PACIFIC DVLPMNT

November 10, 2025

Allen Tai
Director of Planning, Building and Transportation
City of Alameda

Re: **Workshop to Discuss Updates to the Inclusionary Housing Ordinance**

Dear Allen:

Pacific Development would like to share our thoughts and concerns with the staff report which is being presented to the Planning Board on November 10, 2025, regarding the Inclusionary Housing Ordinance.

As background, Pacific Development is the developer that built the Launch project at Alameda Marina which consists of 360 residential for-rent units, including 49 BMR on-site units and 8 Work/Live units. The Launch project was completed in April 2023.

We met with Steven Buckley, Allen Tai, Kearstin Dischinger and Rick Jacobus of Street Level Advisors on August 26, 2025, to share our thoughts and recommendations on ways to modify the Inclusionary Housing Ordinance so that new housing projects can be developed.

Additionally, Pacific Development is eager to begin construction on the Foundry project at Alameda Marina which will consist of 259 residential for-rent units and one Work/Live unit. The project will complete the Master Plan of 760 units which was originally approved in July 2018 and amended in 2023 at the City's request to increase the unit count to 801 units. The Foundry project is truly "shovel ready" however the project is not financially feasible today due to the high cost of construction, environmental remediation costs of both fee simple land and tideland, Bay Trail improvements, Clement Ave improvements, off-site improvements, high financing costs, insurance, property taxes and the very high subsidy required with the current Inclusionary Housing Ordinance.

Below you will find our comments on the staff report:

1. As referenced in the Executive Summary, California State law requires that developers have alternative compliance options, which include paying an in-lieu fee, dedicating land, or constructing units off-site. The City of Alameda is currently in violation of the State law as it does not currently allow projects greater than 9 units to utilize the in-lieu fee option. It is critical that larger for-rent projects have the ability of utilizing the in-lieu fee option.

2. The report states that "Moderate Income units are generally priced close to market rents and do fill a critical affordability need." However, the Launch has 21 Moderate BMR on-

site units currently priced 21% below 120% AMI rent levels and many of the moderate units sit vacant. These units have been ready for occupancy for over 2.5 years, but the current market conditions are keeping these units unoccupied. Rents have decreased over 26% since Launch was built and construction costs have increased by approximately 30% during that same period.

3. Although the report recommends that the City maintain a minimum inclusionary requirement of 15%, it acknowledges that there are alternative percentages of affordability that would address the City's concern regarding maintaining adequate affordability requirements to be eligible for future state funding sources, such as the ABAG/MTC Transit Oriented Communities (TOC) Program. We agree that alternative tools as cited in Table 2 will be useful mechanisms as each project is different, however the percentage (5% VLI + 5% Low or 8% VLI) remains too high for the Foundry project to become financially viable today.

4. The report states that the in-lieu fee should be converted to a fee per square foot of building floor area. We support having a conversion, but the in-lieu fee needs to be further clarified that the calculated area is taken on the residential portion of the building only.

    In order for the Foundry project to be financially viable the in-lieu fee cannot exceed $10/sf of the gross square footage of the residential portion of the building. The $10/sf in-lieu fee will equal approximately $2,500,000 for the Foundry project. The Foundry project cannot support an in-lieu fee payment of $25/sf as outlined in the Staff Report.

5. The Term of Affordability in the report refers to the length of time units must remain deed restricted as affordable units. The report recommends that the City of Alameda should extend the current term of 55-years to a 99-year term. Yet, 93% of the jurisdictions nationwide require at least a 30-year term. We don't understand why this would be increased by such a large term.

6. The report devotes considerable attention to the importance of the City maintaining affordability requirements that will allow the City to qualify for future state funding programs without the need to seek an exception to the requirements based upon a demonstration of financial infeasibility. While the potential receipt of any state funds under the TOC Program or any similar program cannot be predicted with any certainty, the consequences of the City failing to meet its 2031 RHNA goals are well established and real and are not even mentioned in the report. The report and background studies demonstrate that development of multi-family housing in Alameda is not economically feasible under the current economic environment, and the staff recommended revisions to the Inclusionary Housing Ordinance fail to affirmatively address this predicament and potential future consequences to the City for failure to meet its RHNA requirement.

7. Our concern is that staff's recommendations will not help solve Alameda's housing problem because they do not go far enough to address the current economic conditions, making housing development infeasible. While many jurisdictions are relaxing their

inclusionary housing requirements in recognition of the dire economic conditions and lack of housing productivity, the staff report is not consistent with this trend and will not result in the development of new housing in Alameda.

> As a tangible example, we recently entitled a large housing development project (396 units) in the City of Santa Rosa where the city agreed to reduce its inclusionary housing requirement to 5% VLI in recognition of the economic challenges in the current housing market. It is important to note that the Santa Rosa project is a garden style 3-story project with surface parking, therefore the construction costs are significantly less than an infill project on the waterfront in Alameda. It is because of the lower construction costs for this type of project that we can finance this project with a 5% VLI requirement.

The staff report accurately states that **"when the subsidy 'of affordable housing' becomes too large to be offset through these methods, the project may no longer be financially feasible."** We need the City of Alameda to set the rental housing in-lieu fee at $10/SF and make it available for projects so that rental housing projects like the 260-unit Foundry project can become financeable and move forward.

