

# 2023-2031 Housing Element City of Palo Alto



Appendix A: Past Accomplishments  
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*Draft*



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# APPENDIX A: PAST ACCOMPLISHMENTS



## A.1 INTRODUCTION

To develop appropriate programs that address the housing issues identified in the 2023-2031 Housing Element, the City of Palo Alto has reviewed the housing programs adopted in the 2015-2023 Housing Element and evaluated the effectiveness of these programs in delivering housing services and assistance. Table A-1 summarizes the City’s progress toward the 5<sup>th</sup> cycle RHNA and Table A-2 provides a detailed program-level assessment of housing accomplishments over the last planning period. Programs that are routine staff functions, with no specific actions, or no direct city involvement are not proposed to be continued as housing programs in the 2023-2031 Housing Element update based on new State law and HCD review standards.

**TABLE A-1 QUANTIFIED HOUSING OBJECTIVE AND ACHIEVED ACCOMPLISHMENTS (2015-2023)**

	Very Low Income		Low Income		Moderate Income		Above Moderate Income		Total	
	Obj.	Act.	Obj.	Act.	Obj.	Act.	Obj.	Act.	Obj.	Act.
Units Permitted	691	218	432	65	278	29	587	541	1,988	744
Units Rehabilitated	300	3	300	3						
Units to be Assisted	420	1,600	485	1,600	11		10			

## A.2 REVIEW OF PAST ACCOMPLISHMENTS

**TABLE A-2 REVIEW OF PAST ACCOMPLISHMENTS**

Program	Description and Objectives	Progress and Continued Appropriateness
<b>H1 Goal – Ensure the Preservation of the Unique Character of Residential Neighborhoods</b>		
<b>H1.1.1</b>	<p>Continue the citywide property maintenance, inspection and enforcement program.</p> <p><i>This program is intended to provide services which promote rehabilitation of substandard housing.</i></p>	<p>Since 2015, the city has provided rehabilitation services to six households.</p> <p>Based on the progress of this program, Program H.1.1 is appropriate to continue into the next housing cycle, with additional language added to identify target metrics and specific actions. This program is continued as part of Program 4.2 (Housing and Neighborhood Preservation) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H1.1.2</b>	<p>Consider modifying development standards for second units, where consistent with maintaining the character of existing neighborhoods. The modifications should encourage the production of second units affordable to very low-, low-, or moderate-income households.</p> <p><i>The objective of this program is to consider modification of the Zoning Code to provide for additional second units.</i></p>	<p>This action has been completed. The new Ordinance (5507) now in Palo Alto Municipal Code, Zoning Code Chapter 18.09, included streamlining the ADU process and providing certain exemptions for ADUs was adopted November 2020. In December 2022, the City Council adopted updates to Chapter 18.09 to incorporate the 2022 state ADU legislation (AB2221 and SB897) and respond to Commission requests/ direction in 2021 and summer of 2022, including establishing rules for affordable ADUs.</p> <p>Based on the progress of this program, Program H1.1.2 does not need to be carried over to the next housing cycle because this is an ongoing adopted program in the City’s municipal code.</p>
<b>H1.1.3</b>	<p>Provide incentives to developers such as reduced fees and flexible development standards to encourage the preservation of existing rental cottages and duplexes currently located in the R-1 and R-2 residential areas.</p> <p><i>The objective of this program is to preserve 10 rental cottages and duplexes.</i></p>	<p>The City did not rehabilitate or preserve any cottages or duplexes during the 5<sup>th</sup> Housing Cycle.</p> <p>Based on the progress of this program, Program H1.1.3 should not be carried over to the next housing cycle.</p>
<b>H2 Goal – Support the Construction of Housing Near Schools, Transit, Parks, Shopping, Employment, and Cultural Institutions</b>		
<b>H1.2.1</b>	<p>When a loss of rental housing occurs due to subdivision or condominium conversion approvals, the project shall require 25 percent BMR units.</p> <p><i>The objective of this program is to provide 10 additional affordable housing units on sites where rental housing will be lost.</i></p>	<p>Due to the high rents in the region and throughout the State, condominium conversion has become less attractive financially compared to the 1990s or early 2000s. There have not been any projects subject to this program to date and this program is not included in the 6<sup>th</sup> Housing Cycle. However, City staff will continue</p>

Program	Description and Objectives	Progress and Continued Appropriateness
		<p>enforcing this program as part of the City's Condominium Conversion ordinance. In addition, preservation of at-risk housing is addressed in Program 5.1 (Preservation of A-Risk Housing) and tenant protections are addressed in Program 6.6 (Fair Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H1.3.1</b></p>	<p>Create community volunteer days and park cleanups, plantings, or similar events that promote neighborhood enhancement and conduct City sponsored cleanup campaigns for public and private properties.</p> <p><i>The objective of this program is to coordinate with the City's waste and disposal hauler to conduct a cleanup campaign once a year to promote neighborhood clean-up.</i></p>	<p>The Clean Up Day system has been implemented and conducts appointment-based clean ups for residents. The program offers two clean up days a year, pre-scheduled, and the program encourages the collection of reusable items and partnered with GreenWaste of Palo Alto to find new homes for these items.</p> <p>This program should be carried over in the next housing element cycle. This program is included in Program 4.2 (Housing and Neighborhood Preservation).</p>
<p><b>H2.1.1</b></p>	<p>To allow for higher density residential development, consider amending the Zoning Code to permit high-density residential in mixed use or single use projects in commercial areas within one-half a mile of fixed rail stations and to allow limited exceptions to the 50-foot height limit for Housing Element Sites within one-quarter mile of fixed rail stations.</p> <p><i>The objective of this program is to provide opportunities for a diverse range of housing types near fixed rail stations.</i></p>	<p>This program was partially completed. The zoning code update was completed in January of 2019. Program 6.3 (Mixed Use Development) in the 6<sup>th</sup> Housing Cycle addresses incentives and promotion of mixed-use development near transit.</p>
<p><b>H2.1.2</b></p>	<p>Allow increased residential densities and mixed use development only where adequate urban services and amenities, including roadway capacity, are available.</p> <p><i>The objective of this program is to make sure that adequate services are available when considering increased residential densities.</i></p>	<p>The Zoning Code was amended in January 2019 to eliminate density restrictions in the CC(2) zone, and the CN and CS zoned properties along El Camino Real. The program was completed in January of 2019 as part of the Phase 1 Housing Element implementation plan for 2018. The Comprehensive Plan, adopted in 2017, and accompanying EIR, evaluated potential impacts to urban services and amenities, including roadway capacity. It identified improvements to be implemented in parallel with new housing and other development. Based on the progress of this program and CEQA review related to the 5<sup>th</sup> cycle, Program H2.1.2 is completed. The 6<sup>th</sup> cycle Housing Element Program 1.1 (Adequate Sites Program) increases allowed residential densities in areas with existing amenities. The 6<sup>th</sup> Cycle Housing Element and the</p>

Program	Description and Objectives	Progress and Continued Appropriateness
		related CEQA analysis will evaluate the potential impacts of increased residential densities and identify necessary improvements.
<b>H2.1.3</b>	<p>Amend the zoning code to specify the minimum density of eight dwelling units per acre in all RM-15 districts. Consider amending the zoning code to specify minimum density for other multifamily zoning districts, consistent with the multi-family land use designation in the Comprehensive Plan.</p> <p><i>The objective of this program is to provide opportunities for up to 10 additional dwelling units on properties zoned RM-15.</i></p>	<p>The Zoning Code was amended in January 2019 to allow for increased minimum residential densities in specified districts, including the RM districts, and increased maximum density for one RM zone (RM15 became RM20, 20 DUs/Acre). The program was completed as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>Based on the progress of this program, Program H2.1.3 is completed and not necessary to carry over into the next housing cycle.</p>
<b>H2.1.4</b>	<p>Amend the Zoning Code to create zoning incentives that encourage the development of smaller, more affordable housing units, including units for seniors, such as reduced parking requirements for units less than 900 square feet and other flexible development standards.</p> <p><i>The objective of this program is to provide opportunities for 75 smaller, more affordable housing units</i></p>	<p>This Zoning Code was amended in January 2019 to include reduced parking standards for smaller units: 1 space per “micro” units, defined as units of 450 sq. ft. or less, and 0.75 spaces per senior housing unit. Zoning Code changes also capped average unit size in the Downtown CD-C district to 1,500 sq. ft. The program was completed as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>Additionally, an ADU Ordinance to address ADU/JADU guidelines was adopted November 2020. The Planning and Transportation Commission recommended draft update to the ADU Chapter 18.09 establishing rules for affordable units and incorporating the 2022 State ADU legislation – Council is scheduled to adopt the updated ADU ordinance in December 2022.</p> <p>Program H2.1.4 is mostly completed and no longer appropriate to carry into the upcoming housing cycle. Program 6.5 in the 6<sup>th</sup> Cycle Housing Element supports the development of “micro-units” to accommodate extremely low-income households.</p>
<b>H2.1.5</b>	<p>Use sustainable neighborhood development criteria to enhance connectivity, walkability, and access to amenities, and to support housing diversity.</p>	<p>This program is partially complete. The North Ventura Coordinated Area Plan (NVCAP) is underway, which will support this program objective.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p><i>The objective of this program is to increase connectivity and walkability in new development.</i></p>	<p>This program is being addressed in the NVCAP, and therefore is not needed to be carried over to the next housing cycle.</p>
<p><b>H2.1.6</b></p>	<p>Consider density bonuses and/or concessions including allowing greater concessions for 100% affordable housing developments.</p> <p><i>The objective of this program is to provide opportunities for 100% affordable housing developments.</i></p>	<p>The Zoning Code was amended January 2019 to provide a local density bonus program, the Housing Incentive Program (HIP), as an alternative to State Density Bonus Law. The HIP allows Director-level approval of additional FAR (more than can be achieved under SDBL in most cases) and flexibility in development standards. The portion of the program was completed as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>In 2022, the City modified the Affordable Housing Overlay district into the Affordable Housing Incentive Program to streamline the approval process for projects with 100 percent affordable units. The new Incentive Program only requires review and approval by the ARB. If a project meets the affordability and location standards indicated here, it automatically qualifies for modified development standards, including increased FAR and height, reduced open space requirements, and reduced parking (0.75 space/unit by right, or as low as 0.3 space/unit with a parking study). This portion of the program was completed in June 2022 as part of the Objective Standards project.</p> <p>Based on the need for more affordable units and a high RHNA goal to reach, Program H2.1.6 is an important achievement. Program 3.4 (Housing Incentive Program) in the 6<sup>th</sup> Housing Cycle seeks to expand development incentives and extend the HIP to residential and other districts.</p>
<p><b>H2.1.7</b></p>	<p>Explore developing a Transfer of Development Rights (TDR) program to encourage higher-density housing in appropriate locations.</p>	<p>This program was partially completed through implementation of the HIP (instead of TDR per se), which allowed for increased FARs and more flexible development standards, within commercial mixed-use districts near transit, and without legislative action. The program was completed in January of 2019 as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>Based on the implementation of the HIP, Program H2.1.7 is not appropriate to carry</p>

Program	Description and Objectives	Progress and Continued Appropriateness
		into the upcoming housing element cycle. Program 3.4 (Housing Incentive Program) in the 6 <sup>th</sup> Housing Cycle seeks to expand the suite of development incentives and extend the program to residential districts.
<b>H2.1.8</b>	<p>Promote redevelopment of underutilized sites by providing information about potential housing sites on the City’s website, including the Housing Sites identified to meet the RHNA and information about financial resources available through City housing programs.</p> <p><i>The objective of this program is to provide information to developers about potential housing sites.</i></p>	<p>The City of Palo Alto provides a housing opportunity map on its website that has identified locations for housing opportunity sites for the current housing cycle and small lot consolidation housing opportunity sites. Program 1.1 (Adequate Sites Program) in the 6<sup>th</sup> Housing Cycle contains an action to continue to promote housing opportunity sites on the City’s website and update the inventory regularly.</p>
<b>H2.1.9</b>	<p>Amend the Zoning Code to create zoning incentives that encourage the consolidation of smaller lots identified as Housing Inventory Sites and developed with 100% affordable housing projects. Incentives may include development review streamlining, reduction in required parking for smaller units, or graduated density when consolidated lots are over one-half acre. Adopt amendments as appropriate. Provide information regarding zoning incentives to developers.</p> <p><i>The objective of this program is to amend the Zoning Code to provide development incentives to meet the RHNA.</i></p>	<p>The Zoning Code was amended in 2017 to include a list of incentives and standards for small lot consolidation, see Section 18.42.140 of the Zoning Code. The housing consolidation projects must be 100 percent affordable housing and deed-restricted for no fewer than 55 years.</p> <p>Program H2.1.9 is replaced by Program 1.6 (Lot Consolidation) to encourage small lot consolidation. The City will routinely coordinate with property owners and give high priority to processing subdivision maps that include affordable housing units. Additionally, the City will adopt incentives for development of high-density residential sites such as reducing minimum yard setbacks, and open space to enhance design flexibility and create a more pedestrian-oriented environment and modifying parking standards where access exists to public transportation.</p>
<b>H2.1.10</b>	<p>As a part of planning for the future of El Camino Real, explore the identification of pedestrian nodes (i.e., “pearls on a string”) consistent with the South El Camino Design Guidelines, with greater densities in these nodes than in other areas.</p> <p><i>The objective of this program is to explore the identification of pedestrian nodes.</i></p>	<p>This program has not been completed. Program H2.1.10 has not yet been implemented but is not necessary to carry over to the next housing element. However, Program 3.4C (Housing Incentive Program) in the 6<sup>th</sup> Cycle Housing Element continues with the intent of the Program H2.1.10.</p>
<b>H2.1.11</b>	<p>Consider implementing the Pedestrian and Transit Oriented Development (PTOD) Overlay for the University Avenue downtown district to promote higher density multifamily housing development in that area.</p>	<p>This program is complete. The Zoning Code was amended to provide a local density bonus program, the HIP, in Downtown, among other sites. The HIP allows Director-level approval of additional FAR for</p>



