance

Los Altos Hills also engaged Gonsalves & Son to assist with lobbyist efforts on their town's Housing Element. As the Council may recall, this was something recommended by the City Attorney in April 2023. Staff does not have a detailed cost from Los Altos Hills on this item as the Town uses the lobbyist firm on a regular basis for other needs as well. Staff estimates that this effort would also be on a time and materials basis and would cost somewhere between \$20,000-\$30,000 over a period of several months. The firm prefers a retainer-based agreement at \$4,000 per month and the retainer would cover any number of issues or needs the Town has with respect to legislation. Efforts would focus on meetings with key legislators and facilitation of discussion with those legislators, the Governor's Office and HCD. During the 2023-2024 legislative session over 500 bills were introduced to the State legislature relating to housing issues.

The Town could further use the firm to assist with issues such as the Educational Revenue Augmentation Fund (ERAF) and other similar legislative issues. If retained, this would replace our current firm Renne Public Policy Group (RPPG) who's focus is solely on providing the Town

legislative information and correspondence assistance, but not lobbyist support. The current RPPG agreement is a monthly retainer that costs approximately \$26,000 per year.

FISCAL IMPACT

If the Council were to direct staff to move forward with all options above, the initial top end cost would be anticipated at \$117,000 (\$75,000 BAE, \$30,000 Tripepi-Smith, net \$12,000 Gonsalves & Son). Going forward, retaining the lobbyist assistance only would represent an additional annual cost per year of \$12,000 (assuming we replaced the current RPPG agreement).

There would need to be a budget amendment to accommodate any or all the above options. Individual contracts would be within the Task Order or signature authority of the City Manager and would be sole source or amendments to existing agreements for additional tasks.

GOAL ALIGNMENT

This Report and its contents are in alignment with the following Council Policy Goals:

- Goal Area F – Be Forward-Thinking, Well-Managed, and Well-Planned

POLICY FOCUS

Policy discussion for the Council is on whether the Town needs a Feasibility Analysis to assist with the Town's assertions regarding development feasibility in relation to land cost; and whether the Town should engage a lobbyist and marketing firm to assist the Town with its 6th Cycle Element.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting in print and electronically. Information about the project is also disseminated via the Town's electronic News Flash and Atherton Online. There are approximately 1,200 subscribers to the Town's electronic News Flash publications. Subscribers include residents as well as stakeholders –to include, but be not limited to, media outlets, school districts, Menlo Park Fire Protection District, service providers (water, power, and sewer), and regional elected officials.

COMMISSION/COMMITTEE FEEDBACK/REFERRAL

This item has not been before a Town Committee or Commission

ATTACHMENTS

1. ULI Bay Area – Multi-Family Real Estate 101 – Prepared for San Jose (November 2022)
2. Seifel Memorandum – Cost of Residential Development – Prepared for San Jose (October 2022)
3. PowerPoint – Cost of Residential Development – Prepared for San Jose (November 2022)