

RESOLUTION NO. 06-2025

**A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EAST PALO ALTO**

**ADOPTING A LOCAL PREFERENCE POLICY FOR AFFORDABLE UNITS DEVELOPED WITH
CITY SUBSIDY AND THROUGH THE INCLUSIONARY HOUSING PROGRAM**

WHEREAS, the City of East Palo Alto (“City”) provides funding to support affordable housing development in the City through its Affordable Housing Fund; and

WHEREAS, Ordinance No. 425 requires that 20% of all units in new market-rate residential developments be affordable to extremely low-income, very low-income, low-income, and moderate-income households; and

WHEREAS, on October 16, 2018, the City Council adopted a five-year Affordable Housing Strategy, which includes a goal of anti-displacement and a Workplan to establish a local preference for affordable housing units in the City; and

WHEREAS, from January to May 2019, the City held five community meetings with stakeholder groups, where a draft local preference framework was developed; and

WHEREAS, on April 7, 2020, the City Council adopted resolution 52-2020 – Adopting a local preference policy for affordable units developed with city subsidy and through the inclusionary housing program; and

WHEREAS, on February 6, 2024, the City Council adopted the 2024-2028 Affordable Housing Strategy recommitting to the implementation of an effective and fair housing compliant Local Preference Policy.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO HEREBY FINDS AND DECLARES THE FOLLOWING:

- A. There is a shortage of affordable housing in the Bay Area and in the City of East Palo Alto, where the median family income, at \$101,526, is less than 58% of the median family income for San Mateo County, 58% of East Palo Alto renter households are rent-burdened, and 18% of East Palo Alto households are considered to be overcrowded (American Community Survey, 2018-2022 5-year estimates);
- B. According to the U.S. Census. East Palo Alto’s Black/African American population has declined from 61% of the population in 1980 to 13% in 2020, evidence that many families have left East Palo Alto due to the excessive cost of living and lack of affordable housing opportunities, breaking strong, intergenerational community and neighborhood ties;
- C. Individuals who work in East Palo Alto often must travel long commute distances to their jobs from outside the city, leading to higher greenhouse gas emissions, traffic, and lower quality of life;
- D. According to the American Community Survey, home values in East Palo Alto increased 188% between 2012 and 2022, compared to 96% for San Mateo County, making homeownership out of reach for East Palo Alto residents;

- E. The high cost of housing is cited in the East Palo Alto Affordable Housing Strategy as a key reason for the need for the plan and the anti-displacement efforts measure therein, including the need for a local preference in affordable housing;
- F. Applying a preference for individuals who live or work in East Palo Alto and residents involuntarily displaced from East Palo Alto is within the City's authority to protect the public health, safety, and welfare; and
- G. Applying such a preference will create affordable housing opportunities that will allow those individuals to remain part of the community in East Palo Alto.

BE IT FURTHER RESOLVED THAT, BASED ON THE ABOVE FINDINGS, THE CITY COUNCIL HEREBY:

- 1. Adopts a Local Preference Policy, as set forth in Attachment 1 to this Resolution and incorporated by this reference, that applies to City subsidized affordable housing units, Density Bonus Units, and through the City's Inclusionary Housing Ordinance;
- 2. Directs the City Manager to adopt guidelines to administer the Local Preference Policy and take any other action with respect to the policy consistent with this resolution and its purpose; and
- 3. Establishes that this Local Preference Policy applies only to the extent that other funding sources for the project permit such preferences.

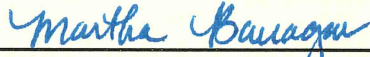
PASSED AND ADOPTED this 21st day of January 2025, by the following vote:

AYES: ABRICA, DINAN, LINCOLN, ROMERO

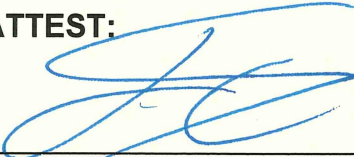
NOES:

ABSENT: BARRAGAN

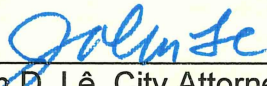
ABSTAIN:



Martha Barragan, Mayor

ATTEST:


James Colin, City Clerk

APPROVED AS TO FORM:


John D. Lê, City Attorney

Exhibit A

City of East Palo Alto Affordable Housing Local Preference Policy

The purpose of establishing a local preference policy (“Policy”) for affordable housing is to prevent and mitigate displacement impacts to vulnerable households living or working in East Palo Alto, or to address past displacement from East Palo Alto, thereby encouraging family health, neighborhood stability, and preserving existing residents’ continued ties to local institutions, services, schools, community business centers, and health care providers, and thereby enhance the public welfare by further implementing the goals and objectives of the Housing Element to prevent or mitigate displacement of low-income residents and affirmatively further fair housing goals.

I. Definitions

The definitions set forth in this Section shall govern the application and interpretation of this Policy. Words and phrases not defined in this Section shall be interpreted so as to give this Policy its most reasonable application.

- A. “Affordable Housing” or “Affordable Unit” shall mean restricted residential property where the rent or sales price is limited by a deed restriction and/or regulatory agreement.
- B. “Area Median Income” or “AMI” “means the median family income of a geographic area of the state.
- C. “City Supported Affordable Housing” shall mean Affordable Housing that receives financing, land, or ground lease property interest from the City of East Palo Alto for new construction, rehabilitation, or for acquisition and rehabilitation.
- D. “Inclusionary Housing” shall mean Affordable Units restricted by the City as a result of the City of East Palo Alto’s Inclusionary Zoning requirements.
- E. “Local Preference Guidelines” shall mean the requirements for implementation and administration of this Policy adopted by the City Manager pursuant to Section VIII of this Policy.
- F. ~~“Owner”~~ “Owner” shall mean any person or entity having a legal right of ownership or rights under a ground lease in real property, or their agents responsible for the management and leasing of the property to residential tenants.
- G. “Qualifying Documents” shall mean documentation establishing an applicant’s first and last name and current address where they reside, as further defined in the Local Preference Guidelines.
- H. “100% Affordable Housing Projects” are those projects where all units are income restricted, except for a manager unit or units.