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	<p><i>The objective of this program is to provide opportunities for a diverse range of housing types near fixed rail stations.</i></p>	<p>multifamily housing developments. The program was completed in January 2019 as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>Program H2.1.11 has been completed and is not necessary to carry over to the next housing element.</p>
<b>H2.1.12</b>	<p>Evaluate developing specific or precise plans for the downtown, California Avenue, and El Camino Real areas to implement in the updated Comprehensive Plan. Adopt plans for these areas, as appropriate.</p> <p><i>The objective of this program is to Evaluate developing plans for downtown, California Avenue, and El Camino Real.</i></p>	<p>In February 2020, the ABAG Executive Board adopted Palo Alto University Avenue/Downtown Priority Development Area (PDA). The Comprehensive Plan includes policies calling for a coordinated study for Cal Ave and Downtown. In April 2022, the City approved a master funding agreement with MTC to initiate a master plan for Downtown. The Comprehensive Plan was adopted in 2018. Consultant selection in February 2023 by Council for the Downtown CAP is anticipated.</p> <p>Program H2.1.12 has been completed and therefore is not necessary to carry over into the next housing element.</p>
<b>H2.2.1</b>	<p>Implement an incentive program within three years of Housing Element adoption for small properties identified as a Housing Element Site to encourage housing production on those sites. The incentive eliminates Site and Design Review if the project meets the following criteria:</p> <ul style="list-style-type: none"> <li>➤ The project has 9 residential units or fewer</li> <li>➤ A residential density of 20 dwelling units per acre or higher</li> <li>➤ Maximum unit size of 900 square feet</li> </ul> <p><i>The objective of this program is to streamline processing for identified Housing Element Sites.</i></p>	<p>This program was adopted in 2016 and streamlined the process for identifying Housing Element Sites. Section 18.42.140 of Zoning Code provides incentives to encourage housing production of these small lot sites. The program was further expanded to eliminate Site and Design Review for all housing projects, except in environmentally sensitive areas, including the foothills and baylands. However, no property owners/developers took advantage of the zoning incentives.</p> <p>Based on the lack of interest from developers, Program H2.2.1 is not necessary to carry over into the next housing cycle.</p>
<b>H2.2.2</b>	<p>Work with Stanford University to identify sites suitable for housing that may be located in the Stanford Research Park and compatible with surrounding uses.</p> <p><i>The objective of this program is to identify sites suitable for housing to accommodate additional housing units.</i></p>	<p>This program is underway. Palo Alto's Comprehensive Plan 2030 contains programs within its land use element that explore additional housing opportunities.</p> <p>Based on the continued importance of site selection in the city, Program H2.2.2 is appropriate to carry into the upcoming housing element cycle. Program 1.5 (Stanford University Lands) in the 6<sup>th</sup> Cycle address these opportunities.</p>
<b>H2.2.3</b>	<p>Use coordinated area plans and other tools to develop regulations that support the</p>	<p>This program is partially complete. A Coordinated Area Plan (CAP) for the North</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>development of housing above and among commercial uses.</p> <p><i>The objective of this program is to explore additional opportunities to encourage housing in commercial areas.</i></p>	<p>Ventura neighborhood is expected to be completed in 2023. This plan includes policies and zoning regulations to support multifamily housing. Beginning a Downtown CAP is now possible as the 2022 PDA Grant allows the City to hire a consultant; consultant selection began in 2022. The City is also considering preparing a CAP for the California Ave. corridor.</p> <p>There are a number of programs in the 6<sup>th</sup> Housing Cycle that encourage housing in commercial areas. Program 2.1 (Affordable Housing Development) addresses a reassessment of the residential and commercial housing development impact fee, Program 3.3 (Affordable Housing Development Incentives) provides incentives to affordable housing developments in commercial areas, and Program 6.3 (Mixed-Use Development) addresses incentives and promotion of mixed-use development near transit.</p>
<p><b>H2.2.4</b></p>	<p>As detailed in the Resources chapter of the Housing Element, the City of Palo Alto has committed to providing financial assistance towards the conversion of 23 multi-family units to very low-income (30-50% AMI) units for a period of 55 years, and is seeking to apply credits towards the City’s RHNA (refer to Appendix C - Adequate Sites Program Alternative Checklist). The Palo Alto Housing Corporation (PAHC) approached the City for assistance in converting a portion of the 60 units at the Colorado Park Apartments, to be reserved for very low-income households. The committed assistance will ensure affordability of the units for at least 55 years, as required by law.</p> <p><i>The objective of this program is for the City to enter into a legally enforceable agreement for \$200,000 in committed assistance to purchase affordability covenants on 23 units at the Colorado Park Apartments by the end of the second year of the housing element planning period.</i></p>	<p>This program was completed in January 2016.</p> <p>Program 5.1 replaces this program to support the preservation of the identified 72 affordable units at risk for conversion to market rate during the 6<sup>th</sup> Housing Cycle planning period.</p>
<p><b>H2.2.5</b></p>	<p>The City will continue to identify more transit-rich housing sites including in the downtown and the California Avenue area after HCD certification as part of the Comprehensive Plan Update process and consider exchanging sites along San Antonio and sites along South El</p>	<p>This program is not yet complete. It The HIP was expanded to include two blocks for additional HIP housing along the San Antonio corridor in November 2020. Based on the status of Program H2.2.5, components of this program are appropriate</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>Camino that are outside of identified “pedestrian nodes” for the more transit-rich identified sites.</p> <p><i>The objective of this program is to explore additional appropriate housing sites.</i></p>	<p>to continue into the upcoming housing element cycle. Program 1.1 in the 6<sup>th</sup> Housing Cycle addresses adequate sites to accommodate the City’s RHNA and Program 6.3 (Mixed Use Development) in the 6<sup>th</sup> Housing Cycle addresses incentives and promotion of mixed-use development near transit.</p>
<p><b>H2.2.6</b></p>	<p>On parcels zoned for mixed use, consider allowing exclusively residential use on extremely small parcels through the transfer of zoning requirements between adjacent parcels to create horizontal mixed-use arrangements. If determined to be appropriate, adopt an ordinance to implement this program.</p> <p><i>The objective of this program is to consider the transfer of zoning requirements to create horizontal mixed use.</i></p>	<p>The Zoning Code was amended in 2017 to include a list of incentives and standards for small lot consolidation, see Section 18.42.140 of Zoning Code. The housing consolidation projects must be 100% affordable housing and deed restricted for no fewer than 55 years. This includes mixed use projects containing ground floor retail and retail like use provided the residential square footage is at least 85 percent of the project’s gross floor area.</p> <p>New standards were adopted into the Palo Alto Municipal Code; therefore, Program H2.2.6 is complete and not necessary to carry over into the next housing cycle.</p>
<p><b>H2.2.7</b></p>	<p>Explore requiring minimum residential densities to encourage more housing instead of office space when mixed-use sites develop, and adopt standards as appropriate.</p> <p><i>The objective of this program is to explore requiring minimum densities in mixed use districts.</i></p>	<p>The zoning code was updated in 2017 to allow residential-only projects within commercial mixed-use districts on El Camino Real and California Avenue, in addition to sites listed on the Housing Element sites inventory. In December 2018 the City added minimum densities to the RM-20, RM-30 and RM-40 zones. Additional updates in January 2019 eliminated maximum residential densities and increased potential FAR through the HIP program in most commercial mixed-use districts. These changes aimed to create incentives for housing over office space when commercial sites redevelop.</p> <p>New standards were adopted into the Palo Alto Municipal Code; therefore, Program H2.2.7 is complete and not necessary to carry over into the next housing cycle. However, Program 6.3 (Mixed Use Development) in the 6<sup>th</sup> Housing Cycle supports residential development in mixed-use zones.</p>
<p><b>H2.2.8</b></p>	<p>Assess the potential of removing maximum residential densities (i.e. dwelling units per acre) in mixed use zoning districts to encourage the creation of smaller housing units within the</p>	<p>This program is complete. The zoning code was amended in December 2018 to add minimum densities in the RM-20, RM-30 and RM-40 zones, and to remove maximum</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>allowable Floor Area Ratio (FAR), and adopt standards as appropriate.</p> <p><i>The objective of this program is to assess the removal of maximum densities in mixed use zoning districts.</i></p>	<p>residential density from the CC(2) zones and the CN and CS zones along El Camino Real. Zoning Code changes also capped average unit size in the Downtown CD-C district to 1,500 sq. ft. The program was completed in January of 2019 as part of the Phase 1 Housing Element implementation plan for 2018.</p> <p>Program 2.2.8 is complete and therefore is not necessary to carry over into the next housing element cycle.</p>
<b>H3 Goal —Meet the Housing Needs and Provide Community Resources to Support our Neighbors</b>		
<b>H2.3.1</b>	<p>Maintain an ongoing conversation with the community, using a variety of forms of media, regarding the need for affordable housing, the financial realities of acquiring land and building affordable housing, and the reasons that affordable housing projects need higher densities to be feasible developments.</p> <p><i>The objective of this program is to perform outreach on affordable housing.</i></p>	<p>This is an ongoing program. Efforts are underway to enhance outreach regarding affordable housing.</p> <p>This program should be expanded and carried over in the next housing element cycle. This program is incorporated into Program 6.7 (Community Outreach Program) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.1.1</b>	<p>Amend the City’s Below Market Rate (BMR) ordinance to lower the BMR requirement threshold from projects of five or more units to three or more units, and to modify the BMR rental section to be consistent with case law related to inclusionary rental housing.</p> <p><i>The objective of this program is to provide opportunities for four additional BMR units.</i></p>	<p>This program is complete. The BMR Ordinance was adopted on April 17, 2017. Program H3.1.1 is complete and therefore, it is not necessary to carry over into the next housing cycle. However, Program 2.2 (Below Market Rate (BMR)) is included in the 6<sup>th</sup> Cycle to monitor the effectiveness of the BMR program.</p>
<b>H3.1.10</b>	<p>Annually monitor the progress in the construction or conversion of housing for all income levels, including the effectiveness of housing production in mixed use developments.</p> <p><i>The objective of this program is to provide information to the City Council on the effectiveness of City programs.</i></p>	<p>The City will continue to track housing development in Annual Progress Reports. Several new programs contain monitoring components to ensure that development for all income levels occurs in a timely manner.</p>
<b>H3.1.11</b>	<p>When using Housing Development funds for residential projects, the City shall give a strong preference to those developments which serve extremely low-income (ELI), very low-income, and low-income households.</p> <p><i>The objective of this program is to provide funding opportunities for development of housing for Extremely Low Income households.</i></p>	<p>This program is ongoing and housing funds provided as needed by housing projects. The City permitted 101 housing units affordable to very low-income households during the 5<sup>th</sup> Housing Cycle.</p> <p>Program 3.1.11 is carried over into Program 2.1 (Affordable Housing Development) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.1.12</b>	<p>Amend the Zoning Code to provide additional incentives to developers who provide extremely low-income (ELI), very low-income, and low-income housing units, above and beyond what is</p>	<p>In 2019 new development/parking standards were adopted in Housing Incentive Program for the commercial mixed-use district, (example: Zoning Code</p>

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	<p>required by the BMR program, such as reduced parking requirements for smaller units, reduced landscaping requirements, and reduced fees.</p> <p><i>The objective of this program is to provide incentives for development of housing for Extremely Low Income households.</i></p>	<p>Section 18.16.060). This provided extra incentives for 100 percent BMR projects, including increased FAR, reduced parking, reduced setbacks and lot coverage, without legislative action.</p> <p>In 2022, the City modified the Affordable Housing Overlay district into the Affordable Housing Incentive Program to streamline the approval process for projects with 100% affordable units. The new Incentive Program only requires review and approval by the ARB. If a project meets the affordability and location standards indicated here, it automatically qualifies for modified development standards, including increased FAR and height, reduced open space requirements, and reduced parking (0.75 space/unit by right, or as low as 0.3 space/unit with a parking study). This portion of the program was completed in June 2022 as part of the Objective Standards project.</p> <p>Additional considerations for incentives for developers to construct BMR housing are included as actions in Program 2.2 (Below Market Rate (BMR) Program) in the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.1.13</b></p>	<p>For any affordable development deemed a high risk to convert to market rate prices within two years of the expiration of the affordability requirements, the City will contact the owner and explore the possibility of extending the affordability of the development.</p> <p><i>The objective of this program is to protect those affordable developments deemed a high risk to converting to market rate.</i></p>	<p>No at-risk housing was converted to market-rate housing during the 5<sup>th</sup> Housing Cycle. The City is in discussions with property owners of projects at risk of conversion in the next ten years, including Lytton Gardens, Terman Apartments, and Webster Wood Apartments.</p> <p>This program is carried over in the next housing cycle as Program 5.1 (Preservation of At-Risk Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.1.14</b></p>	<p>Encourage and support the regional establishment of a coordinated effort to provide shared housing arrangement facilitation, similar to the HIP Housing Home Sharing Program in San Mateo County. Advocate among regional and nonprofit groups to establish the necessary framework.</p> <p><i>The objective of this program is to meet with regional groups and work to establish a Santa Clara Home Sharing Program.</i></p>	<p>This program is partially complete. In April 2018, the Santa Clara County's Board approved the Santa Clara Home Sharing Program with partnership with Catholic Charities of Santa Clara County. However, the County program has since been disbanded.</p> <p>Encouragement of shared housing is carried over in the next housing cycle as an action in Program 6.5 (Alternative Housing) in the 6<sup>th</sup> Housing Cycle.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
<p><b>H3.1.2</b></p>	<p>Implement the BMR ordinance to reflect the City’s policy of requiring: a) At least 15 percent of all housing units in projects must be provided at below market rates to very low-, low-, and moderate-income households. Projects on sites of five acres or larger must set aside 20 percent of all units as BMR units.</p> <p>Projects that cause the loss of existing rental housing may need to provide a 25 percent component as detailed in Program H 1.2.1. BMR units must be comparable in quality, size, and mix to the other units in the development. b) Initial sales price for at least two- thirds of the BMR units must be affordable to a household making 80 to 100 percent of the Santa Clara County median income. The initial sales prices of the remaining BMR units may be set at higher levels affordable to households earning between 100 to 120 percent of the County’s median income. For projects with a 25 percent BMR component, four-fifths of the BMR units must be affordable to households.</p> <p><i>The objective of this program is to provide ten affordable units through implementation of the City’s BMR program.</i></p>	<p>The BMR ordinance has been adopted. Additional considerations for incentives for developers to construct BMR housing are included as actions in Program 2.2 (Below Market-Rate (BMR) Program) in the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.1.3</b></p>	<p>Continue implementation of the BMR Program Emergency Fund to prevent the loss of BMR units and to provide emergency loans for BMR unit owners to maintain and rehabilitate their units. Consider expansion of program funds to provide financial assistance for the maintenance and rehabilitation of older BMR units.</p> <p><i>The objective of this program is to use the BMR Program Emergency Fund to prevent the loss of at least two affordable units and assist in maintenance and rehabilitation of at least four older BMR units.</i></p>	<p>This is an ongoing program. One unit was preserved in 2016. Using CDBG funding for Safe and Sanitary, five homes were maintained in FY2018-19.</p> <p>Home rehabilitation for lower-income households is included as an action in Program 4.3 (Home Rehabilitation) in the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.1.4</b></p>	<p>Preserve affordable housing stock by monitoring compliance, providing tenant education, and seeking other sources of funds for affordable housing developments at risk of market rate conversions. The City will continue to renew existing funding sources supporting rehabilitation and maintenance activities.</p> <p><i>The objective of this program is to prevent conversion of affordable housing to market rate and renew funding sources for rehabilitation and maintenance of housing stock.</i></p>	<p>No at-risk housing was converted to market-rate housing during the 5<sup>th</sup> Housing Cycle. The City is in discussions with property owners of projects at risk of conversion, including Lytton Gardens, Terman Apartments and Webster Wood Apartments.</p> <p>Home rehabilitation for lower-income households is included as an action in Program 4.3 (Home Rehabilitation) in the 6<sup>th</sup> Housing Cycle. Protections for at-risk housing are included in Program 5.1</p>