In the Street Level Advisors report, they reference the Current Market Conditions and state that "Across all three jurisdictions, the studies recommend ***cautious calibration of affordable housing requirements and development fees*** to avoid further discouraging much-needed housing production while market conditions remain constrained."

We appreciate the many years of partnership with the City which has allowed us to address critical sea level rise for this section of Alameda's Northern waterfront, build 550 housing units as well as open the waterfront for public access and park space.

We are committed to building more rental housing on Alameda Island, but we need the continued partnership of the City, and the electeds, to make the necessary changes to the Affordable Housing Ordinance so that "shovel ready" projects like Foundry can become a reality and provide much needed housing for Alamedans.

Sincerely,

Sean P. Murphy

MerloneGeier Partners

4365 Executive Drive
Suite 1400
San Diego, CA 92121

Tel: 858 / 259 / 9909
Fax: 858 / 259 / 8886

NOVEMBER 10, 2025

VIA EMAIL

Allen Tai
Director of Planning, Building and Transportation
City of Alameda

Re: Workshop to Discuss Updates to the Inclusionary Housing Ordinance

Dear Mr. Tai:

As the owner of the South Shore Center, Merlone Geier Partners (MGP) is proud to serve the residents of Alameda by providing a vibrant and accessible retail destination that enhances daily life on the island. Anchored by leading retailers such as Old Navy, Safeway, Kohl's, TJ Maxx, West Marine, and Trader Joe's, the South Shore Center offers over 597,000 square feet of high-quality retail space that supports the community's shopping, dining, and service needs.

Beyond its role as a community hub, the South Shore Center contributes significantly to the City of Alameda's tax base, generating revenue that sustains essential public services and local infrastructure. The continued growth and success of South Shore Center are directly tied to the strength and vitality of Alameda's residential community.

For this reason, MGP strongly supports the City of Alameda's efforts to expand housing opportunities on the island. A balanced approach to growth—one that increases housing supply while supporting local businesses—will ensure a sustainable and thriving future for Alameda.

However, under the current Inclusionary Housing Ordinance, many potential projects are simply not financially feasible. The existing requirements make it difficult for new housing developments to move forward, limiting the city's ability to meet its housing goals and support broader community growth. Meaningful revisions to the ordinance are essential to encourage the private investment and development needed to create additional housing units that benefit all residents.

MGP is encouraged by the City's recognition of this challenge and its willingness to revisit the Inclusionary Housing Program to promote a more balanced, workable policy framework. We urge City leadership to focus on removing obstacles that inhibit housing development, while maintaining the community's character and long-term planning vision.

MerloneGeier
Partners

4365 Executive Drive
Suite 1400
San Diego, CA 92121

Tel: 858 / 259 / 9909
Fax: 858 / 259 / 8886

We appreciate the City's proactive approach and look forward to participating in upcoming discussions to support the successful revision of the Inclusionary Housing Program and to continue contributing to the long-term prosperity of Alameda.

Thank you for your consideration of this compromise proposal. Please do not hesitate to let me know if you have any questions or would like to discuss our proposal.

Sincerely,

James Gwilliam
Managing Director
Merlone Geier Partners
Owners, South Shore Center

GREYSTAR

November 10, 2025

Mr. Allen Tai
Director Planning, Building and Transportation
City of Alameda
Via email: atai@alamedaca.gov

Dear Mr. Tai:

For your consideration of item 5-A, "*Workshop to Discuss Updates to the Inclusionary Housing Ordinance,"* on the November 10, 2025 Planning Board meeting agenda, I wish to share feedback based on Greystar's experience with market rate and affordable housing and our long-standing presence in Alameda.

Greystar was founded in 1993 as a developer and provider of services in residential rental housing. We operate in 171 markets and manage 800,000 units across 50 offices. In Alameda, our organization currently manages 950+ units, including Admirals Cove, South Shore, and Launch, representing more than 10% of Alameda's total rental inventory.

The Launch project at Alameda Marina, consisting of 368 for-rent units, including 311 market rate, 49 BMR on-site units and 8 Work/Live units, was completed in April 2023 and today is 91% leased. The property, which includes new public access from Clement Ave., and a Bay Trail extension, has transformed Alameda's Northern Waterfront.

Alameda has an average rental housing vacancy of 6.2%, however because Moderate units are now priced above market rate, and although the **Moderate rents at Launch have been reduced by 21%, their vacancy still remains at 33%. We are also experiencing 100% vacancy in the Live/Work units. Additionally, we have seen a rent decreases of 23% since Launch was built in 2021, while construction costs have increased by approximately 30% during that same period**. Greystar has witnessed similar trends throughout the Bay Area, resulting in cities revising their inclusionary housing requirements.

We have appreciated an opportunity to work with Staff to explore options that ensure existing and future affordable housing on the island meets real demand. We encourage the City of Alameda to continue to explore flexibility to adjust required income levels for existing and future projects to better match demand, and also to offer a reasonable "in-lieu" fee option, allowing developers to pay a fee to be utilized by Alameda's Housing Authority to build new affordable housing. These practices are consistent with many other Bay Area cities.

We applaud Alameda for being the first Bay Area city to meet the state-mandated Regional Housing Needs Assessment (RHNA) and look forward to continuing our partnership with the City to ensure current housing is leased and new housing gets built! We will continue to be available to serve as a resource to your department for ongoing collaboration on this critical effort.

Thank you again for your consideration.

Sincerely,

H Gould

Heidi Gould
Regional Property Manager, Greystar