II. Local Preferences

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- A. The preference policy shall apply to contracts entered into by the City on or after the

effective date of the resolution establishing each preference, including contracts materially amended on or after the effective date.

- B. Applicants only need to qualify for one of the preference criteria to receive the Local Preference. To qualify for the Local Preference, an applicant must:
- (i) Reside in East Palo Alto: At least one member of the applicant household's principal place of residence is within the City of East Palo Alto as of the date of application for housing; or
 - (ii) Work in East Palo Alto: At least one member of the applicant household currently works or has received an offer to work within the City of East Palo Alto for at least 20 hours per week; or
 - (iii) Be involuntarily displaced from a residence in East Palo Alto: The applicant household must include at least one adult member whose principal place of residence was a housing unit within the City of East Palo Alto until they were displaced from that unit because of any of the following:
 - Natural Disaster declared by the Governor;
 - Domestic Violence;
 - City Code Enforcement Activities;
 - A "No Fault" Eviction from a rental unit in East Palo Alto, if the eviction occurred within a year of the application for housing; or
 - A 10% or higher increase in rent in the last 12 months.

The eligibility requirements for each preference criteria is outlined in section IV below.

- C. For 100% Affordable Housing Projects, these preferences shall apply to 50% of the affordable units. However, at the discretion of the City Manager, a disparity study may be undertaken to adjust this percentage on a particular project. The preference shall be applied to the initial lease-up or sale of the residential development and continuing thereafter throughout the term of the affordability restriction.
- D. For Inclusionary Housing and Density Bonus units, these preferences shall apply to all units at initial lease-up or sale of the residential development and continuing thereafter throughout the term of the affordability restriction.

III. Implementation

- A. The Owner of a City Supported Affordable Housing or Inclusionary Housing shall be responsible for including information about local preferences in their marketing materials, including the documentation needed to qualify applicants and determine eligibility for the local preference.
- B. The requirements of this Policy shall be included as a term in the regulatory agreement, affordability agreement, or other agreement between the City and/or other governmental entity and the Owner of a City Affordable Housing Property or Inclusionary Units.
- C. The Marketing Plan for the property shall include the local preference and outline procedures for implementing them.
- D. Applicants shall self-certify their eligibility for preferences with their initial application, and the owner or their designee shall confirm the eligibility after the lottery and before

leasing or selling the affordable units.

IV. Proof of Eligibility for Preferences

The Owner shall use the following evidence to determine eligibility for local preferences, which may be further detailed in the Local Preference Guidelines.

- A. Resides in East Palo Alto: Applicant may submit documentation from an appropriate source stating the applicant resides in East Palo Alto as of the date of the application for housing.
- B. Works in East Palo Alto: Applicant must provide employment verification from employer, or another appropriate source, stating the applicant is employed there as of the date of the application for housing. A written offer of employment may suffice as evidence of employment in the City.
- C. Involuntary Displacement: Displacement shall be evaluated based in the following:
 - (i) Disaster: Applicants shall provide certification from a unit of government concerning displacement due to a disaster prior to the submittal of the application for housing.
 - (ii) Domestic Violence: Applicants shall provide certification from local police, social service agency, court, clergy, physician, public or private shelter, or counseling facility concerning displacement due to domestic violence, fear of reprisal, or hate crime.
 - (iii) Housing Code Enforcement Activity: Applicants shall provide documentation from the City and/or landlord. Displacement due to code enforcement activities includes situations in which a tenant vacates a unit in response to a notice to vacate, notice to abate a life-threatening condition, or declaration of substandard condition issued by the City or a court.
 - (iv) "No Fault" Eviction: Applicants shall provide a copy of an eviction notice or a copy of a court order or judgment in the unlawful detainer proceeding or other official records documenting the eviction
 - (v) 10% or Greater Rent Increases: Applicants who are displaced due to a rental increase of over 10% shall provide a copy of a rent increase notice and evidence of a subsequent change of residence.

Applicants who were evicted due to cause, such as nonpayment of rent or breach of the rental agreement, shall not be eligible for this preference.

Upon determining eligibility, the Owner shall notify the applicant of their eligibility for the local preference. Any disagreement over the eligibility of the applicant for the local preference shall be reviewed and determined by the Director of Community Development as defined in the Local Preference Guidelines.

V. Limitations & Exclusions

- A. Owners are not required to approve applicants who are otherwise not qualified for renting or purchasing the unit.

- B. Unless otherwise expressed herein, preferences shall be non-durational, i.e., there shall be no minimum time period for residency or employment to qualify for the preference.
- C. This Policy or any successor Policy shall be applied only if other funding sources for the project do not prohibit the preference. This preference program shall be applied only if it does not violate federal and state fair housing law.

VI. Periodic Review

The City shall conduct a review of its local preference program for consistency with its affirmatively furthering fair housing goals under state and federal law and provide a report and possible recommendations to City Council every three years following the effective date of this resolution.

VII. Guidelines

The City Manager or designee is hereby authorized to adopt and, from time to time, amend Guidelines for the administration and implementation of the local preference as provided by this policy.