



# CITY of BRISBANE

## Affordable Housing Subcommittee Agenda

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**Monday, July 19<sup>th</sup>, 2021 at 12:00 PM • Virtual Meeting**

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*This meeting is compliant with the Governors Executive Order N-08-21 issued on June 11, 2021 allowing for deviation of teleconference rules required by the Brown Act. The purpose of this is to provide the safest environment for staff, Subcommittee Members and the public while allowing for public participation. The public may address the council using exclusively remote public comment options.*

*The Subcommittee may take action on any item listed in the agenda.*

### **TO ADDRESS THE SUBCOMMITTEE**

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**Email:** [aibarra@brisbaneca.org](mailto:aibarra@brisbaneca.org)

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**Call-in number during the meeting for oral communications:** 1-669-900-9128

Meeting ID: 921 3692 8070 (After entering the meeting ID and pressing #, simply press # a second time to enter the meeting waiting room. No participant code is required. Please wait on the call until a Subcommittee or Staff Member announces that the phone line is open. Dial \*6 to mute/unmute and dial \*9 to "raise hand")

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Meeting ID: 921 3692 8070

Passcode: 123456

To listen to the meeting if not using computer audio, dial: 1-669-900-9128

### **SPECIAL ASSISTANCE**

If you need special assistance to participate in this meeting, please contact Angel Ibarra at (415) 508-2109. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

**SUBCOMMITTEE MEMBERS:**

Mayor Pro-tem Lentz, Councilmember Davis

**PRESENTATIONS AND DISCUSSION ITEMS**

- A. Meet with Keyser Marston Associates, Inc. to Receive their Affordable Housing Strategic Plan Proposal

**PUBLIC COMMENT****ADJOURNMENT**

A.

**File Attachments for Item:**

A. Meet with Keyser Marston Associates, Inc. to Receive their Affordable Housing Strategic Plan Proposal

*Proposal to Prepare*  
**Affordable Housing  
Strategic Plan**



*Submitted to:*  
**City of Brisbane**

*July 2021*



**KEYSER MARSTON ASSOCIATES, INC.**



**KEYSER MARSTON ASSOCIATES™**  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

July 2, 2021

**ADVISORS IN:**  
REAL ESTATE  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

**BERKELEY**  
A. JERRY KEYSER  
TIMOTHY C. KELLY  
DEBBIE M. KERN  
DAVID DOEZEMA  
KEVIN FEENEY

**LOS ANGELES**  
KATHLEEN H. HEAD  
JAMES A. RABE  
GREGORY D. SOO-HOO  
KEVIN E. ENGSTROM  
JULIE L. ROMNEY  
TIM BRETZ

**SAN DIEGO**  
PAUL C. MARRA

John A. Swiecki, AICP  
Community Development Director  
City of Brisbane  
50 Park Place  
Brisbane, CA 94005

RE: Response to Request for Proposals (RFP) to Prepare an Affordable Housing Strategic Plan

Dear Mr. Swiecki:

Keyser Marston Associates, Inc. (KMA) is pleased to submit this proposal to prepare an affordable housing strategic plan to optimize the City's current and future investments in affordable housing. Brisbane has been a valued-client of ours for decades and we look forward to the opportunity to assist Brisbane in formulating the best strategy for the City – one that will most effectively use and leverage the City's resources, best achieve the City's affordable housing objectives, and be the most cost efficient relative to on-going implementation and compliance monitoring.

We are well-qualified and positioned to assist you with this effort. In addition to our work for you on the Baylands, for the past 30 years our firm has been a leader in the field of affordable housing. We have assisted cities throughout California:

- evaluate the financial capacity of new development and negotiate with developers to provide affordable units,
- establish inclusionary, impact fee, first time homebuyer, and preference programs to increase the supply of affordable housing;
- qualify home buyers / tenants and monitor compliance of existing projects with deed restrictions
- select outside contractors to provide on-going monitoring services; and
- prepare financing plans for the construction of affordable units.

We applaud you for preparing a strategic plan now, before the Baylands Specific Plan is complete, so that the strategy will inform the project's affordable housing plan and the City will be prepared to efficiently implement and monitor the affordable housing units.

We would be delighted to meet with you to further discuss our proposal and ideas to assist the City with this effort.

Sincerely,  
KEYSER MARSTON ASSOCIATES, INC.