Program	Description and Objectives	Progress and Continued Appropriateness
		(Preservation of At-Risk Housing) in the 6 <sup>th</sup> Housing Cycle.
<b>H3.1.5</b>	<p>Encourage the use of flexible development standards, including floor area ratio limits, creative architectural solutions, and green building practices in the design of projects with a substantial BMR component.</p> <p><i>The objective of this program is to increase opportunities for BMR development through use of flexible development standards.</i></p>	<p>This program is complete. As detailed above, flexible development standards and additional FAR were made available for all multifamily housing projects and specifically for BMR housing projects through the Housing Incentive Program which was adopted in 2019 and the Affordable Housing Incentive Program which was adopted in 2022.</p> <p>This program is complete; therefore, it is not necessary to carry over into the next housing cycle. Additional considerations for incentives for developers to construct BMR housing are included as actions in Program 2.2 (Below Market-Rate (BMR) Program) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.1.6</b>	<p>Require developers of employment generating commercial and industrial developments to contribute to the supply of low- and moderate-income housing through the payment of commercial in-lieu fees as set forth in a nexus impact fee study and implementing ordinances</p> <p><i>The objective of this program is to generate in-lieu fees to contribute toward the creation of low- and moderate-income housing.</i></p>	<p>The in-lieu fee has been adopted and commercial developers are now paying a linkage fee. The City will continue to enforce and revise fee levels when necessary. Linkage fee is incorporated into the 6<sup>th</sup> Housing Cycle as a funding source.</p>
<b>H3.1.7</b>	<p>Ensure that the Zoning Code permits innovative housing types such as cohousing and provides flexible development standards that will allow such housing to be built, provided the character of the neighborhoods in which such housing is proposed to be located is maintained.</p> <p><i>The objective of this program is to review the Zoning Code and determine appropriate amendments to allow innovative housing types with flexible development standards that will allow such housing to be built, provided the character of the neighborhoods in which such housing is proposed to be located is maintained.</i></p>	<p>The City’s zoning code permits co-housing. In late 2022, the City further clarified occupancy standards for co-housing during the tri-annual, State-mandated building code update.</p> <p>Support for alternative types of housing is also provided in Program 6.5 (Alternative Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.1.8</b>	<p>Recognize the Buena Vista Mobile Home Park as providing low- and moderate-income housing opportunities. Any redevelopment of the site must be consistent with the City’s Mobile Home Park Conversion Ordinance adopted to preserve the existing units. To the extent feasible, the City will seek appropriate local, state and federal funding to assist in the preservation and</p>	<p>This program preserved 117 at-risk mobile home park units in September of 2017 in the Buena Vista Mobile Home Park. The City of Palo Alto and SCCHA purchased the site to preserve it as an affordable living community. The City of Palo Alto contributed \$14.5 million toward this preservation effort.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>maintenance of the existing units in the Buena Vista Mobile Home Park.</p> <p><i>The objective of this program is to preserve the 120 mobile home units in the Buena Vista Mobile Home Park as a low and moderate income housing resource.</i></p>	<p>This program does not need to be carried over into the upcoming housing element update. This program was specific to the Buena Vista Mobile Home Park, which has been officially preserved since September of 2017.</p>
<b>H3.1.9</b>	<p>Continue enforcing the Condominium Conversion Ordinance.</p> <p><i>The objective of this program is to maintain the rental housing stock.</i></p>	<p>This program is not necessary to continue to the next housing element cycle because the objectives are already enforced by the Condominium Conversion Ordinance.</p>
<b>H3.2.1</b>	<p>Continue to assist very low-income households in reducing their utility bills through the Utilities Residential Rate Assistance Program (RAP).</p> <p><i>The objective of this program is to provide assistance to 800 low-income on their households' utility bills.</i></p>	<p>Program 3.2.1 has assisted approximately 400 households annually.</p> <p>This program is continued as a component of Program 6.4 (Homelessness) in the 6<sup>th</sup> Housing Cycle for homelessness prevention.</p>
<b>H3.2.2</b>	<p>Use existing agency programs such as Senior Home Repair to provide rehabilitation assistance to very low and low-income households</p> <p><i>The objective of this program is to provide rehabilitation assistance to 600 very low and low-income households.</i></p>	<p>Program 3.2.2 has led to the rehabilitation of six homes, which did not meet its goal of assisting 600 households since many low-income homeowners did not qualify for the program due to the requirement from CDBG to include house assets in financial assessment.</p> <p>Home rehabilitation for lower-income households is included as an action in Program 4.3 (Home Rehabilitation) in the 6<sup>th</sup> Housing Cycle. The objective for this program is to support the rehabilitation of at least five homes annually.</p>
<b>H3.3.1</b>	<p>When appropriate and feasible, require all City departments to expedite processes and allow waivers of development fees as a means of promoting the development of affordable housing.</p> <p><i>The objective of this program is to continue to reduce processing time and costs for affordable housing projects.</i></p>	<p>This program is ongoing.</p> <p>Streamlining of the development process is addressed in Program 3.2 (Monitoring Constraints to Housing) of the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.3.2</b>	<p>Continue to exempt permanently affordable housing units from any infrastructure impact fees adopted by the City.</p> <p><i>The objective of this program is to reduce costs for affordable housing projects.</i></p>	<p>This program is continued as Program 3.3 (Affordable Housing Development Incentives) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.3.3</b>	<p>Promote legislative changes and funding for programs that subsidize the acquisition, rehabilitation, and operation of rental housing by housing assistance organizations, nonprofit developers, and for-profit developers.</p>	<p>Funding for affordable housing is addressed in Program 3.3 (Affordable Housing Development Incentives) in the 6<sup>th</sup> Housing Cycle.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p><i>The objective of this program is to continue as an active member of the Non-Profit Housing Association of Northern California to promote legislative changes and funding.</i></p>	
<p><b>H3.3.4</b></p>	<p>Support the development and preservation of group homes and supported living facilities for persons with special housing needs by assisting local agencies and nonprofit organizations in the construction or rehabilitation of new facilities for this population.</p> <p><i>The objective of this program is to regularly review existing development regulations and amend the Zoning Code accordingly to reduce regulatory obstacles to this type of housing.</i></p>	<p>This program is carried over as Program 6.5 (Alternative Housing) in the 6<sup>th</sup> Housing Cycle, with an action to review and amend the City’s zoning ordinance to address State legislation pertaining to group homes and reduce constraints to development.</p>
<p><b>H3.3.5</b></p>	<p>Review and consider revising development standards for second units to facilitate the development of this type of housing, including reduced minimum lot size and FAR requirements. Based on this analysis, consider modifications to the Zoning Code to better encourage development of second units.</p>	<p>This program is complete. A new Ordinance was adopted in November 2020. In December 2022, the City Council adopted an updated Zoning Chapter 18.09 to establish rules for affordable units and incorporating the 2022 State ADU legislation. Program 3.6 (Accessory Dwelling Unit (ADU) Facilitation) directs the City to monitor and facilitate ADU production.</p>
<p><b>H3.3.6</b></p>	<p>Continue to participate with and support agencies addressing homelessness.</p> <p><i>The objective of this program is to continue City staff participation in prioritizing funding for County-wide programs.</i></p>	<p>Program 3.3.6 is carried over as Program 6.4 (Homelessness) in the 6<sup>th</sup> Housing Cycle and updated to address the relevant agencies and specific actions the City will take to support services related to people experiencing homelessness. In addition, the City has partnered with Lifemoves to construct Palo Alto Homekey, an emergency shelter that will service approximately 300 persons a year. It should be operational by August 2023.</p>
<p><b>H3.3.7</b></p>	<p>Prepare a local parking demand database to determine parking standards for different housing uses (i.e., market rate multifamily, multifamily affordable, senior affordable, emergency shelters etc.) with proximity to services as a consideration. Adopt revisions to standards as appropriate.</p> <p><i>The objective of this program is to determine parking standards for different residential uses.</i></p>	<p>This program is partially complete. The City retained a consultant who completed a study of market rate housing parking, which resulted in changes (reductions) to the City’s parking standards, including the elimination of guest parking requirements (representing a 10% reduction alone)The City is currently reviewing housing typologies including a review of on-site parking requirements identify development standards that will support housing production and reduce constraints. (Program 6.5, Alternative Housing), including aligning local parking requirements to be consistent with State Density Bonus law as an action in Program</p>

Program	Description and Objectives	Progress and Continued Appropriateness
		3.4 (Housing Incentive Program) of the 6 <sup>th</sup> Housing Cycle.
<b>H3.4.1</b>	<p>Maintain a high priority for the acquisition of new housing sites near public transit and services, the acquisition and rehabilitation of existing housing, and the provision for housing-related services for affordable housing. Seek funding from all State and federal programs whenever they are available to support the development or rehabilitation of housing for very low-, low-, and moderate-income households.</p> <p><i>The objective of this program is to allocate CDBG funding to acquire and rehabilitate housing for very low-, low-, and moderate income households.</i></p>	<p>This program has led to the acquisition of one new housing site.</p> <p>Program 3.4.1 is continued as Programs 2.2 and 4.3 (Home Rehabilitation) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.4.2</b>	<p>Support and expand local funding sources including the City’s Housing Development Fund, Housing Trust of Santa Clara County, CDBG Program, County of Santa Clara’s Mortgage Credit Certificate Program (MCC), or similar program. Continue to explore other mechanisms to generate revenues to increase the supply of low and moderate-income housing.</p> <p><i>The objective of this program is to increase the supply of affordable housing stock.</i></p>	<p>The City has applied and has been successfully awarded from State Homekey, Local Housing Trust Fund and Permanent Local Housing Allocation funds. These funds will help fund a future facility that will serve up to 300 persons annually and a 50-unit affordable project that serves low and very low income persons with disabilities. In addition, the City has already permitted 161 very low and low-income units during the 5<sup>th</sup> Housing Cycle. Program 3.4.2 is continued as Program 2.1 (Affordable Housing Development) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.4.3</b>	<p>Periodically review the housing nexus formula required under Chapter 16.47 of the Municipal Code to fully reflect the impact of new jobs on housing demand and cost.</p> <p><i>The objective of this program is to continue to evaluate the housing nexus formula and adjust the required impact fees to account for the housing demand from new development.</i></p>	<p>The housing nexus study was updated in 2016. Development fees are evaluated and updated annually.</p> <p>The City will prepare an updated nexus and feasibility study as part of Program 2.1 (Affordable Housing Development) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.4.4</b>	<p>The City will work with affordable housing developers to pursue opportunities to acquire, rehabilitate, and convert existing multi-family developments to long-term affordable housing units to contribute to the City’s fair share of the region’s housing needs.</p> <p><i>The objective of this program is to identify potential sites for acquisition and conversion and provide this information to developers.</i></p>	<p>The City used CDBG funds to rehabilitate a 60-unit affordable housing development, and provided funds toward the purchase of the City’s only mobile home park; rehabilitation of the coaches is ongoing. This program is continued as Program 2.1 (Affordable Housing Development) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H3.5.1</b>	<p>Continue to participate in the Santa Clara County Homeless Collaborative as well as work</p>	<p>This program is part of the normal function of the City’s existing Homeless Prevention Program. Opportunities for expansion on</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>with adjacent jurisdictions to develop additional shelter opportunities.</p> <p><i>The objective of this program is to continue City staff participation as members of the Collaborative’s CDBG and Home Program Coordinators Group.</i></p>	<p>actions addressing homelessness are included in Program 6.4 (Homelessness) of the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.5.2</b></p>	<p>Amend the Zoning Code to clarify distancing requirements for emergency shelters, stating that “no more than one emergency shelter shall be permitted within a radius of 300 feet.”</p> <p><i>The objective of this program is to amend the Zoning Code to clarify distancing requirements for emergency shelters.</i></p>	<p>Program 3.5.2 is complete.</p> <p>Actions to address new emergency shelter requirements, and carried over to the next housing cycle in Program 6.5 (Alternative Housing).</p>
<p><b>H3.5.3</b></p>	<p>Amend the Zoning Code to revise definitions of transitional and supportive housing to remove reference to multiple-family uses, and instead state that “transitional and supportive housing shall be considered a residential use of property and shall be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone.”</p> <p><i>The objective of this program is to amend the Zoning Code to revise transitional and supportive housing definitions.</i></p>	<p>Program 3.5.3 is complete.</p> <p>Program 6.1 (Housing for Persons with Special Needs) addresses transitional and supportive housing during the 6<sup>th</sup> Housing Cycle.</p>
<p><b>H3.6.1</b></p>	<p>Work with appropriate State and federal agencies to ensure that fair housing laws are enforced, and continue to support groups that provide fair housing services, such as the Mid-Peninsula Citizens for Fair Housing</p> <p><i>The objective of this program is to create the opportunity for up to five units of workforce housing.</i></p>	<p>The City continued to engage with State, federal, and local support groups on fair housing enforcement.</p> <p>Program 3.6.1 is a requirement of State law and is included in the 6<sup>th</sup> Housing Cycle as policies and also various actions to affirmatively further fair housing.</p>
<p><b>Goal 4 – Promote an Environment Free of Discrimination and the Barriers that Prevent Choice in Housing</b></p>		
<p><b>H4.1.2</b></p>	<p>Continue the efforts of the Human Relations Commission to combat discrimination in rental housing, including mediation of problems between landlords and tenants.</p> <p><i>The objective of this program is to implement existing ordinances regarding discrimination cases.</i></p>	<p>41 households were assisted with fair housing services during the 5<sup>th</sup> Housing Cycle. The City will continue to contract with Project Sentinel to provide mediation services, included as an action in Program 6.6. (Fair Housing) in the 6<sup>th</sup> Housing Cycle. Actions include expanding educational materials to property owners, managers, and tenants; encourage affirmative marketing on all residential projects and requiring developers to advertise to underrepresented minority groups; provide multi-lingual fair housing information; reduce fair housing complaints; and address patterns of segregation.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
<b>H4.1.3</b>	<p>Continue implementation of City’s ordinances and State law prohibiting discrimination in renting or leasing housing based on age, parenthood, pregnancy, or the potential or actual presence of a minor child.</p> <p><i>The objective of this program is to continue to provide funding and other support for these groups to disseminate fair housing information in Palo Alto.</i></p>	<p>41 households were assisted with fair housing services during the 5<sup>th</sup> Housing Cycle. Fair housing services and outreach are components of Program 6.6. (Fair Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H4.1.4</b>	<p>Continue the City’s role in coordinating the actions of various support groups that seek to eliminate housing discrimination and in providing funding and other support for these groups to disseminate fair housing information in Palo Alto, including information on referrals to pertinent investigative or enforcement agencies in the case of fair housing complaints.</p> <p><i>The objective of this program is to continue to provide funding and other support for these groups to disseminate fair housing information in Palo Alto.</i></p>	<p>Fair housing services and outreach are components of Program 6.6. (Fair Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H4.1.5</b>	<p>Heighten community awareness regarding and implement the Reasonable Accommodations procedure for the siting, funding, development, and use of housing for people with disabilities.</p> <p><i>The intention of this program is to continue to provide information to residents on reasonable accommodation procedures via public counters and on the City’s website.</i></p>	<p>The city continued to enforce reasonable accommodation requirements such as granting land use exceptions to meet the reasonable accommodation request. To create a process for making requests for reasonable accommodation to land use and zoning decisions and procedures regulating the siting, funding, development, and use of housing for people with disabilities, The City adopted a reasonable accommodation process ordinance in January of 2014. The codified ordinance is available at all counters where applications are made for permits and licenses, and on the City’s website. The outreach component of Program 4.1.5 to increase awareness of rights and services is included as an action in Program 6.6. (Fair Housing) in the 6<sup>th</sup> Housing Cycle.</p>
<b>H4.1.6</b>	<p>Continue to implement the Action Plan of the City of Palo Alto’s Community Development Block Grant (CDBG) Consolidated Plan and the Analysis of Impediments to Fair Housing Choice</p> <p><i>The objective of this program is to provide for increased use and support of tenant/landlord educational mediation opportunities as called for in the CDBG Action Plan and the Analysis of Impediments to Fair Housing Choice.</i></p>	<p>The city accomplished this program by continuing to partner with Project Sentinel to provide education and enforcement fair housing law. 41 households were assisted with fair housing services.</p> <p>Program 4.1.6 is continued as an action in Program 6.6. (Fair Housing) in the 6<sup>th</sup> Housing Cycle.</p>



