

**From:** [Randolph Wu](#)  
**To:** [Jen Cavanaugh](#); [Betsy Andersen](#); [Conna McCarthy](#); [Jennifer Long](#); [Tom Ramsey](#); [Kevin Jackson](#); [Pierce Macdonald](#); [City Clerk](#)  
**Subject:** March 18 City Council Meeting - Agenda Item 6  
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Dear Mayor Cavanaugh, Vice-Mayor Andersen, Council members McCarthy, Long and Ramsey,

Please accept these additional written comments based upon the Staff Report released last Thursday March 14. I continue to support Option 1 for the construction of all housing on Blair Park, but I respectfully ask the City Council to reconsider its prioritization of a master development agreement. Based upon my twenty years plus experience developing large energy projects, I fear that a master development agreement (1) may jeopardize precious affordable housing financing sources, (2) increase the risk of schedule delay and extended construction period costs and (3) trigger a request for a project labor agreement.

**Staff now seeks the Council's permission to increase the market multi-family (MF) project from 70 to 137 dwelling units (DU).**

After receiving comments from the City Council at Study Session 2, Staff seeks permission to add 67 DU (rather than the 30 DU suggested by the City's financial consultant at the second study session). I supported in my prior comments the addition of 30 DU to enable a break-even outcome and do not oppose an even larger addition of 67 DU if it will enable funding of the new soccer field desired by the Piedmont Soccer Club and the community. However, this large DU addition could delay the affordable MF project. It will take longer to build the larger market MF project than the smaller affordable MF project. If the affordable MF project can be built on a quicker schedule, as it should be, then it should not be delayed by the much larger market MF project.

**If the market MF project delays the affordable MF project it could jeopardize Piedmont's A-1 bond allocation and also increase construction period costs.**

As you know Piedmont already has received two extensions of time (totaling three years) to submit an A-1 eligible affordable housing site to the County. The deadline for County approval is the end of this year 2024. By increasing the market MF project from 70 to 137 (excluding the two single family sites) Staff has nearly doubled the market MF project; in my opinion this greatly increased the potential for schedule delay. Any delay will put Piedmont's A-1 bond allocation further at risk. Delays during construction also will raise interest costs for both projects.

**Rather than one master development agreement Staff should explore legal separation of the affordable MF project from the market MF project; Staff can easily ensure through two development agreements an integrated housing design in Moraga Canyon.**

Piedmont should avoid joining the affordable MF project with the market MF project as there are no real advantages to this approach. Staff can ensure that the two projects are integrated in design and are located appropriately on one side of Moraga Ave. (preferably in Blair Park) **without** a master development agreement. There does not appear to any good reason to tie the affordable MF project to the market MF project through a master development agreement given the many risks it would create.

**The affordable MF project will have its own financing sources and will not be dependent on any**

**cross-subsidies from the market MF project.**

The affordable MF project will have separate financing sources from the market MF project. It will not benefit from association through a master development agreement as it will not receive any RLV subsidy from the market MF project. Any RLV is intended to fund a new soccer field. And on the other hand, the affordable MF project will be heavily dependent on LIHTC, A-1 and other public subsidies. These public subsidies are limited to affordable housing and can not be spent on the market MF project.

**A master development agreement may trigger a request for a project labor agreement.**

Large projects often are asked to enter into project labor agreements which are higher cost. If the smaller affordable MF project is tied in any way to the larger market MF project it may result in negotiation of a project labor agreement for both projects. This would increase labor costs. Right now the 60 DU affordable MF project is below the A-1 threshold for a project labor agreement. Tying the two projects together in any way could result in a project labor agreement for both. Separating the two should reduce this risk.

**Tying a new soccer field to the affordable MF project through a master development agreement may be determined by HCD to be a new housing barrier.**

By tying enlargement of the current soccer field to the overall housing project in Moraga Canyon, the City risks a finding by HCD that Piedmont is erecting a new barrier to affordable housing. This can be avoided by legally separating the affordable MF project from the market MF project (and the soccer field).

**Summary**

I continue to support MF Option 1, plus an additional 30-67 DU, as the best choice for Piedmont. The City Council should reconsider its prioritization of a master development agreement and instead direct Staff to explore legal separation of the affordable MF project from the market MF project. The City's interest in an integrated housing design on one side of Moraga Ave. can be enforced through two separate development agreements. Legal separation of the two housing projects is fiscally prudent and necessary given (1) the higher risk for delay of a 137 DU market MF project, (2) the County A-1 deadline and (3) the prospect of a project labor agreement.

Thank you once again for considering my comments.

Randy Wu