Debbie Kern

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# Project Understanding

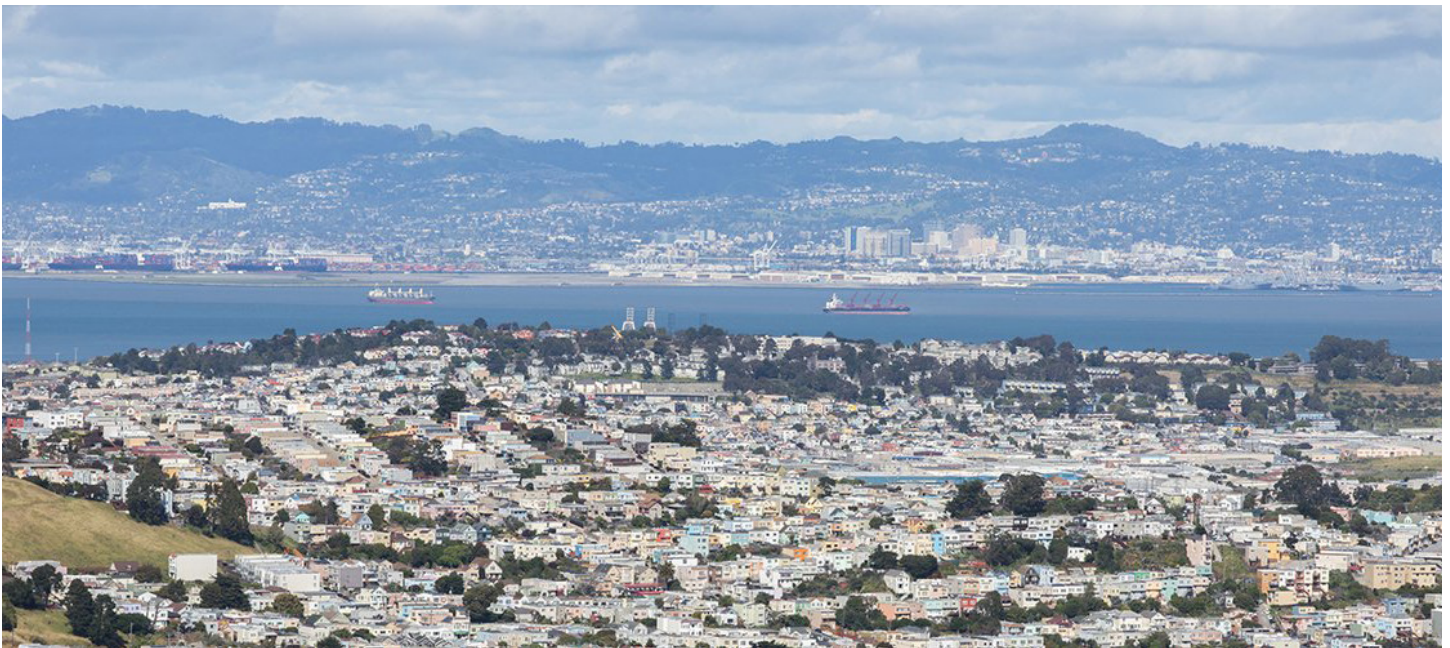
# 01



The City of Brisbane intends to hire a consultant to assist the City prepare an Affordable Housing Strategic Plan. The Strategic Plan will ensure that the City invests its current and anticipated future affordable housing revenues into affordable housing projects and programs that will have the greatest impact in the community. An important impetus for the Strategic Plan is the future development of the Baylands, which will likely increase the City's affordable housing stock by approximately 300 units. It is critical for the City to establish a strategy for determining the project's affordable housing requirements, the type of affordable units, a plan for financing the units, a plan for administering the affordable housing program, and a plan for funding the ongoing administration of the City's affordable housing stock.

In addition to the needs to be generated by the Baylands, the City has a current stock of affordable units that need to be monitored for compliance with deed restrictions, it has a fund balance of \$4 million available to help fund affordable housing and would like to optimize the use of the funds, and the City would like to establish on-going sources of funds to increase the City's affordable housing stock. The Strategic Plan will provide a comprehensive evaluation of the City's program, funding, and administration options.

The Strategic Plan will be developed over a six (6) month period, with extensive input from the community, City staff, and a Subcommittee of the City Council.



# Work Program

# 02

## ***1. Identify short and long-term management responsibilities associated with the City's existing and future inventory of deed-restricted affordable housing units, and outline options for administering those responsibilities.***

Providing quality long-term management of a city's stock of affordable housing units is a very important and time-consuming issue that is often overlooked by administrators until the needs are overwhelming. As described in the RFP, Brisbane currently has a relatively small stock of affordable units to monitor but the number will likely increase by over 300 units with the development of the 1,800 to 2,200 new residential units slated for the Baylands. Management staffing and funding are both critical issues.

The management requirements for ownership units differ from the management requirements for rental units. For ownership units, the City must ensure compliance with the income eligibility of initial home buyers, sales price limits, on-going owner occupancy requirements (which require review of utility statements), refinancing limitations, and resale restrictions (both price and income eligibility of new buyers). These efforts require experienced staff and a significant dedication of time. Legal counsel can also be required to enforce compliance with restrictions. Based on our experience issues often arise regarding enforcing occupancy requirements, making sure that homes are not refinanced without the City's approval, and funding improvements needed to keep the units in good physical condition.

The monitoring requirements for rental units is typically less because the professional property manager is obligated to certify compliance and, if the units were funded with Low Income Housing Tax Credits, the tax credit regulations require on-going compliance. For rental units, the City's involvement is typically limited to reviewing statements provided by the property managers. The key issue that we typically encounter are rental rates that conform to the tax credit regulations but not to the City's deed restrictions.

There are basically two options for managing a city's affordable stock: 1) using in-house staff; and 2) hiring an outside firm that specializes in managing affordable housing programs. Large cities, such as Sacramento and San Jose use in-house staff to manage their programs, which makes sense given the sizes of the programs. Using an outside firm would not provide any distinct economies of scale or efficiencies. The large size of the programs warrants having internal staff who focus exclusively on housing. Smaller cities, however, such as Palo Alto, often contract with an outside specialist. An outside firm can offer many benefits, such as dedicated staff, economies of scale, and specialized expertise.