Program	Description and Objectives	Progress and Continued Appropriateness
H4.2.1	<p>Ensure that the Zoning Code facilitates the construction of housing that provides services for special needs households and provides flexible development standards for special service housing that will allow such housing to be built with access to transit and community services while preserving the character of the neighborhoods in which they are proposed to be located.</p> <p><i>The objective of this program is to evaluate the Zoning Code and develop flexible development standards for special service housing.</i></p>	<p>The City amended its development standards to include an affordable housing incentive program. This program and other incentives have resulted in new housing opportunities for developmentally disabled individuals, including 59 units at Wilton Court and another 50 affordable units at Mitchell Park Place where one-third of the units are dedicated for individuals with special needs.</p> <p>Program 4.2.1 is carried over to the next housing cycle as an action in Programs 6.1 (Housing for Persons with Special Needs) and 6.4 (Homelessness) of the 6<sup>th</sup> Housing Cycle.</p>
H4.2.2	<p>Work with the San Andreas Regional Center to implement an outreach program that informs families in Palo Alto about housing and services available for persons with developmental disabilities. The program could include the development of an informational brochure, including information on services on the City’s website, and providing housing-related training for individuals/families through workshops.</p> <p><i>The objective of this program is to provide information regarding housing to families of persons with developmental disabilities, and to develop an outreach program within three years of adoption.</i></p>	<p>This program is not yet complete. This program will not be carried over as written.</p> <p>The City will contract with and financially support non-profit services providers, such as the Opportunity Center, that help meet the supportive services needs of the City’s diverse community, especially those with extremely low incomes, as part of Program 6.1 (Housing for Persons with Special Needs) in the 6th Housing Cycle</p>
<b>H5 Goal – Reduce the Environmental Impact of New and Existing Housing</b>		
H5.1.1	<p>Periodically report on the status and progress of implementing the City’s Green Building Ordinance and assess the environmental performance and efficiency of homes in the following areas:</p> <ul style="list-style-type: none"> <li>➤ Greenhouse gas emissions</li> <li>➤ Energy use</li> <li>➤ Water use (indoor and outdoor)</li> <li>➤ Material efficiency</li> <li>➤ Storm water runoff</li> <li>➤ Alternative transportation</li> </ul> <p><i>The objective of this program is to prepare reports evaluating the progress of implementing the City’s Green Building Ordinance.</i></p>	<p>Program 5.1.1 is a routine staff function, and therefore is not carried over to the next housing cycle.</p>
H5.1.2	<p>Continue providing support to staff and the public (including architects, owners, developers and contractors) through training and technical</p>	<p>Program 5.1.2 is a routine staff function, and therefore is not carried over to the next housing cycle as a housing program.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
	<p>assistance in the areas listed under Program H5.1.1.</p> <p><i>The objective of this program is to provide educational information regarding the City’s Green Building Ordinance.</i></p>	
<b>H5.1.3</b>	<p>Participate in regional planning efforts to ensure that the Regional Housing Needs Allocation targets areas that support sustainability by reducing congestion and greenhouse gas emissions.</p> <p><i>The objective of this program is to Provide a regional framework for sustainability in creating new housing opportunities through the City’s Regional Housing Mandate Committee.</i></p>	<p>Program 5.1.3 does not have any reportable accomplishments and is amended as part of Program 1.1 (Adequate Sites) in the 6<sup>th</sup> Housing Cycle to identify adequate sites that meet State housing law.</p>
<b>H5.1.4</b>	<p>Review federal, State, and regional programs encouraging the improvement of environmental performance and efficiency in construction of buildings, and incorporate appropriate programs into Palo Alto’s policies, programs and outreach efforts.</p> <p><i>The objective of this program is to continue to update regulations for environmental sustainability.</i></p>	<p>Program 5.1.4 is a routine staff function, and therefore is not carried over into the next housing cycle as a housing program.</p>
<b>H5.1.5</b>	<p>Enhance and support a proactive public outreach program to encourage Palo Alto residents to conserve resources and to share ideas about conservation.</p> <p><i>The objective of this program is to provide up-to-date information for residents regarding conservation through educational brochures available at City Hall and posted on the City’s website.</i></p>	<p>This program has led to the development of zero waste and energy efficiency and conservation. Palo Alto has its own public utility, which offers information and rebates for installation of water conservation and energy conservation systems and appliances. The City’s Zero Waste division similarly offers resources for reducing trash, increasing diversion rates, and opportunities for disposal of hazardous household waste. These resources are available at the City’s offices and on the City’s website. Program 5.1.5 is ongoing and therefore is not carried over to the next housing cycle. The City will implement energy conservation and sustainability approaches for residential rehabilitation as directed by Policy 1.1 in the 6<sup>th</sup> Housing Cycle.</p>
<b>H5.1.6</b>	<p>Provide financial subsidies, recognition, or other incentives to new and existing homeowners and developers to achieve performance or efficiency levels beyond minimum requirements.</p> <p><i>The objective of this program is to continue to recognize homeowners and developers who incorporate sustainable features beyond what is required by the Green Building Ordinance.</i></p>	<p>This program is with the City’s Utilities Department, which offers rebates and pilot programs such as the new heat pump water heater program launched in late 2022; Utilities efforts are ongoing and Planning is working with Utilities to streamline and remove Zoning Code obstacles to efficiency improvements.</p>

Program	Description and Objectives	Progress and Continued Appropriateness
		<p>Program 5.1.6 does not have reportable accomplishments from Planning other than collaborating with Utilities, and therefore is not carried over to the next housing cycle as a housing program.</p>
<p><b>H5.1.7</b></p>	<p>In accordance with Government Code Section 65589.7, immediately following City Council adoption, the City will deliver to all public agencies or private entities that provide water or sewer services to properties within Palo Alto a copy of the 2015-2023 Housing Element.</p> <p><i>The objective of this program is to, immediately following adoption, deliver the 2015-2023 Palo Alto Housing Element to all providers of sewer and water services within the City.</i></p>	<p>Program H 5.1.7 was completed upon the adoption of the 5<sup>th</sup> Cycle Housing Element. This action is not a program, therefore is not continued into the next housing cycle as a housing program.</p>

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# 2023-2031 Housing Element City of Palo Alto



## Appendix B: Public Outreach



# Appendix B: Public Outreach

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## Summary of Public Participation

The Housing Element must reflect the values and preferences of the community. Accordingly, community participation is an important component of the development of this Element. Government Code Section 65583(c)(8) states that the local government must make “a diligent effort to achieve public participation of all economic segments of the community in the development of the housing element.” This process not only includes community members, but also participation from local agencies and housing groups, community organizations, and housing sponsors.

This appendix includes the following supporting documents:

- Project Website (Home Page, Community Input Form, and Interactive Map)
- Workshop Flyer (English and Spanish)
- Workshop Presentations (May 2021 and August 2021)
- Survey Questions and Results
- Email Correspondence
- Public Review Comments and Letters



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Project Website

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# City of Palo Alto Housing Element Update

## UPCOMING EVENTS

*Monday, November 7, 2022*

### Release of Public Review Draft of Housing Element

Review and Comment Period starts on November 7,  
2022 and ends on December 7, 2022 at 5 PM

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*Wednesday, November 16, 2022 | 6:00 – 8:00 PM |*

*Zoom*

### Community Workshop on Draft Housing Element

**[Zoom Meeting Link](#)**

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*Monday, November 28, 2022 | 5:00 PM | Zoom*

### Joint City Council and Planning Commission Meeting Review of the Draft Housing Element

**[Meeting Agenda and Staff Report available  
here a week before](#)**

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# How to Get Involved

We want your input! Community engagement is vital to the Housing Element update process.

The Housing Element update is a community-based process that will include a variety of public engagement opportunities. Check this page and other City resources for up-to-date information on events and opportunities to engage or join our mailing list below.

*The City will continue to take measures to protect the health and safety its residents and business owners during the COVID-19 pandemic. Community outreach will be facilitated in a manner that prioritizes safety as it continues to make opportunities for the community involved.*

## Join our email list to receive the latest updates

Name \*

First

Last

Email Address \*

Organization

Leave a comment







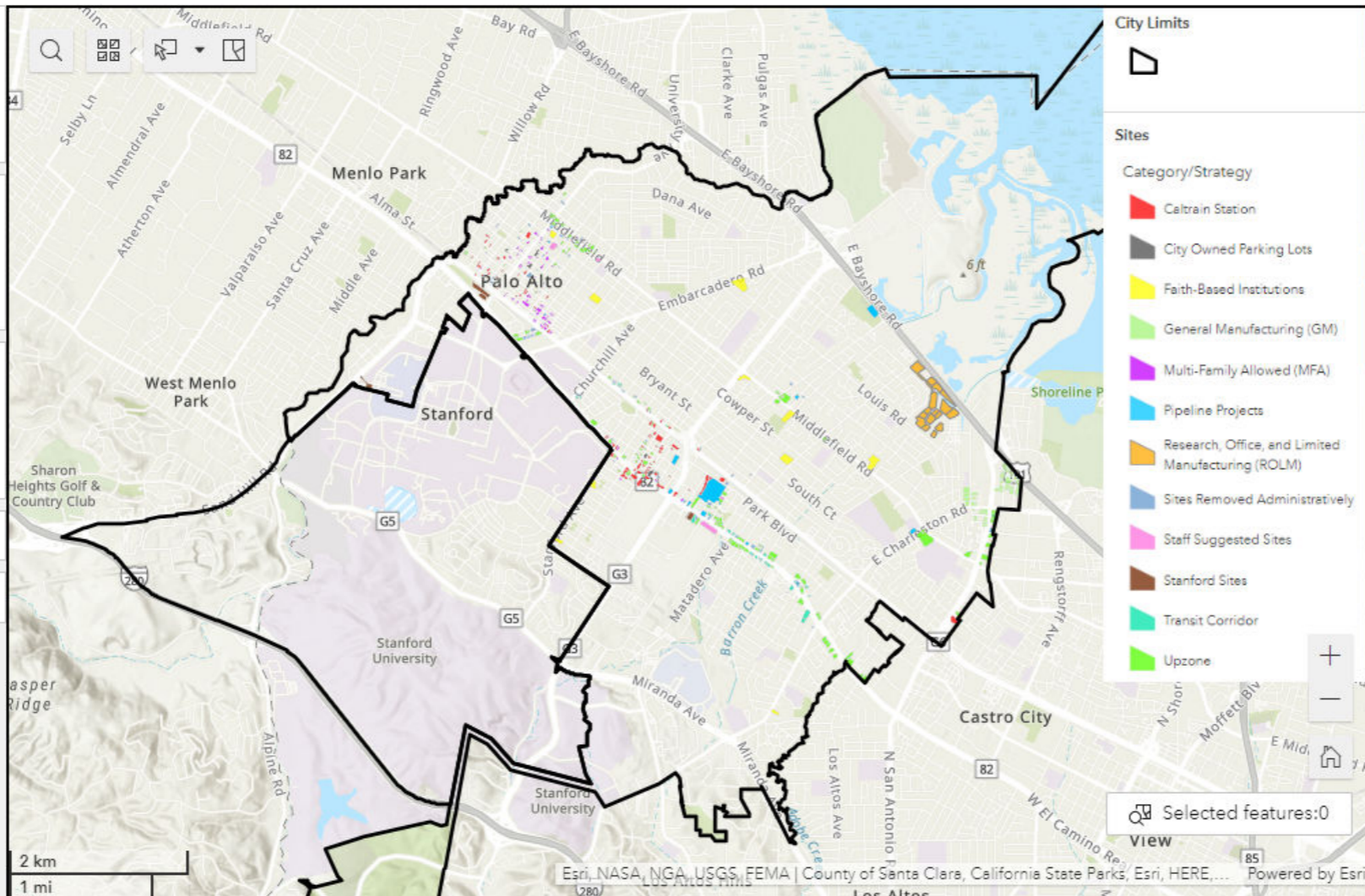
### Filter the Sites

Select sites on the map by toggling the filters below

- Sites
- Category/Strategy is any of  
0 Selected
- Zoning
- Zoning is any of  
0 Selected
- Current GPLU Use
- Current GPLU is any of  
0 Selected
- Hide Pipeline Projects
- Sites with By Right Provisions

