

## **Proposal to increase the number of Low-Income residential units at 425 First**

The proposal is to increase the number of Low-Income residential units at 425 First from one (1) to three (3), and to decrease the number of Moderate-Income residential units from two (2) to one (1), resulting in an increase in the total percentage of below market rate residential units at 425 First from 15% to 20%.

Currently, the Affordable Housing Agreement requires 425 First to provide three (3) below market rate residential units (two (2) Moderate Income, plus one (1) Low Income).

The proposal is that the Affordable Housing Agreement be modified to require that 425 First provide four (4) below market rate residential units (one (1) Moderate Income, plus three (3) Low Income).

Currently, the total square footage of the Low Income BMR residential units is 542 square feet. The proposed total square footage of Low Income BMR residential units is 1,592 square feet (an increase of 1,050 square feet).

Currently, the total square footage of the Moderate Income BMR residential units is 2,120 square feet. The proposed total square footage of Moderate Income BMR residential units is 988 square feet (a decrease of 1,132 square feet).

The total "Sales Prices" of the market rate and BMR residential units included in this proposal (Residences 16, 17, 18, 24, 26), as compared to the current Affordable Housing Agreement, is essentially a breakeven for the 425 First owner - \$2,860,000 for this proposal versus, \$2,848,000 for the current Affordable Housing Agreement. Thus, no economic advantage for the 425 First owner results from this proposal. In the event that different sales prices are provided by ALTA Housing, and the result is an economic advantage for the 425 First owner, the 425 First owner is willing to pay any difference to the City as an additional affordable housing fee. As a result, this proposal would be an even substitution of Residence 24 for both Residence 17 and Residence 18.

The principal advantage resulting from this proposal for City residents is that two additional households will be able to purchase a residence at the Low Income level instead of one household being able to purchase a residence at the Moderate Income level.

Please note that Residence 16 (Low Income) has already been offered and sold by ALTA Housing to a City employee, and Residence 26 (Moderate Income) has been offered and sold by ALTA Housing to a City of Los Altos police officer.

**CURRENT AFFORDABLE HOUSING AGREEMENT – RESIDENCES 16, 17, 18, 24, & 26**

| Unit | Bedroom | Bathroom | SF   |            |                     |
|------|---------|----------|------|------------|---------------------|
| 11   | 1       | 1        | 829  |            |                     |
| 12   | 1       | 1        | 862  |            |                     |
| 13   | 1       | 1        | 902  |            |                     |
| 14   | 1       | 1        | 1031 |            |                     |
| 15   | 1       | 1        | 588  |            |                     |
| 16   | Studio  | 1        | 542  | LOW        | \$ 220,000          |
| 17   | Studio  | 1        | 583  | \$1500 PSF | \$ 874,500          |
| 18   | Studio  | 1        | 467  | \$1500 PSF | \$ 700,500          |
| 21   | 2       | 2        | 1126 |            |                     |
| 22   | 2       | 2        | 1535 |            |                     |
| 23   | 1       | 2        | 1336 |            |                     |
| 24   | 2       | 2        | 1132 | MODERATE   | \$ 575,000          |
| 25   | 2       | 2        | 1332 |            |                     |
| 26   | 1       | 1        | 988  | MODERATE   | \$ 490,000          |
| 31   | 2       | 2        | 1085 |            |                     |
| 32   | 2       | 2        | 1407 |            |                     |
| 33   | 1       | 2        | 1225 |            |                     |
| 34   | 2       | 2        | 1132 |            |                     |
| 35   | 2       | 2        | 1332 |            |                     |
| 36   | 1       | 1        | 984  |            |                     |
|      |         |          |      |            | <b>\$ 2,860,000</b> |

**PROPOSED, REVISED AFFORDABLE HOUSING AGREEMENT – RESIDENCES 16, 17, 18, 24, & 26**

| Unit | Bedroom | Bathroom | SF   |            |                     |
|------|---------|----------|------|------------|---------------------|
| 11   | 1       | 1        | 829  |            |                     |
| 12   | 1       | 1        | 862  |            |                     |
| 13   | 1       | 1        | 902  |            |                     |
| 14   | 1       | 1        | 1031 |            |                     |
| 15   | 1       | 1        | 588  |            |                     |
| 16   | Studio  | 1        | 542  | LOW        | \$ 220,000          |
| 17   | Studio  | 1        | 583  | LOW        | \$ 220,000          |
| 18   | Studio  | 1        | 467  | LOW        | \$ 220,000          |
| 21   | 2       | 2        | 1126 |            |                     |
| 22   | 2       | 2        | 1535 |            |                     |
| 23   | 1       | 2        | 1336 |            |                     |
| 24   | 2       | 2        | 1132 | \$1500 PSF | \$ 1,698,000        |
| 25   | 2       | 2        | 1332 |            |                     |
| 26   | 1       | 1        | 988  | MODERATE   | \$ 490,000          |
| 31   | 2       | 2        | 1085 |            |                     |
| 32   | 2       | 2        | 1407 |            |                     |
| 33   | 1       | 2        | 1225 |            |                     |
| 34   | 2       | 2        | 1132 |            |                     |
| 35   | 2       | 2        | 1332 |            |                     |
| 36   | 1       | 1        | 984  |            |                     |
|      |         |          |      |            | <b>\$ 2,848,000</b> |