In addition to managing the stock of affordable units, the City must also manage the execution of its housing programs. The subject work effort will result in an affordable housing strategy, which will identify existing and potentially new affordable housing programs that the City will offer and be responsible for implementing and monitoring. Examples of programs include:

- inclusionary and in-lieu fee requirements on new residential development,
- impact fee requirements on commercial development,
- providing subsidies for the development of new affordable units,
- providing down-payment assistance loans for first time homebuyers,
- providing rental assistance to tenants,
- providing assistance to homeowners to rehabilitate existing homes, and
- funding the conversion of market rate rental units to deed restricted units.

Some programs, such as providing subsidies for new development are generally staffed internally. However, the management of other programs, such as providing down payment assistance, is often outsourced along with the management of the stock.

Establishing a plan for funding management is also an integral element of selecting a management option. As



part of this Strategic Plan, KMA will identify the pros and cons of each approach, including order of magnitude cost estimates and financing options, for the City's consideration.

## ***2. Develop affordable housing strategies specifically for the Baylands subarea of the City***

Measure JJ permits the development of 1,800 to 2,200 new residential units at the Baylands. The city's inclusionary ordinance requires 10% to 15% of the new units to be affordable. The residential component and the affordable housing program will be defined and refined by the Specific Plan and the terms of a Development Agreement to be negotiated with the property owner.

Based on our experience with other large acreage, multi-phase projects, we would recommend that the Strategic Plan develop principles for the preparation of the Specific Plan and the Development Agreement. KMA will work with City staff, the community, and the steering committee to identify the principles and strategies for the Baylands. Examples of principles include the following:

- The Baylands affordable housing program shall further the City's affordable housing objectives by providing a to be specified mix of affordability that may exceed the city-wide requirements;
- The Development Agreement will require that the developer provide funding for the long-term administration of the affordable housing units built at the Baylands;
- The Baylands master developer or an outside program administrator will be responsible for income qualifying affordable home buyers;
- The Baylands will be responsible for funding the development of the required affordable housing at the Baylands that comply with city-wide requirements without financial assistance from the City of Brisbane;

- The Baylands affordable units will be built in step with the construction of market rate homes;
- The Baylands affordable units will be located throughout the market rate neighborhoods and not concentrated in separate locations;
- A preference program will be established for the occupants of the affordable homes that will give preference to people who currently live or work in Brisbane or to first responders.

KMA will identify a potential range of product types for market rate homes and affordable units that could be appropriate for the Baylands and evaluate the financial feasibility of different program assumptions to understand both the cost of developing the affordable units at various levels of affordability and the overall feasibility of the Baylands to support an affordable program.

KMA will identify and evaluate alternative structures for administering the long term compliance of the affordable housing program, including both internal staffing and contract services.

KMA will prepare recommendations for the City's consideration.

## ***3. Identify programmatic funding goals, objectives, and priorities for the City's current affordable housing fund balance of approximately \$4 million***

The City's affordable housing goals, objectives and priorities for the use of the \$4 million will be shaped by the City's affordable housing needs and what is the most effective use for the \$4 million. As listed in the RFP, options include subsidizing new projects. Homebuyer assistance, providing grants for the construction of ADUs, providing rental assistance, and buying deed restrictions on existing units. We will evaluate the pros and cons of each of these.

For many cities, meeting the RHNA needs is a priority. Based on a review of Brisbane's annual report to HCD,





it appears that there is a shortage of Very Low income units. Using the \$4 million to leverage other funding sources to create new Very Low-income apartments might be a good option for these funds. However, if there are no readily available sites but there are existing units, an equally attractive option might be to purchase deed restrictions.

#### ***4. Evaluate options to maintain a revenue stream for affordable housing development***

KMA will provide a menu of options and evaluate the options for the consideration of the community, steering committee, and City. Based on our experience, examples of options include the following:

- Inclusionary In-lieu fees and development impact fees;
- Transfer tax;
- CDBG funds; and
- State grant funds

Given the strength of the biotech industry and the housing market, impact fees and in-lieu fees could be a promising source of funding for new development, especially to create Very Low and low income housing. Transfer fees may not be popular with existing residents and securing CDBG and state grants would require a significant dedication of staff time.

#### ***5. Review preliminary updated inclusionary and density bonus ordinance***

KMA will review the draft update to the inclusionary and density bonus ordinance based on our extensive experience with updating inclusionary and impact fee ordinances. We will ensure that the ordinance is aligned with the new Strategic Plan.

#### ***6. Engagement with community and City Council subcommittee***

KMA proposes a robust community engagement process. We propose to conduct two workshops with the community to discuss issues and options. The first workshop would occur in the second month of the assignment and the fourth would occur in the 4th month. We propose to include narrative on the City's website about the Strategic Plan as it proceeds and advertise the workshops on the website as well as the weekly Brisbane Blast.

We propose to meet with the City Council Affordable Housing Subcommittee three (3) times. The first would occur during the first month to hear from the committee's objectives for the effort and to introduce our scope. The second meeting would take place after the first community workshop and the third would take place after the second workshop to discuss options.



# Project Staffing

# 03

Debbie Kern, who is the Managing Principal of KMA's northern California office, will lead this effort. Debbie has been involved with affordable housing since the late 1980s, from developing layered financing plans for tax credit projects, to developing affordable housing strategies and monitoring programs. David Doezema is a Senior Principal and the leader of the firm's affordable housing nexus and commercial linkage fee service sector. David will review the updated inclusionary ordinance and provide his input on best practices for implementation and monitoring based on his years of experience. Harriet Ragozin will provide technical assistance to both Debbie and David. Harriet is a Manager and specializes in affordable housing financial feasibility and affordable housing residential and commercial linkage nexus analyses. Debbie's, David's, and Harriet's resumes are provided on the following pages.