### View the Sites

Use the map below to locate sites and view their attributes



### Select a Site

Click on or search for one of the addresses and APNs in the list below to zoom to it on the map

[Sites Inventory](#) | Pipeline Projects

Site Address or Str...	Category/Strategy
925 High St	MFA
926 Emerson St	MFA
721 Emerson St	MFA
701 Emerson St	MFA
343 HAWTHORNE AV	Caltrain Station
436 WAVERLEY ST	MFA
426 WAVERLEY ST	MFA
425 WAVERLEY ST	MFA
609 COWPER ST	MFA
550 Hamilton	Staff Suggested Sites
486 HAMILTON AV	Sites Removed Administra...
530 LYTTON AV	Caltrain Station
733 RAMONA ST	Caltrain Station
227 FOREST AV	Caltrain Station
560 WAVERLEY ST	MFA
635 Waverley St	MFA
412 FMERSON ST	Caltrain Station

# Workshop Flyer

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# Palo Alto is updating its Housing Element and wants YOU to be involved!



The City of Palo Alto is updating its citywide housing plan. Community input is vital to this process. City is inviting you to attend its second community meeting and help shape our city!

## Housing Element Update, Community Meeting #2

Please join us virtually for Community Meeting #2 of the Housing Element Update process on **Tuesday, August 10th, 2021 from 6:00-8:00 pm**. City staff will give an overview of City's strategies on how to meet its future housing goals and plan for future housing. Public comment will be taken during the meeting.



[CLICK HERE TO JOIN THE ZOOM MEETING](#)

## Housing Element Community Survey

We want to hear from you about how to best plan for our future housing.



[CLICK HERE TO TAKE THE SURVEY](#)



Please visit [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com) for project information.





# ¡Palo Alto está actualizando su elemento de Vivienda y queremos que usted se involucre!



La ciudad de Palo Alto está actualizando su Elemento de Vivienda. Las aportaciones de la comunidad serán vitales. La ciudad le invita al segundo taller comunitario para ayudar en la formación de nuestra ciudad.

## Actualización del Elemento de Vivienda, Taller Comunitario #2

Por favor, únase a nosotros virtualmente en el Taller Comunitario #2 de la actualización del Elemento de Vivienda el **10 de agosto de 2021 de 6:00-8:00 pm**. El personal de la ciudad va a dar una visión general de las estrategias de la ciudad en cómo cumplir sus objetivos de vivienda en el futuro y el plan para la vivienda futura.



**HAGA CLIC AQUI PARA UNIRSE A LA REUNION DEL ZOOM**

## Elemento de Vivienda Encuesta

Queremos escuchar tu opinión sobre la mejor manera de planificar nuestra futura vivienda.




**POR FAVOR RESPONDA A ESTA ENCUESTA Y DENOS SU OPINION**




Visita a [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com) para información adicional.

## Workshop Presentations

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**Housing Element Update  
*Community Workshop***

May 15, 2021 [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

1



**WORKSHOP TOPICS**

- What is the Housing Element and what does it cover?
- What is a Regional Housing Needs Allocation (RHNA)?
- What is Palo Alto's Housing Element schedule?
- How can you be involved?

We want to hear from you!



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2



### Housekeeping Items


Technology happens – please be flexible and patient

One person speaks at a time. Keep comments brief.


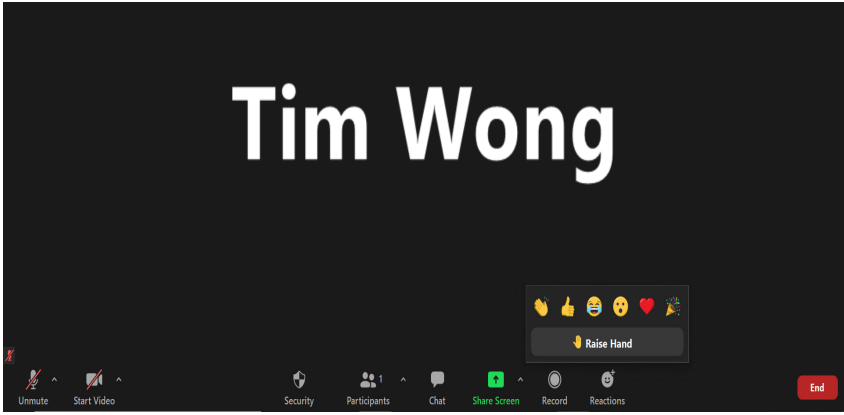
Please mute yourself when you are not speaking




3



### Zoom Screen




4





### Palo Alto Housing Element Team (Core)

<p>Tim Wong, Project Manager</p> <p>City of Palo Alto</p>	<p>Clare Campbell, Manager of Long Range Planning</p> <p>City of Palo Alto</p>	<p>Chitra Moitra, Planner</p> <p>City of Palo Alto</p>
<p>Della Acosta Project Manager</p> <p>Rincon Consultants</p>	<p>Emily Green, Planner</p> <p>Rincon Consultants</p>	



5


**Icebreaker**

May 15, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)


6






## **ICEBREAKER – How long have you been in PA?**

1. Everyone turn on your camera
2. Keep your camera on if you were in Palo Alto for the following events:




7





## **ICEBREAKER – How long have you been in PA?**

- A. Opening of the Magical Bridge Playground in Mitchell Park – 2015
- B. Palo Alto High School Boys Basketball are State Champions - 2006
- C. Palo Alto celebrates its Centennial– 1994
- D. Stanford hosts the Super Bowl - 1985
- E. Palo Alto snow day – 1976
- F. Saw movies at Palo Alto Drive-In – 1960's (now Greer Park)



8

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**What is the Housing Element and What Does it Cover?**

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9

**WHAT IS THE HOUSING ELEMENT? WHAT DOES IT COVER?**



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10



## WHAT IS THE HOUSING ELEMENT? WHAT DOES IT COVER?



Identifies adequate sites (locations) to meet the city's fair share of regional housing needs at all income levels

Identifies City programs and policies to promote housing opportunities

Meets State legal requirements and requirements to be certified (approved) by HCD



11

## WHAT DOES THE HOUSING ELEMENT INCLUDE?



12

## HOUSING ELEMENT OBJECTIVES

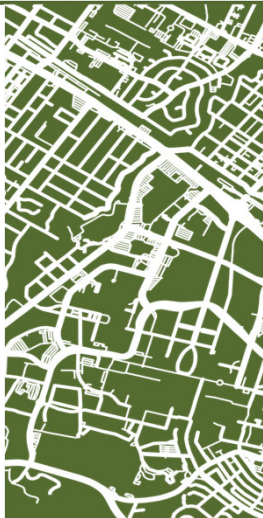


- Provide planning to accommodate housing for all socio-economic segments
- Allow for the development of housing affordable to all
- Remove unreasonable governmental barriers to housing development
- Preserve and improve existing affordable housing
- Ensure equal housing opportunities for all



13


## WHAT HAPPENS IF A CITY DOES NOT CERTIFY THE HOUSING ELEMENT?




- Violates state law
- Potential state enforcement
- Vulnerable to lawsuits
- General Plan at risk
- Funding programs at risk



14




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**Breakout No. 1**  
*What do you like about your home's location? What don't you like about it?*

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**What is the Regional Housing Needs Allocation? (RHNA)**

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16

## WHAT IS RHNA?

Representation of future housing need for all income levels in a region

Assigned to regional governments by the State and then allocated to local governments

Accommodated for by local jurisdictions in Housing Elements



17

## RHNA OBJECTIVES



Increase...

- Mix of housing types
- Tenure
- Affordability

Promote...

- Infill development
- Equity
- Protection of environmental resources

Encourage...

- Efficient development strategies
- GHG reductions

Improve...

- Jobs
- Housing balance

Achieve...

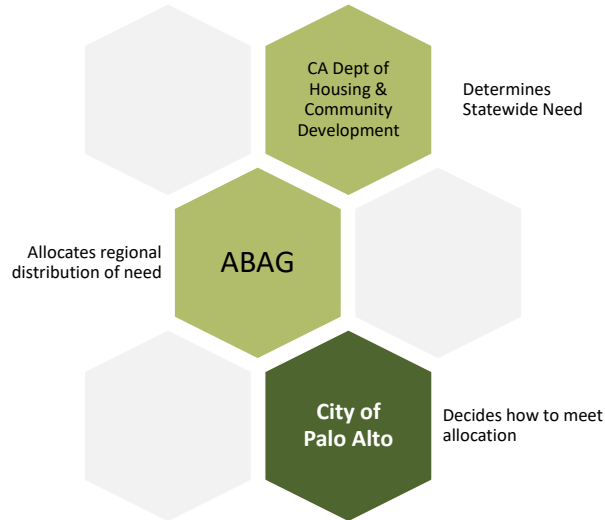
- Regional housing balance by income
- Affirmatively further fair housing



18



## HOW DOES THE CITY GET ITS RHNA?



19

## RHNA NUMBERS: PALO ALTO

### 2023 – 2031 Regional Housing Needs Allocation by Income Level

Very Low 30 – 50% AMI (\$82,850 for a family of 4)	Low 50 – 80% AMI (\$117,50 for a family of 4)	Moderate 80 – 120% AMI (\$181,550 for a family of 4)	Above Moderate Above 120% AMI	Total
1,556	896	1,013	2,621	6,086

*\*These are the most current numbers, the final RHNA allocation numbers for the 6<sup>th</sup> housing cycle are expected in the winter of 2021.\**



20

## HOW DOES THE CITY ADDRESS ITS RNHA?

### Review vacant and underutilized sites

- Possible rezoning sites
- Lower income HCD standards

### Review accessory dwelling unit production

### Review development constraints on housing development

### Respond to new State housing legislation

### Continue, enhance, or introduce programs and policies

- Low-income and special needs housing



21

## GUESS THE DENSITY?



The density of this project is:

- 15 units per acre
- 25 units per acre
- 35 units per acre
- 45 units per acre



22

## GUESS THE DENSITY?



The density of this project is:

- A. 33 units per acre
- B. 43 units per acre
- C. 53 units per acre
- D. 63 units per acre



23

## GUESS THE DENSITY?




The density of this project is:

- A. 32 units per acre
- B. 42 units per acre
- C. 52 units per acre
- D. 62 units per acre




24





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Group Exercise  
*“What 3 words should describe future Palo Alto housing?”*


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Group Exercise

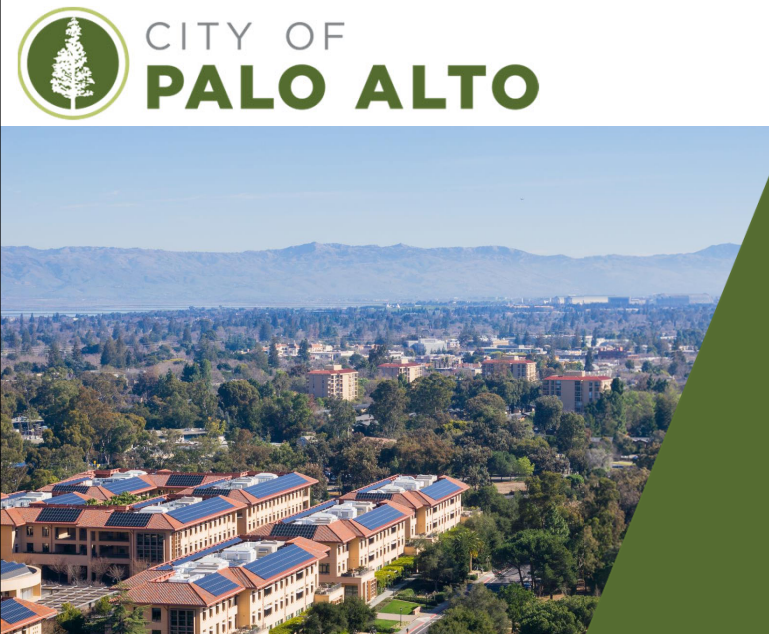
Go To: [www.menti.com](http://www.menti.com)