## DEBBIE M. KERN

*Debbie Kern is a Managing Principal in Keyser Marston Associates' Berkeley office with over 30 years of experience in public / private real estate consulting. Debbie brings to bear her years of experience and strong technical skills to develop analytical methodologies, efficiently evaluate public/private real estate development issues, and provide state-of-the-art solutions.*

### Key Role

Ms. Kern specializes in the area of housing related services and manages fiscal and economic impact analysis for Keyser Marston clients in Northern California. Her broad experience combined with strong technical skills provide her with unique ability to advise on conceptual issues as well as structuring complex public/private transactions.

### Areas of Specialization:

#### **Affordable Housing**

Ms. Kern manages housing related services for KMA clients in Northern California. The development of affordable housing has become a primary objective of communities throughout California and Ms. Kern has been instrumental in assisting redevelopment agencies negotiate and structure business terms of public/private partnerships for the development of new affordable housing; establish program and financial strategies for increasing the supply of affordable housing that maximize the leveraging of local public subsidies; issue bonds secured by Housing Set-aside Funds to fund affordable housing developments; and establish and update affordable housing inclusionary programs.

#### **Fiscal and Economic Impacts**

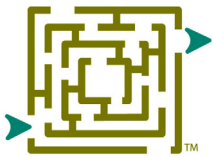
Debbie has evaluated the fiscal and economic impacts of a full-range of land uses, from residential to sports facilities. The analyses have been undertaken within the context of processing development entitlements for specific projects and formulating land use policies. Recent impact analyses include: Apple's presence in Cupertino; the mixed-use entertainment district surrounding the future sports arena in Sacramento; the future Oakland Global Trade and Industry Center Project; and the development of 1,700 new homes in Dublin.

#### **Infrastructure and Public Facility Finance**

Debbie is a leader in the field of infrastructure finance. She has developed effective financing plans for new facilities triggered by a proposed real estate development, rehabilitation of existing structures, citywide capital improvement plans, and specific plans. Structures are often comprised of multiple funding sources, including: Infrastructure Financing Districts (IFDs), Community Facility Districts (CFDs), value-added entitlements, new market tax credits, impact fees, and P3s.

#### **Professional Credentials**

Debbie holds a master's degree in economics from Columbia University and a bachelor's degree in economics from the University of California, Berkeley. She is a member of the Phi Beta Kappa honor society.



Keyser Marston Associates

Years in  
the Industry

30+







## DAVID DOEZEMA

*Mr. Doezenia is a Principal in Keyser Marston Associates' San Francisco office with 15 years' experience in real estate and economic consulting.*

### Key Role

Mr. Doezenia focuses on affordable housing nexus, fiscal and economic impact analysis, successor agency finance services and sports facilities.



*Years in  
the Industry*

**15+**

### ***Inclusionary Housing and Affordable Housing Nexus Analyses***

Mr. Doezenia has experience with affordable housing nexus and inclusionary housing assignments for a wide range of communities throughout California. Recent assignments have included a multi-jurisdiction nexus study covering 12 Bay Area jurisdictions, Boulder CO, Emeryville, Newark, Hayward, Fremont, and Mountain View. Large city experience includes San Diego, San Jose, San Francisco and Honolulu. He has prepared project-specific affordable housing analyses addressing the Facebook Campus in Menlo Park and the Stanford Medical Center in Palo Alto.

### ***Fiscal and Economic Impact Analysis***

Mr. Doezenia has experience preparing fiscal impact analyses on projects throughout California spanning a wide variety of land uses including master planned communities, military base reuse plans, medical facilities, and mixed-use projects. Recent assignment include a fiscal impact analysis of a voter initiative in Alameda and a fiscal and economic impact peer review of an NFL stadium in Inglewood.

### ***Successor Agency Finance***

Mr. Doezenia assists cities and counties in relation to redevelopment dissolution including preparation and review of recognized obligation payment schedules, cash flow analyses, and fiscal consultant reports for refinance of tax allocation bonds. He has been responsible for on-going pass through calculations for all 13 successor agencies in San Mateo County on behalf the County Controller's Office.

### ***Sports Facilities***

Mr. Doezenia had a key role in KMA's services to the City of Santa Clara on the Levi's Stadium project and negotiations with the San Francisco 49ers. Mr. Doezenia was involved from the initial concept through stadium opening and was responsible for analyzing numerous aspects of the project including public and private construction finance sources, funding of on-going operations of the Stadium Authority, fair market rent for the City's land, and fiscal and economic impacts.

### ***Professional Credentials***

Mr. Doezenia holds a master's degree in urban planning and a bachelor's degree in civil and environmental engineering from the University of Michigan, Ann Arbor.



## HARRIET G. RAGOZIN

*Ms. Ragozin is a Manager in Keyser Marston Associates' San Francisco office. She joined KMA in 2003 and has participated in affordable housing and child care nexus analyses, inclusionary housing analyses, residential and commercial real estate feasibility analyses, redevelopment tax increment projections, and market assessments.*

### **Affordable Housing Policy**

Ms. Ragozin has worked extensively on affordable housing policy analyses, including inclusionary housing analyses, in-lieu fee studies, jobs-housing nexus analyses and residential nexus analyses. Former inclusionary housing and in-lieu fee work includes studies conducted for the cities of San Francisco, Palo Alto, Cupertino, Napa, Novato, and Campbell, among others. Typical tasks include the evaluation of development economics, the calculation of full cost recovery in-lieu fees for ownership and rental projects, and the evaluation of alternative program structures.

She has conducted jobs-housing nexus analyses, which quantify the linkages between construction of new commercial buildings and affordable housing demand, for Napa, San Diego, Walnut Creek, Sacramento, Cupertino and others. In addition to a quantitative nexus analysis, typical tasks also include evaluation of proposed fee levels in the context of local real estate economics, recommended fee levels, and surveys of similar fees in other jurisdictions.

She has also conducted many residential nexus analyses, which quantify the linkages between new market rate residential development and the demand for affordable housing, for many jurisdictions including Fremont, Hayward, Napa County, San Francisco and others.

### **Residential Financial Analyses**

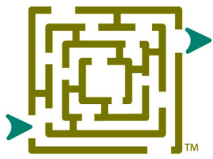
Ms. Ragozin has assisted in the assessment of market and financial feasibility analyses for proposed residential developments. Projects include market rate housing, affordable housing, and mixed-use projects. Such services have been provided in the cities of Santa Rosa, San Jose, Walnut Creek, Lafayette, Redwood City, San Leandro, Union City, and others.

### **Child Care Nexus Analyses**

Ms. Ragozin has conducted child care nexus analyses linking new real estate development to the demand for child care facilities in the jurisdiction. Example cities include San Mateo, San Francisco, and Redwood City.

### **Professional Credentials**

Ms. Ragozin holds a master's degree in public policy from the Goldman School of Public Policy at the University of California, Berkeley, and a bachelor's degree in economics from Williams College.



Keyser Marston Associates

*Years in  
the Industry*

**15+**



# Project Budget

# 04

Keyser Marston proposes to complete this work for a not to exceed budget of \$119,000. Detailed budget information is below.

Estimated Time Expenditures		Debbie Kern Managing Principal	David Doezema Senior Principal	Harriet Ragozin Manager	Admin.	Estimated Total Hours KMA
<i>Tasks</i>		<i>hours</i>	<i>hours</i>	<i>hours</i>	<i>hours</i>	<i>hours</i>
Task 1	Short and long-term management responsibilities associated with existing and future affordable housing inventory	20	10	0	3	33
Task 2	Develop affordable housing strategy for Baylands	60	0	90	4	154
Task 3	Identify goals for City's current affordable housing fund balance	20	0	40	0	60
Task 4	Evaluate options to maintain a revenue stream for affordable housing	20	8	30	0	58
Task 5	Review preliminary updated inclusionary and density bonus ordinance	8	24	0	0	32
Task 6	Engagement with community and City Council	45	12	60	0	117
<b>Total</b>		<b>173</b>	<b>54</b>	<b>220</b>	<b>7</b>	<b>454</b>
Estimated Budget		hourly rate				Estimated Total Budget KMA
<i>Tasks</i>						
Task 1	Short and long-term management responsibilities associated with existing and future affordable housing inventory	\$5,600	\$2,700	\$0	\$240	\$8,540
Task 2	Develop affordable housing strategy for Baylands	\$16,800	\$0	\$20,250	\$320	\$37,370
Task 3	Identify goals for City's current affordable housing fund balance	\$5,600	\$0	\$9,000	\$0	\$14,600
Task 4	Evaluate options to maintain a revenue stream for affordable housing	\$5,600	\$2,160	\$6,750	\$0	\$14,510
Task 5	Review preliminary updated inclusionary and density bonus ordinance	\$2,240	\$6,480	\$0	\$0	\$8,720
Task 6	Engagement with community and City Council	\$12,600	\$3,240	\$13,500	\$0	\$29,340
5% Contingency						\$5,654
<b>Total KMA</b>		<b>\$48,440</b>	<b>\$14,580</b>	<b>\$49,500</b>	<b>\$560</b>	<b>\$118,734</b>



Following are hourly rates for Keyser Marston Associates, Inc.

Keyser Marston Associates, Inc.	2020/21 Hourly Rates
Chairman, President, Managing Principals*	\$280
Senior Principals*	\$270
Principals*	\$250
Managers*	\$225
Senior Associates	\$187.50
Associates	\$167.50
Senior Analysts	\$150
Analysts	\$130
Technical Staff	\$95
Administrative Staff	\$80

*\* Rates for individuals in these categories will be increased by 50% for time spent in court testimony.*

Hourly rates cover both direct and overhead costs but exclude the cost of purchasing information that is needed for a specific assignment. The cost of purchasing data, such as hotel occupancy data, will be billed separately.

Directly related job expenses not included in these rates are: auto mileage, parking, air fares, hotels and motels, meals, car rentals, taxis, telephone calls, delivery, electronic data processing, graphics and printing. Directly related job expenses will be billed at 110% of cost.

Monthly billings for staff time and expenses incurred during the period will be payable within thirty (30) days of invoice date.



# Project Schedule

# 05

We believe that the Strategic Plan can be complete within the desired six (6 months) from the execution of the contract. The following schedule assumes that the contract is executed on August 1, 2021.