Enter in code: **1722 5871**



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26

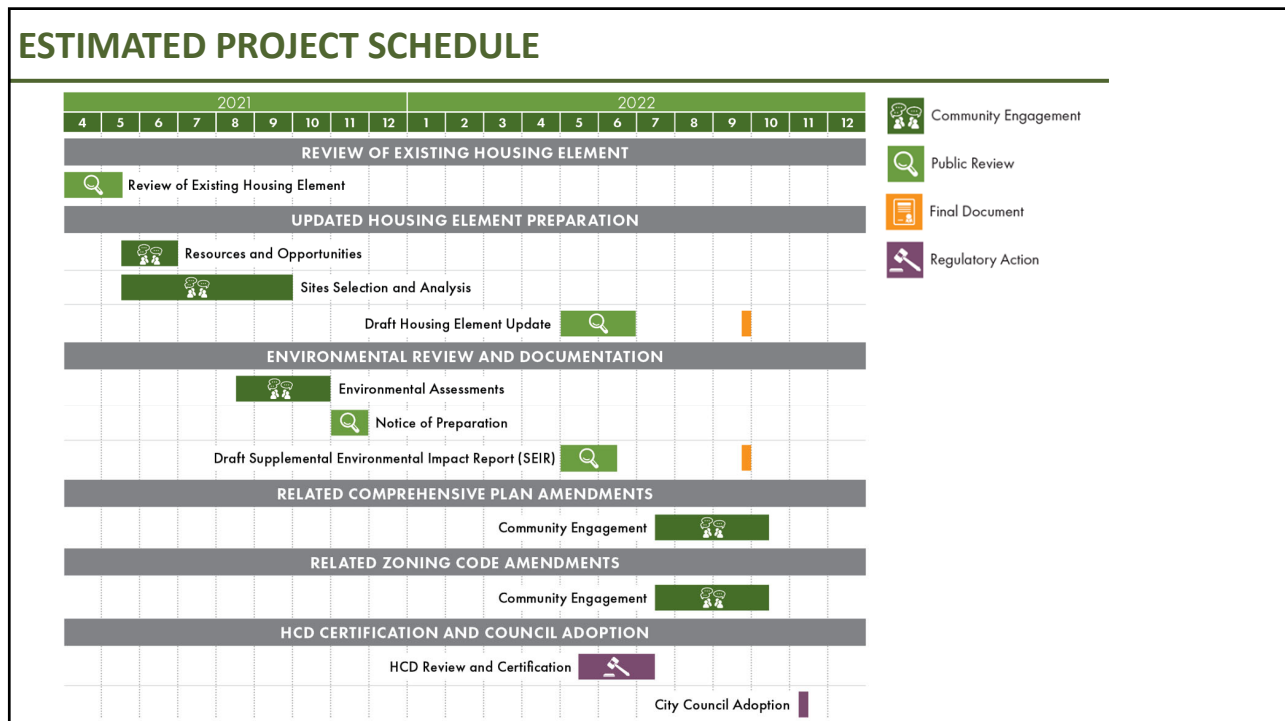


**CITY OF PALO ALTO**


# What is the Housing Element Schedule?

May 15, 2021 [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)


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How Can You  
Be Involved?

May 15, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

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## COMMUNITY OUTREACH

Online Resources for  
Public Engagement

- [Paloaltohousingelement.com](http://Paloaltohousingelement.com)
- Mailing and eblast to agencies, organizations, and community stakeholders
- Website posting, media releases
- Social media (Twitter, Facebook, and Nextdoor)




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30

## COMMUNITY INPUT

### Workshops and Additional Engagement

- Survey
- Community workshop
- “Pop-up” booths
- Interactive Mapping Tool
- Public meetings



31



Questions?  
Comments?  
Suggestions?

May 15, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

32





**Thank You!**

**Email us:**


[heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org)

**Web Page:**


[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

**May 15, 2021**

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)




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**Housing Element Update  
*Community Meeting***


August 10, 2021 [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

1



**Palo Alto Housing Element Team (Core)**

<p>Tim Wong, Project Manager</p> <p>City of Palo Alto</p>	<p>Clare Campbell, Manager of Long-Range Planning</p> <p>City of Palo Alto</p>	<p>Chitra Moitra, Planner</p> <p>City of Palo Alto</p>
<p>Jason Montague, Planner</p> <p>Rincon Consultants</p>	<p>Veronica Tam, Principal</p> <p>Veronica Tam and Associates</p>	



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2



### COMMUNITY MEETING TOPICS

- What is the Housing Element?
- What is a Regional Housing Needs Allocation (RHNA)?
- How are housing sites selected? Where are we now?
- How can you be involved?

We want to hear from you!



3



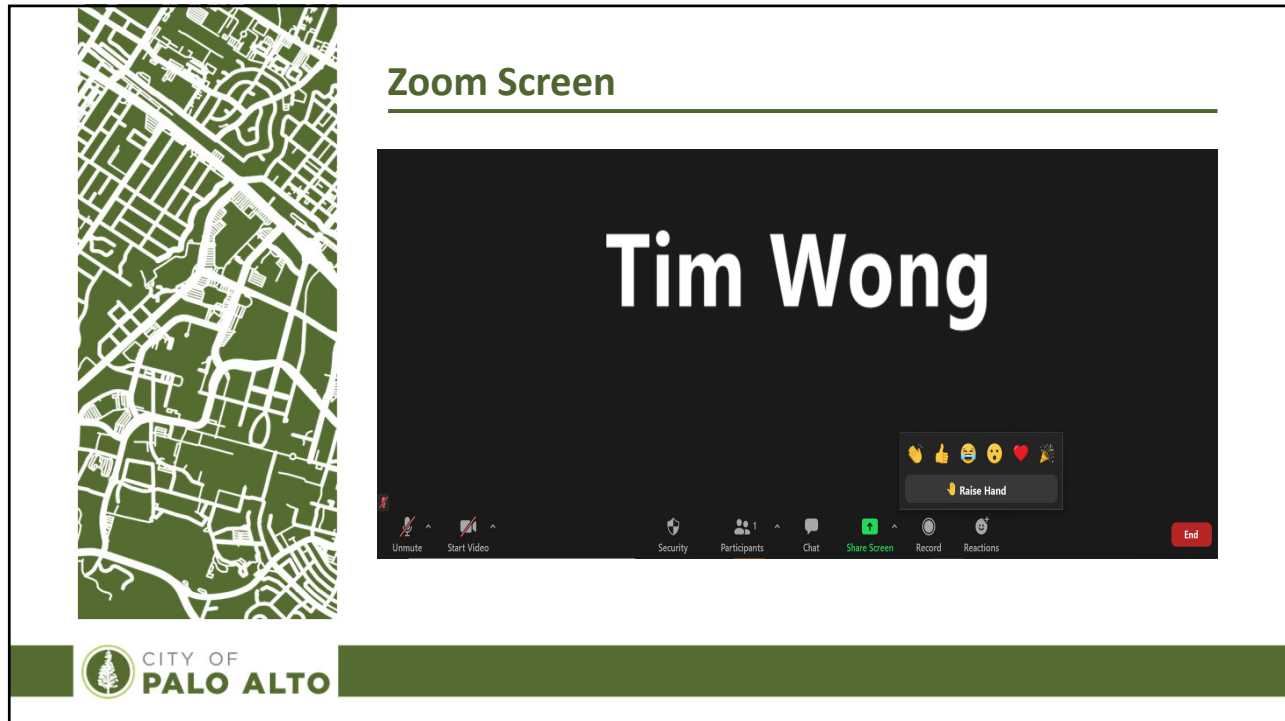
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4






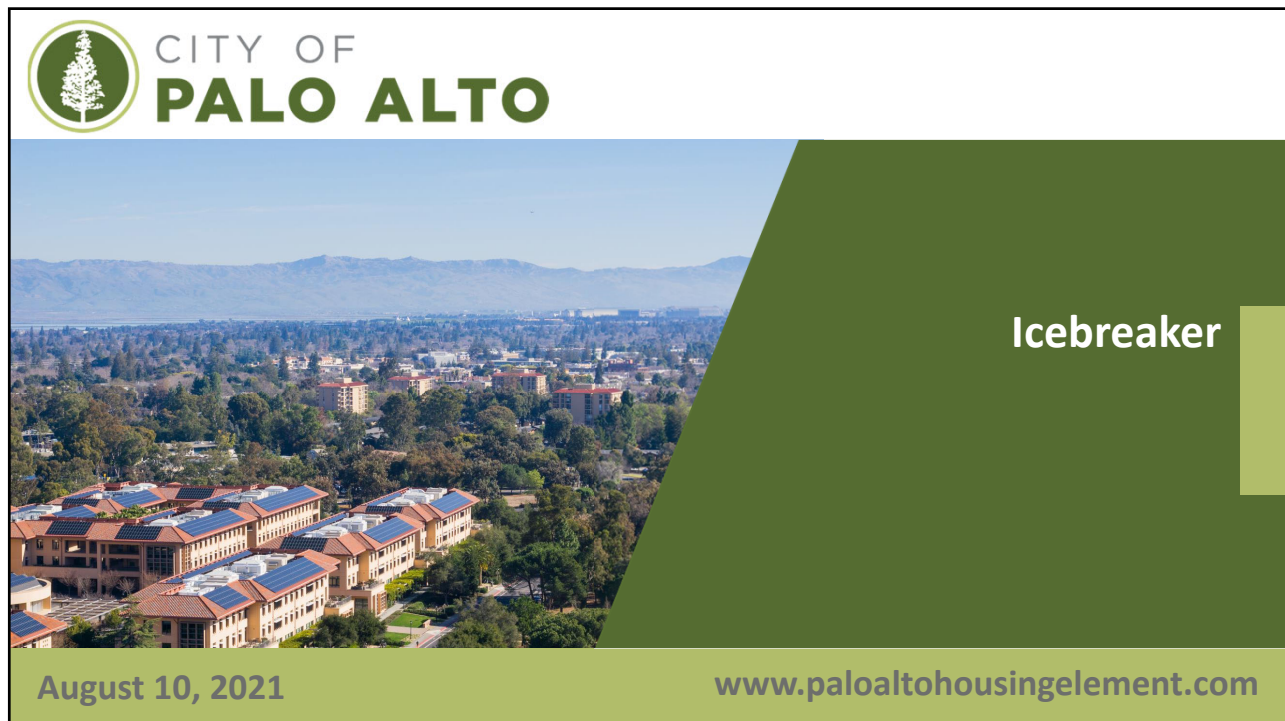
**Zoom Screen**


**Tim Wong**

Unmute Start Video Security Participants Chat Share Screen Record Reactions End

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5




 CITY OF **PALO ALTO**


**Icebreaker**

**August 10, 2021**

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6

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## What is a Housing Element? What does it cover?

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7

## WHAT IS THE HOUSING ELEMENT? WHAT DOES IT COVER?



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8

## WHAT IS THE HOUSING ELEMENT? WHAT DOES IT COVER?



- Identifies adequate sites (locations) to meet the city's fair share of regional housing needs at all income levels
- Identifies City programs and policies to promote housing opportunities
- Meets State legal requirements and requirements to be certified (approved) by HCD



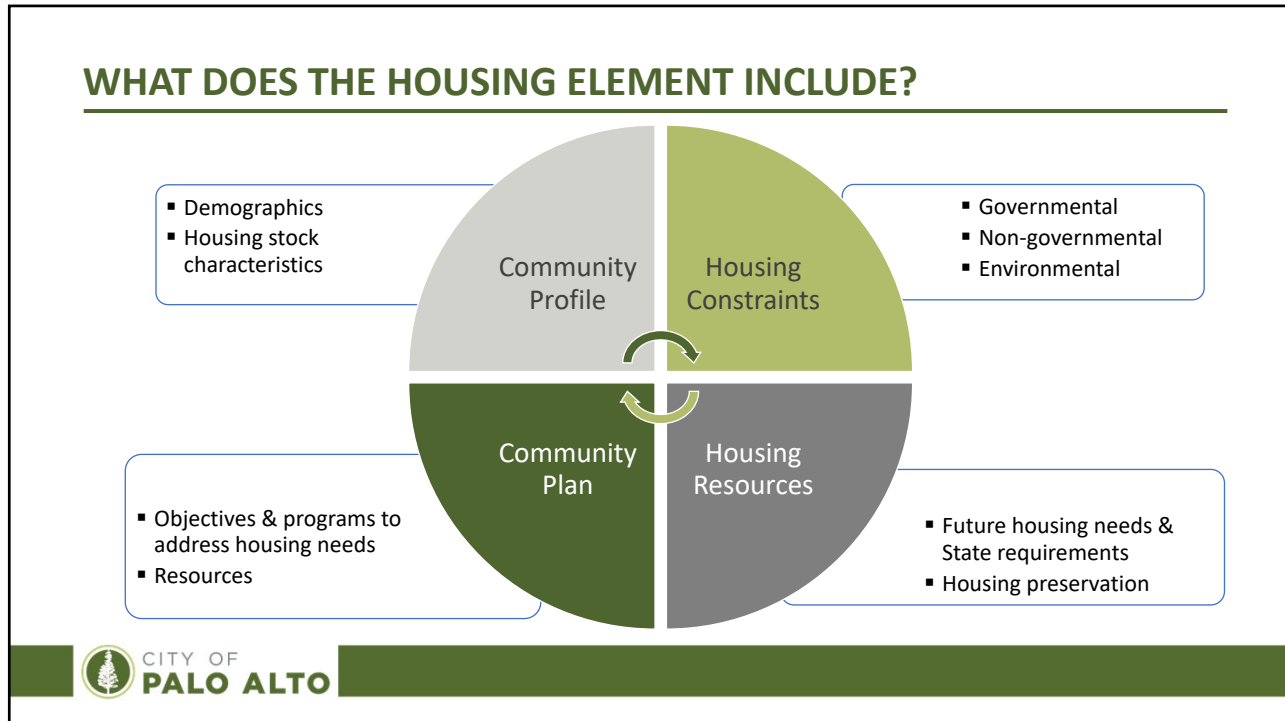
9

## Housing Element Timeline

- The Housing Element is required to be updated every 8 years and must be certified by the State
- Palo Alto's current Housing Element, also referred to as the 5<sup>th</sup> Cycle plan, covers the years 2014 through 2022
- This Housing Element will be the 6<sup>th</sup> Cycle, which will extend from January 2023 to January 2031
- The deadline for jurisdictions in the bay area region to approve their 6<sup>th</sup> Cycle Housing Element is January 31, 2023



10



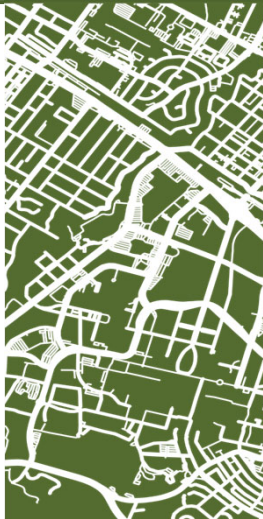
11



12



## WHAT HAPPENS IF A CITY DOES NOT CERTIFY THE HOUSING ELEMENT?



- Violates state law
- Potential state enforcement
- Vulnerable to lawsuits
- General Plan at risk
- Funding programs at risk