Task	Deliverable	Completion Date
Commence Contract		August 1, 2021
1. Short and Long Term management responsibilities	1a. Inventory of management responsibilities 1b. Administration options	August 18 August 30
2. Develop Baylands Strategies	2a. Evaluate feasibility of Baylands Affordable housing 2b. Evaluate feasibility of Baylands affordable housing strategies 2c. Evaluate management of Baylands affordable units	October 15 November 19 December 3
3. Identify priorities for current affordable fund balance	3a. Conduct interviews with staff, CC members, review HE, inclusionary, and DB ordinance 3b. Evaluate current and potential affordable housing policies and strategies and include cost of each strategy	October 8 December 10
4. Evaluate options to maintain revenue stream for affordable housing	4a. Outline revenue sources for new development and recommend best practices	December 3
5. Review preliminary updated inclusionary/ DB ordinance	5a. Written summary of recommendations to updated ordinance 5b. review of final draft ordinance	December 10 December 17
6. Community Engagement	6a. First meeting with Sub committee 6b. Second meeting with subcommittee 6c. Third meeting with Subcomittee 6d. First meeting with Community 6e. Second meeting with Community 6f. First meeting with City Council 6g. Second meeting with City Council	August 23 October 20 December 17 September 15 November 23 January 12, 2022 January 26, 2022



# Statement of Qualifications

# 06



## A. FIRM DESCRIPTION

Keyser Marston Associates, Inc. (KMA) is one of the leading economic real estate advisory practices on the West Coast. Founded in 1973, the firm has served over 600 clients on more than 2,000 projects, including some of the most high-profile public/private partnerships in California. The firm's public sector clients include nearly every major municipality in California, as well as counties, ports, special districts, universities, and former military bases. The firm has three offices located in Berkeley, Los Angeles and San Diego. Our practice areas include:

- Affordable and inclusionary housing,
- Market & feasibility analysis,
- Public-private real estate transactions,
- Transit-oriented neighborhoods,
- Public benefits and entitlements,
- Fiscal and economic impacts, and
- Public finance.

Keyser Marston has been at the forefront of affordable housing for decades. We have experience on approximately 80 affordable housing nexus

analyses and have worked with virtually all types of land uses throughout California as well as in the states of Hawai'i, Washington and Colorado.

KMA's nexus studies and affordable housing policy analyses are grounded in our firm's core expertise in real estate development economics which we leverage to develop reality-based solutions tailored to each community. KMA has conducted economic feasibility analyses in support of over a dozen inclusionary, community benefits and affordable housing impact fee programs in the last two years, including the major cities of San Jose, San Diego and San Francisco. Our policy work is informed by experience on numerous developer negotiation and real estate transaction assignments, which provide a real-world perspective.

We work closely with local jurisdictions to develop affordable housing programs that achieve public policy goals and are successful in the long-term. As further described in this submittal, Keyser Marston Associates, Inc. (KMA) is uniquely qualified to undertake this assignment for the City of Brisbane.



## Brisbane Baylands

Brisbane, CA

### Client

City of Brisbane

### Contact

John Swiecki  
Community Development Director  
City of Brisbane  
(415) 508-2120  
[jswiecki@ci.brisbane.ca.us](mailto:jswiecki@ci.brisbane.ca.us)

### Key Staff

Debbie Kern and Tim Kelly

The City of Brisbane retained KMA to assist the City in evaluating the proposal submitted by Universal Paragon Corporation (UPC) to redevelop the 700-acre Baylands site with a mixed use 12.2 million square foot project comprised of 4,400 homes, 6 million square feet of office space, 800,000 square feet of retail and 170 acres of open space. The redevelopment of the site will require approximately \$1.1 billion of investment to remediate environmental contamination and provide necessary back-bone infrastructure improvements, which represents a huge economic challenge to the project. In addition to economic challenges, there is significant community opposition to redeveloping the property due to concerns about the environmental contamination and the proposed number of residential units.

Keyser Marston's role has been comprised of two components: 1) evaluating financial feasibility; and 2) evaluating fiscal impacts to the City of Brisbane. The financial feasibility analysis included evaluating infrastructure costs, land values supported by various land uses, examining phasing alternatives to limit the amount of upfront capital to develop a viable phase 1 project; and meeting with the applicant to discuss options for proceeding with the project. The fiscal impact analysis entailed examining: 1) market conditions; 2) home prices and apartment rental rates; 2) development costs; 3) testing the impacts of a range of alternative land use mixes, and 3) identifying alternative financing mechanisms for funding infrastructure improvements and providing municipal services so that the project would generate a fiscal surplus to the City. KMA attended numerous public hearings to present the findings of our analyses and offer options for enhancing the impacts of the project on the City. After years of analysis, public hearings, and negotiation, the City crafted a land use plan that was the subject of a ballot measure on the November 2018 election.



# The Dunes On Monterey Bay

Marina, CA

## Client

City of Marina

## Contact

Layne Long  
City Manager  
City of Marina  
(831) 884-1224  
[llong@cityofmarina.org](mailto:llong@cityofmarina.org)

## Key Staff

Debbie Kern

Keyser Marston has assisted the City of Marina in its efforts to redevelop 429 acres adjacent to CSU Monterey Bay at the former Fort Ord military base into a sustainable mixed-use development known as The Dunes on Monterey Bay. Components include 1,237 new homes and apartments (including 20% affordable and workforce units) over 1.5 million square feet of commercial and office space, along with promenade retail; additionally two hotels are planned, a beach boardwalk, and 42 acres of city parks, open space, and trails.