13



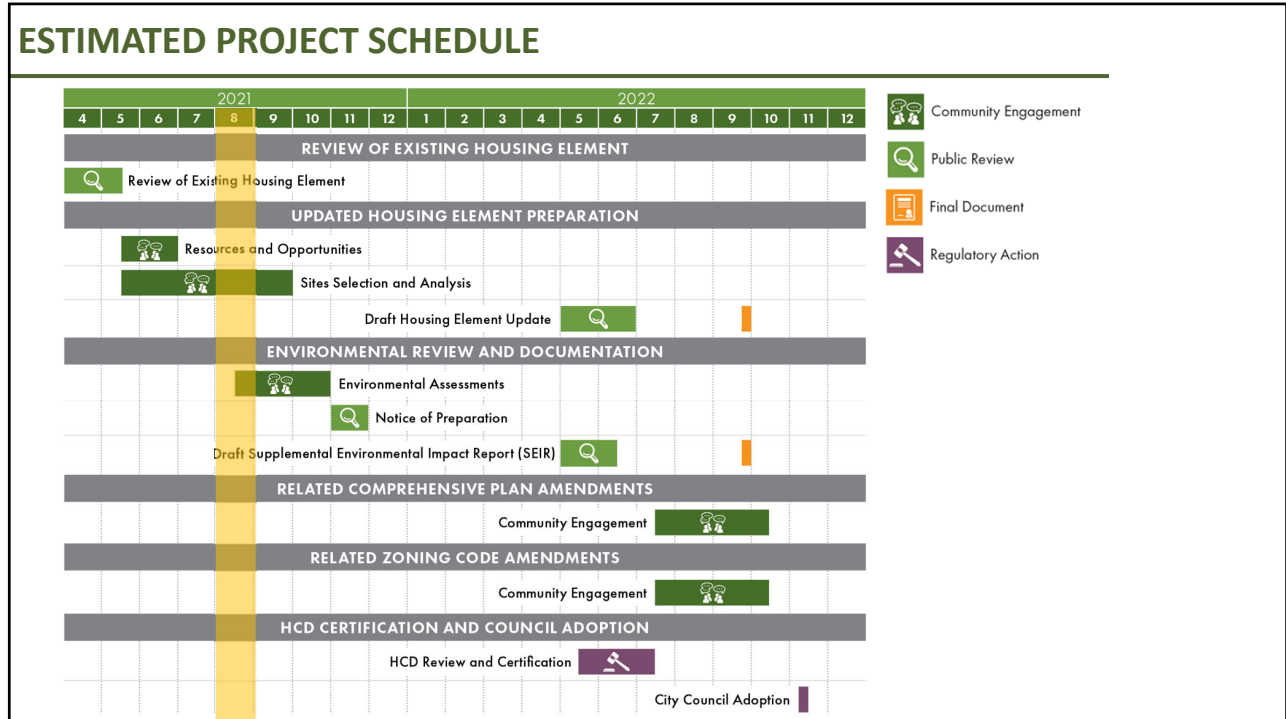
## Project Schedule

August 10, 2021


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15



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**What is the Regional Housing Needs Allocation (RHNA)?** *How are sites selected?*

August 10, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

16

## WHAT IS RHNA?

Representation of future housing need for all income levels in a region

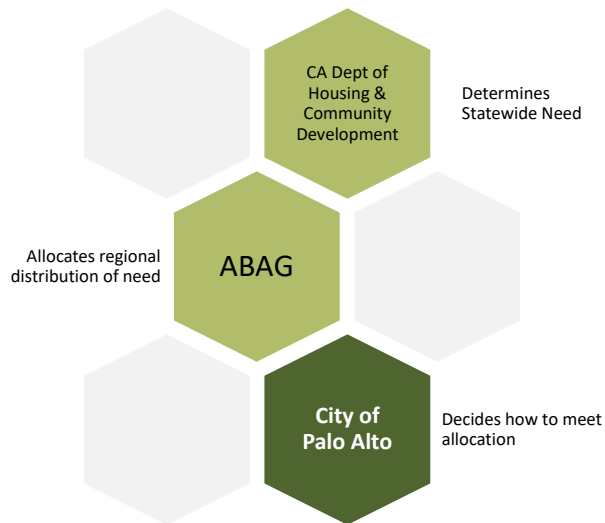
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17

## HOW DOES THE CITY GET ITS RHNA?



18

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Very Low 30 – 50% AMI (\$82,850 for a family of 4)	Low 50 – 80% AMI (\$117,50 for a family of 4)	Moderate 80 – 120% AMI (\$181,550 for a family of 4)	Above Moderate Above 120% AMI	Total
1,556	896	1,013	2,621	<b>6,086</b>

*\*These are the most current numbers, the final RHNA allocation numbers for the 6<sup>th</sup> housing cycle are expected in the winter of 2021.  
AMI = County Median Area Income*



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## RHNA OBJECTIVES



Increase...

- Mix of housing types
- Tenure
- Affordability

Promote...

- Infill development
- Equity
- Protection of environmental resources

Encourage...

- Efficient development strategies
- Greenhouse gas reductions

Improve...

- Jobs
- Housing balance

Achieve...

- Regional housing balance by income
- Affirmatively further fair housing



20

## HOW DOES THE CITY ADDRESS ITS RHNA?

### Review vacant and underutilized sites

- Sites carried over from the 5<sup>th</sup> Cycle
- Possible rezoning sites
- Less than .5% of City parcels are vacant
- Lower income HCD standards

### Review pipeline projects

### Review accessory dwelling unit (ADU) production

### Review development constraints on housing development

### Respond to new State housing legislation

### Continue, enhance, or introduce programs and policies

- Low-income and special needs housing



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## Pipeline Projects

- Pipeline projects are expected to be built during the 6<sup>th</sup> Cycle Planning period
- The City currently has 16 pipeline projects
  - These projects would yield 452 units



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## Accessory Dwelling Units (ADU's)

- Staff believes that the City can achieve an average of 60-70 ADU's per year
- This is based on two factors:

1. Since 2017, large barriers to produce ADU's have significantly been reduced through legislation

2. 2019 was the last full year pre-pandemic which permitted 69 ADU's. As of June 2021, 39 ADUs have been permitted.

- Using 70 ADU's per year, the total number of ADU's assumed during the planning period would increase to **560 units**



23

## Carry Over Sites

- The City will carry over 135 sites that were not developed in the 5<sup>th</sup> Cycle
  - This would yield 1,114 units
- This would bring the City's total units identified to 2,126



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## Meeting RHNA



- After accounting for a) planned and approved units, b) anticipated ADU's, and c) carry over units, the remaining number of units still needed are as follows:

Meeting RHNA	
	Total
<b>RHNA Allocation</b>	<b>6,086</b>
Pipeline Projects	-452
ADU's	-560
5th Cycle Carry Over	-1,114
10% buffer	+609
<b>Total Units Still Needed</b>	<b>4,569</b>



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## Identifying Housing Sites



### Current Sites:

- “Pipeline” projects
- ADU's
- 5<sup>th</sup> Cycle Housing Element Sites Reuse

### Further Sites to Meet Needs:

- Vacant and underutilized sites
- Potential rezoning sites (increasing density in certain appropriate areas)



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## What is density?

- Density = number of units per acre
- Housing density can make homes lower cost to build and can lower rental and/or sale prices



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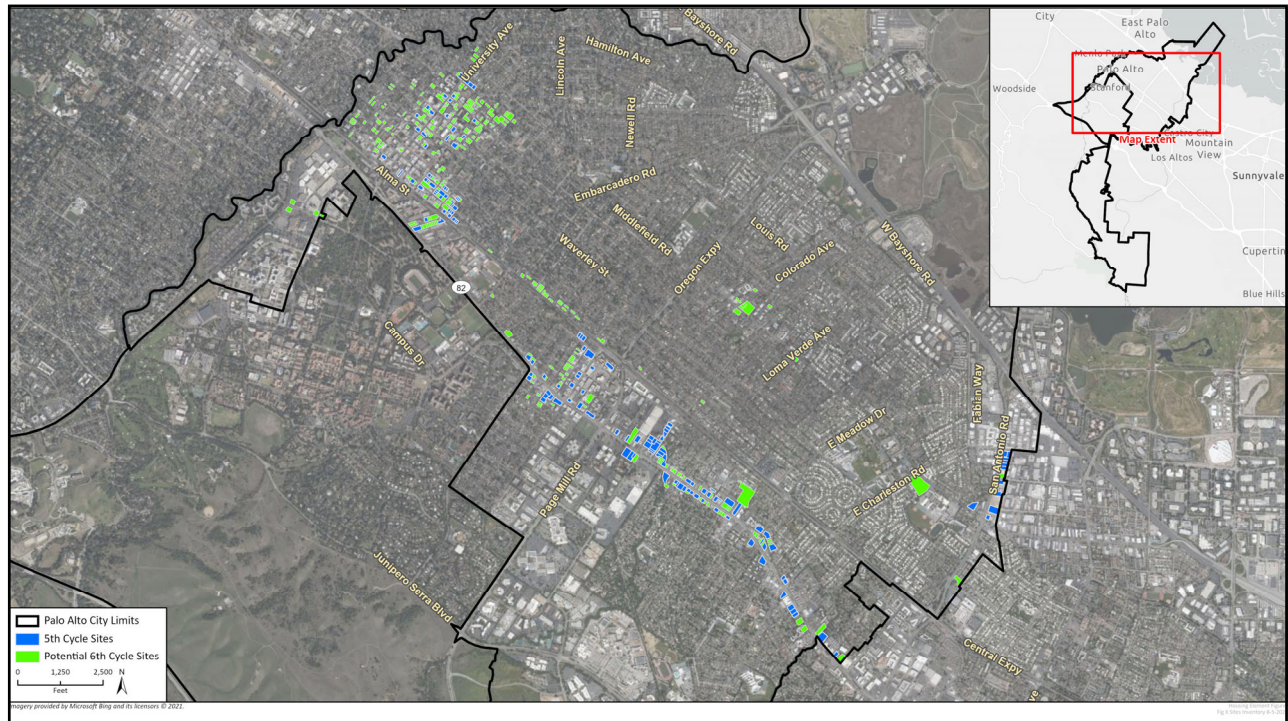
## Site Selection Progress

- Approximately 300 new potential sites have been identified **thus far**.
  - These sites could potentially accommodate approximately 1,725 additional units
- Sites are chosen based on the following criteria used to determine realistic development capacity:
  - Discrepancies between existing use and zoned use
  - Value of the land compared to the value of the improvements
  - Age of structure
  - Ownership patterns
  - Expiration of existing use during the planning period

**Based on preliminary analysis, approximately 2,844 units are still needed. This is where we need your help!**

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**CITY OF PALO ALTO**

**Poll**  
*How should we prioritize sites for more housing?*


**August 10, 2021**

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

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**Breakout Rooms**


August 10, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

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**Breakout Room Questions**

- From your experience, what have you heard about those experiencing issues in obtaining housing in Palo Alto? Do you know anyone personally or have heard of anyone who is experiencing trouble finding or keeping housing? What is their situation or challenge?
- In your opinion, what housing type is most needed in Palo Alto (e.g., student housing, senior housing)?
- Where should this housing go (e.g., Downtown North, University South, Alma Street, El Camino Real)?



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**Sites Inventory Group  
Discussion**


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**Sites Inventory Group Discussion**

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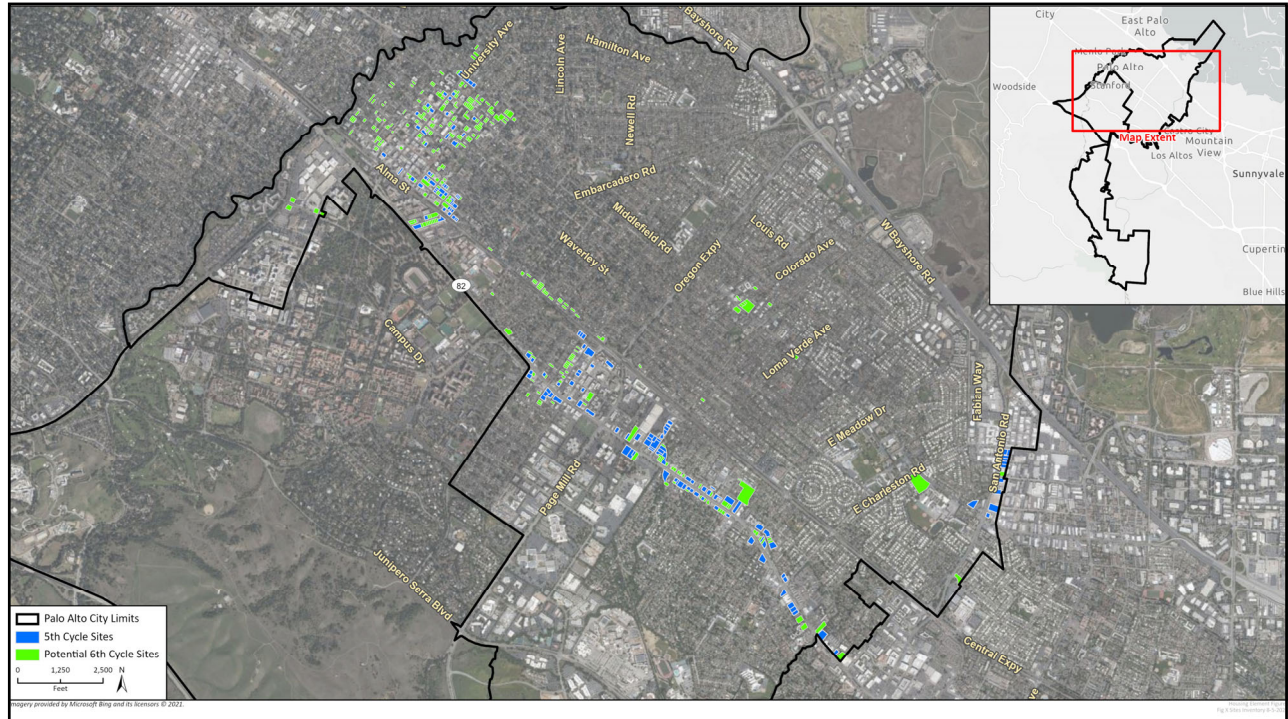
- Are there any other areas that the City should focus on when identifying sites? Are there any areas the City should avoid?
- What additional strategies could the City utilize to identify sites (e.g., allow greater density, relax zoning standards, allow taller buildings)?