The project received a Smart Growth Catalyst Award from the State of California's Housing and Community Development Department (HCD).

Keyser Marston's services have included the following:

- Prepared the financial terms of Developer RFP;
- Assisted in selecting the developer – an LLC comprised of Shea Homes, Shea Properties, and Centex Homes (later replaced by Pulte Homes);
- Conducted market analyses of the residential, retail, and office components of the project;
- Evaluated the development economics of the project through the preparation of a cash flow analysis modeling entitlement costs, land development, finished product, and affordable housing obligations;
- Evaluated the fiscal impacts of the project;
- Determined the land price to be paid and the timing for the payments;
- Developed a financing plan for the project, including the use of land-based financing for infrastructure and tax increment financing for a portion of the affordable housing obligations;
- Developed a preference program for selecting homebuyers;
- Extensive negotiations with the developer regarding funding for on-going monitoring of affordable units; reporting requirements for ensuring income eligibility of homebuyers and formula for setting maximum affordable home prices
- Negotiated business terms with the Developer





## Multi Jurisdiction Housing Nexus Studies

Santa Clara and Alameda Counties, CA

### Contact

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### Key Staff

David Doezenia

KMA prepared 22 separate affordable housing nexus studies as part of a multi-jurisdiction effort spanning two Bay Area counties. A total of 12 jurisdictions participated including the County of Santa Clara, the County of Alameda and ten cities within the two counties. Silicon Valley Community Foundation provided funding support to offset administrative costs of the effort and contracted with KMA on behalf of the twelve participating jurisdictions for preparation of the nexus studies.

KMA prepared both residential and jobs housing nexus analyses, enabling each participating jurisdiction to adopt affordable housing impacts fees applicable to residential and non-residential development. In addition, to provide context for policy decisions, a series of analyses were prepared including:

- Financial Feasibility;
- Non-residential development costs and market adjustments to absorb fees;
- Review of affordable housing requirements in other jurisdictions; and
- Evaluation of the cost to comply with inclusionary requirements for various types of market rate residential projects.

The participants encompass a wide range of market conditions and development patterns and include some of the highest priced residential markets in Silicon Valley as well as far more moderately priced submarkets of the Central East Bay and unincorporated Alameda County. In recognition of the widely diverse conditions across the participating jurisdictions, all key data inputs, analyses and recommendations were tailored to each jurisdiction.



## Below Market Rate Housing Program Analysis

Palo Alto, CA

### Client

City of Palo Alto

The City of Palo Alto implemented a BMR Program in 1974, making the Program one of the first of its kind in the United States.

### Contact

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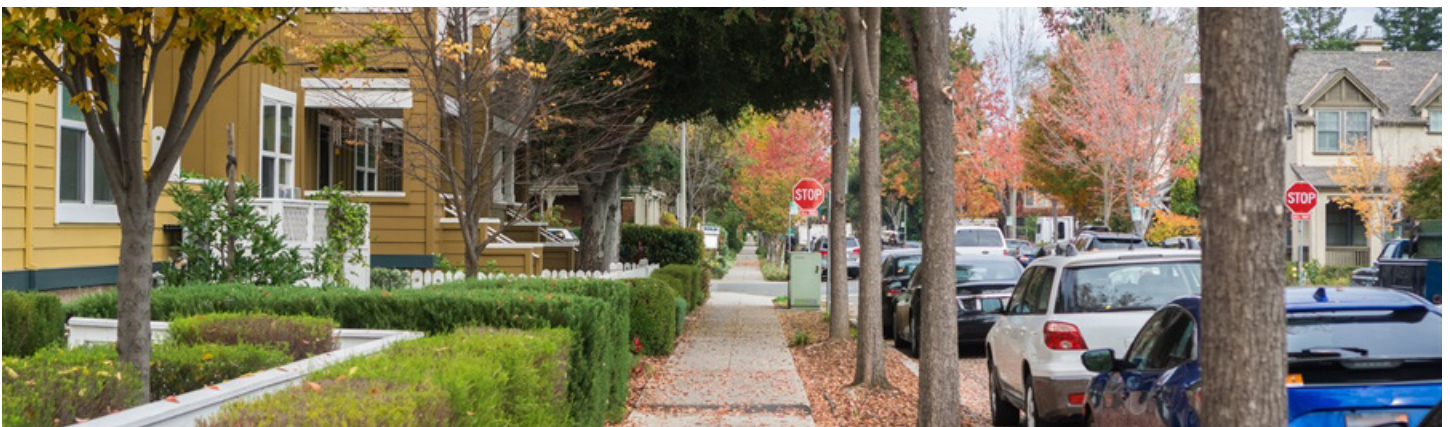
In 2005, the city determined that the rate of production of affordable housing units under the existing program was not sufficient to meet the City's need for affordable housing needs. After updating the Housing Element, the City retained Keyser Marston to review and update the BMR program.

### Key Staff

Debbie Kern

The City's goal was to update to all aspects of the program, ranging from administration and monitoring, to deed restrictions and resale provisions, to implementation procedures as applied to new residential projects. Specific objectives included:

- Strengthen the City's BMR Program;
- Improve program effectiveness in meeting the affordable housing needs of the community and the workability of the overall program.
- Update the structure of the basic deed restriction used by the BMR program to reflect the best practices being employed by other communities and improve the enforcement of program requirements;
- Modify program elements to ensure that the BMR units are adequately maintained and to encourage homeowners to undertake capital improvements to their homes;
- Update implementation practices to reflect the best practices employed by other communities to enhance communication with BMR homeowners and lessen the administrative burden whenever possible.



## Below Market Rate Housing Program Analysis

Morgan Hill, CA

### Client

City of Morgan Hill

### Contact

Rebecca Garcia  
Housing Manager  
City of Morgan Hill  
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### Key Staff

Debbie Kern

One key program the City of Morgan Hill utilizes to achieve its affordable housing objectives is the HouseKeys program, an example of a Below Market Rate housing program that employs a competitive point system to obtain residential development permits. Developers can obtain points for providing on-site units and/or paying affordable housing fees.

The City retained KMA to analyze the cost that developers were incurring to provide on-site affordable units and to update the affordable housing fee so that it more closely mirrored the cost of providing on-site units. KMA coordinated with residential developers to analyze the development economics of a range of residential densities and types of projects. As a result of KMA's work, the City adopted a fee amount based on the square footage of development and the type of development.





# San Jose Inclusionary Housing

San Jose, CA

## Client

City of San Jose Housing Department

## Contacts

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City of San José

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## Key Staff

David Doezeema and Debbie Kern



KMA has been a key advisor to the City with respect to the City of San Jose's affordable housing inclusionary program and impact fees. Select assignments include the following:

***Guidelines for Implementing the City's Inclusionary Housing Ordinance:*** KMA drafted a set of guidelines to assist in the implementation and administration of the City's Inclusionary housing ordinance. The guidelines addressed exemptions, transitioning between the impact fee and inclusionary requirements for rental housing projects, options for complying with the ordinance, monitoring procedures, and requirements of the Affordable Housing Compliance Plans, which are required of all projects.

***Analyses in support of Modifying Fees and Elements of Inclusionary Requirements:*** KMA undertook a range of analyses to assist the City in modifying its inclusionary requirements. These efforts included: evaluating the financial feasibility of imposing inclusionary obligations on projects with fewer than 20 units, evaluating modifying the AMI levels of inclusionary units, and modifying the level of in-lieu fees.

***Nexus Analysis for Impact Fee on Rental Housing:*** KMA prepared a residential nexus analysis to support an impact fee on market rate rental projects in San Jose. Two prototype projects, including apartments and high rise apartments, were analyzed in the nexus analysis. Other tasks included financial feasibility, in depth comparison to impact fees in other jurisdictions, and participation in the public presentation and adoption process, including a series of stakeholder meetings. The program was adopted in December 2014.



## Daly City Inclusionary Housing

Daly City, CA

### Client

City of Daly City

### Contact

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### Key Staff

David Doezeema

KMA conducted a financial feasibility analysis to support an update to the City's inclusionary housing program, which was first adopted in 2007. The City had modified its program in 2014 to replace the inclusionary requirement for rental developments with an affordable housing impact fee. With enactment of AB 1505, the City wanted to reactivate the prior rental inclusionary housing requirement along with consideration of other updates to its program. KMA prepared a financial feasibility analysis to evaluate the feasibility of a range of onsite compliance options and fee levels. In addition, KMA evaluated the role of parking requirements on the feasibility of residential projects. Based on the findings of the analysis, KMA prepared a set of recommendations for updates to the City's inclusionary housing ordinance. The updated inclusionary ordinance was adopted in late 2018.





# References

# 07

Reference	Relevant Projects
<p><b>Layne Long</b> City Manager City of Marina (831) 884-1224 <a href="mailto:llong@cityofmarina.org">llong@cityofmarina.org</a></p>	<p>Ongoing work. Full spectrum of affordable housing issues related to large scale former Fort Ord developments. Evaluated financial feasibility and tax increment subsidies, selected developers, negotiated affordable and workforce housing requirements, prepared staff manual for implementing affordable housing program, prepared local preference program for selecting home buyers/tenants, assisting City select outside firm to manage resales and monitor compliance with deed restrictions</p> <p><i>KMA Staff: Debbie Kern and David Doezema</i></p>
<p><b>Rebecca Garcia</b> Housing Manager City of Morgan Hill (408) 310-4637 <a href="mailto:rebecca.garcia@morganhill.ca.gov">rebecca.garcia@morganhill.ca.gov</a></p>	<p>On-going work. Setting and updating affordable housing in-lieu fee and impact fee levels, providing guidance regarding balancing fee-generation versus on-site construction, providing guidance regarding treatment of ADUs and deepening affordability, evaluating the financial feasibility of delivering affordable housing, and providing assistance relative mobile home park rent increase issues.</p> <p><i>KMA Staff: Debbie Kern</i></p>
<p><b>Betsy ZoBell</b> Housing and Community Development Supervisor City of Daly City (650) 991-8255 <a href="mailto:bzobell@dalycity.org">bzobell@dalycity.org</a></p>	<p>Prior work. Prepared a financial feasibility analysis and policy recommendations supporting a comprehensive update to the City's inclusion-ary ordinance in 2019.</p> <p><i>KMA Staff: David Doezema</i></p>