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**CITY OF PALO ALTO**

**How Can You Be Involved?**

August 10, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

The image features the City of Palo Alto logo, which consists of a stylized tree inside a circle. Below the logo is a photograph of a large, multi-story residential building with a prominent array of solar panels on its roof. The background of the photograph shows a cityscape with trees and mountains in the distance under a clear blue sky. The text 'How Can You Be Involved?' is displayed in white on a dark green background. At the bottom, the date 'August 10, 2021' and the website URL 'www.paloaltohousingelement.com' are provided.

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## COMMUNITY OUTREACH

### Online Resources for Public Engagement

- [Paloaltohousingelement.com](http://Paloaltohousingelement.com)
- Mailing and eblast to agencies, organizations, and community stakeholders
- Website posting, media releases
- Social media (Twitter, Facebook, and Nextdoor)



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## COMMUNITY INPUT


### Workshops and Additional Engagement

- Survey – OPEN NOW!
- Community workshop
- “Pop-up” booths (tbd)
- Interactive Mapping Tool
- Public meetings




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Questions?  
Comments?  
Suggestions?

August 10, 2021

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Thank You!

Email us:  
[heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org)

Web Page:  
[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

August 10, 2021

[www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

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## Survey Questions & Results

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## **Survey Questions for the Palo Alto Housing Element Update**

The City of Palo Alto is in the process of updating its Housing Element, the City's Housing Plan for the period of 2023-2031. As part of the plan, the City is required to plan for 6,086 housing units and the City wants to hear from you about how best to plan for these future units.

The Housing Element survey will ask you a number of housing related questions covering current housing conditions and your opinion about future housing in Palo Alto. The information will be used by the City's Housing Element Working Group, Planning and Transportation Commission, and City Council to better understand the community's sentiments about future housing growth in the City.

If you are interested in learning more about the City's Housing Element update, please go to [paloaltohousingelement.com](http://paloaltohousingelement.com)

Thank you for taking the time to complete the survey.

### **How hard is it to find housing in Palo Alto?**

***For Questions 1 through 3 please select a number between 1 and 5, 1 being "Strongly Disagree" and 5 being "Strongly Agree."***

1. Please select a response to the following statement:

***It is difficult to find affordable rental housing in Palo Alto.***

- a. 5
- b. 4
- c. 3
- d. 2
- e. 1

2. Please select a response to the following statement:

***It is difficult to find affordable ownership housing in Palo Alto.***

- f. 5
- g. 4
- h. 3
- i. 2
- j. 1

3. Please select a response in relation to the following statement:

***It is difficult to find available market rate homes for purchase in Palo Alto.***

- a. 5
- b. 4
- c. 3
- d. 2
- e. 1

### **What are your housing preferences in the City of Palo Alto?**

4. What is your preference for your own housing?



- a. Prefer to own.
  - b. Prefer to rent.
  - c. Not sure.
  
5. Where do you think new housing should be located? (Select the top 5)
  - a. Throughout the City
  - b. Near to Highway 101
  - c. Near to Caltrain stations
  - d. Along El Camino Real
  - e. Along the Oregon Expressway
  - f. Along Alma Street
  - g. Near to Stanford University
  - h. Downtown Palo Alto
  - i. Near retail areas
  - j. Near employment centers
  
6. What type of housing would you like to see in Palo Alto?
  - a. Mixed-use (housing above retail and office)
  - b. Co-op housing and community living
  - c. Accessory dwelling units (guest house/granny flat)
  - d. Manufactured homes
  - e. Single-family homes
  - f. Multi-family housing
  
7. Would you be interested in developing an accessory dwelling unit on your property?
  - a. Yes
  - b. No If no, can you please share why? \_\_\_\_\_
  - c. Not sure
  - d. I don't own a property, so this doesn't apply to me.
  
8. What are opportunities for increasing the amount of housing in Palo Alto?
  - a. Encourage housing in areas that are already developed but could be made denser by increasing the number of housing units allowed on each piece of property.
  - b. Locate housing on vacant land that is zoned for housing development, but not yet developed.
  - c. Encourage accessory dwelling unit (granny flat) development on existing single-family properties.
  - d. Locate housing at vacant industrial sites that have been converted to residential use.
  - e. Locate housing near commercial locations, creating "live-work" neighborhoods.
  - f. Redevelop older shopping centers and retail areas with residential uses.
  - g. Place housing on lots that are underutilized (i.e., older buildings that have additional potential).
  
9. What types of housing related programs and/or activities do you believe the City should concentrate on over the next eight years?

- a. Promote fair housing services to address fraud, displacement, or discrimination
- b. Encourage innovative design with emphasis on community and amenities
- c. Focus rehabilitation efforts on existing housing stock
- d. Streamline permit process
- e. Create or work with architects to refine City-approved ADU prototypes
- f. Expand affordable housing inventory
- g. Focus on emergency, transitional, or supportive housing, particularly for persons experiencing homelessness
- h. Provide additional development incentives to developers construction low-income or affordable units

**How is Palo Alto home for you?**

10. Please select the zip code for your place of residence.

- a. 94303
- b. 94301
- c. 94306
- d. 94304
- e. 94022

11. How long have you lived in the City of Palo Alto?

- a. 0 - 5 years
- b. 5 - 10 years
- c. 10 - 15 years
- d. More than 15 years

12. Which type of housing do you currently occupy?

- a. Accessory Dwelling Unit (granny flat/guest house)
- b. Apartment
- c. Condominium/townhome
- d. Co-op housing
- e. Duplex/triplex
- f. Group home/assisted living
- g. Mobile home
- h. Single-family home
- i. I do not currently have a permanent home.
- j. Other (please describe) \_\_\_\_\_

13. Which best describes your current living situation? Choose all that apply.

- a. Live alone
- b. Live with roommates
- c. Live with spouse or significant other
- d. Live with your own children
- e. Live with parents
- f. Multiple generations living together (adult children, parents, grandparents, etc.)

- g. Other (please describe) \_\_\_\_\_
14. What is your age group?
- a. Under 18
  - b. 18-29
  - c. 30-39
  - d. 40-49
  - e. 50-59
  - f. 60-65
  - g. 65 or older
15. How much of your monthly income is spent on housing (rent or mortgage)?
- a. Less than \$1,000
  - b. \$1,001 to \$2,500
  - c. \$2,501 to \$4,000
  - d. \$4,001 – \$6,000
  - e. \$6,001 - \$10,000
  - f. More than \$10,000
  - g. Prefer not to say

**Let us know if there is anything we missed.**

16. Below, please let us know if there is another housing type you desire that wasn't mentioned previously that you believe the City needs more of.
- a. [FILL IN THE BLANK]
17. We value your input, if you would like us to keep you informed about Palo Alto's Housing Element update, please enter your email here.
- a. [FIRST NAME]
  - b. [LAST NAME]
  - c. [EMAIL]

## **Encuesta para el Elemento de Vivienda de la Ciudad de Palo Alto**

La Ciudad de Palo Alto está en proceso de actualizar su Elemento de Vivienda, cual es el Plan de Vivienda de la Ciudad para el período 2023-2031. Como parte del plan, la ciudad está en obligación de planificar 6,086 unidades de vivienda. La ciudad quiere escuchar su opinión sobre la mejor manera de planificar estas futuras unidades.

La encuesta del Elemento de Vivienda le hará una serie de preguntas relacionadas con la vivienda relacionadas las condiciones actuales de la vivienda y su opinión sobre el futuro de la vivienda en Palo Alto. La información será utilizada por el Grupo de Trabajo del Elemento Vivienda de la Ciudad, la Comisión de Planificación y Transporte, y el Ayuntamiento de la Ciudad para entender mejor los sentimientos de la comunidad sobre el futuro crecimiento de la vivienda en la Ciudad.

Si está interesado en saber más sobre la actualización del Elemento de Vivienda de la Ciudad, por favor vaya a [paloaltohousingelement.com](http://paloaltohousingelement.com)

Gracias por tomarse el tiempo para completar la encuesta.

### **¿Qué tan difícil es encontrar vivienda en Palo Alto?**

Para las preguntas del 1 al 3, seleccione un número entre 1 y 5, en cual 1 significa "Totalmente en desacuerdo" y 5 "Totalmente de acuerdo".

1. Por favor, seleccione una respuesta refiriéndose a la siguiente declaración:

**Es difícil encontrar una vivienda de alquiler económica en Palo Alto.**

- a. 5
  - b. 4
  - c. 3
  - d. 2
  - e. 1
2. Por favor, seleccione una respuesta a la siguiente declaración:

**Es difícil encontrar viviendas de propiedad económicas en Palo Alto.**

- f. 5
- g. 4
- h. 3
- i. 2

- j. 1
3. Por favor, seleccione una respuesta en relación con la siguiente declaración:
- Es difícil encontrar viviendas disponibles a precio de mercado para comprar en Palo Alto.**
- a. 5
  - b. 4
  - c. 3
  - d. 2
  - e. 1

**¿Cuáles son sus preferencias de vivienda en la ciudad de Palo Alto?**

4. ¿Cuál es su preferencia de vivienda propia?
- a. Prefiero ser propietario.
  - b. Prefiero alquilar.
  - c. No estoy seguro.
5. ¿Dónde cree que deberían ubicarse las nuevas viviendas? (Seleccione los 5 primeros)
- a. En toda la ciudad.
  - b. Cerca de la autopista 101
  - c. Cerca de las estaciones de Caltrain
  - d. A lo largo de El Camino Real
  - e. A lo largo del Oregon Expressway
  - f. A lo largo de la calle Alma (Alma Street)
  - g. Cerca de la Universidad de Stanford
  - h. En el centro de Palo Alto (Downtown)
  - i. Cerca de las zonas comerciales
  - j. Cerca de los centros de empleo
6. ¿Qué tipo de vivienda le gustaría ver en Palo Alto?
- a. Uso mixto (vivienda por encima de comercios y oficinas)
  - b. Viviendas en régimen de cooperativa y vida en comunidad
  - c. Unidades de vivienda accesorias (casa de huéspedes/ piso de acogida)
  - d. Casa prefabricadas
  - e. Viviendas unifamiliares
  - f. Viviendas multifamiliares



7. ¿Estaría usted interesado en desarrollar una unidad de vivienda accesoria en su propiedad?
  - a. Si
  - b. No. Si ha respondido no, ¿podría explicar por qué?
  - c. No estoy seguro.
  - d. No tengo propiedad, esto no me aplica.
8. ¿Cuáles son las oportunidades para aumentar la cantidad de viviendas en Palo Alto?
  - a. Fomentar la vivienda en zonas que ya están desarrolladas pero que podrían hacerse más densas aumentando el número de unidades de vivienda permitidas en cada propiedad.
  - b. Ubicar las viviendas en terrenos vacíos que están zonificados para el desarrollo de viviendas, pero que aún no están desarrollados.
  - c. Fomentar el desarrollo de unidades de vivienda accesorias (piso de acogida) en las propiedades unifamiliares existentes.
  - d. Ubicar viviendas en terrenos industriales vacíos que hayan sido convertidos a uso residencial.
  - e. Ubicar las viviendas cerca de los emplazamientos comerciales, creando barrios de "trabajo vivo".
  - f. Reacondicionar los centros comerciales más antiguos y las zonas de venta menorista con usos residenciales.
  - g. Colocar las viviendas en lotes infrautilizados (es decir, edificios antiguos que tienen un potencial adicional).
9. ¿En qué tipo de programas y/o actividades relacionadas con vivienda cree que debería concentrarse la ciudad en los próximos ocho años?
  - a. Promover servicios de vivienda justa para abordar el fraude, el desplazamiento o la discriminación.
  - b. Fomentar el diseño innovador con énfasis en la comunidad y los servicios.
  - c. Centrar los esfuerzos de rehabilitación en la cuenta de vivienda existente.
  - d. Agilizar el proceso de permisos
  - e. Crear o trabajar con arquitectos para perfeccionar los prototipos de ADU (Unidad de Vivienda Accesoria) aprobados por la ciudad.
  - f. Ampliar el inventario de viviendas asequibles.
  - g. Centrarse en la vivienda de emergencia, de transición o de apoyo, en particular para las personas que experimentan la falta de vivienda.

- h. Proporcionar incentivos de desarrollo adicionales a los promotores de la construcción de unidades de bajos ingresos o asequibles

**¿Cómo es Palo Alto casa para usted?**

10. Por favor, seleccione el código postal de su lugar de residencia.

- a. 94303
- b. 94301
- c. 94306
- d. 94304
- e. 94022

11. ¿Cuánto tiempo lleva viviendo en la ciudad de Palo Alto?

- a. 0 – 5 años
- b. 5 – 10 años
- c. 10 -15 años
- d. Mas de 15 años

12. ¿Qué tipo de vivienda ocupa actualmente?

- a. Unidad de vivienda accesoria (piso de la acogida/casa de invitados)
- b. Apartamento
- c. Condominio/casa adosada
- d. Vivienda en cooperativa
- e. Dúplex/triplex
- f. Hogar colectivo/vivienda asistida
- g. Casa móvil
- h. Vivienda unifamiliar
- i. No tengo actualmente una vivienda permanente
- j. Otro (por favor describa) \_\_\_\_\_

13. ¿Qué describe mejor su situación de vida actual? Elija todas las que correspondan.

- a. Vivo solo
- b. Vivo con compañeros de piso
- c. Vivo con un/a cónyuge o pareja
- d. Vivo con mis hijos
- e. Vivo con mis padres

- f. Conviven varias generaciones (hijos adultos, padres, abuelos, etc.)
- g. Otros (describalos) \_\_\_\_\_

14. ¿Cuál es su grupo de edad?

- a. Menor de 18 años
- b. 18-29
- c. 30-39
- d. 40-49
- e. 50-59
- f. 60-65
- g. 65 años o más

15. ¿Qué parte de sus ingresos mensuales se destina a la vivienda (alquiler o hipoteca)?

- a. Menos de \$1,000
- b. \$1,001 a \$2,500
- c. \$2,501 a \$4,000
- d. \$4,001 – \$6,000
- e. \$6,001 - \$10,000
- f. Más de \$10,000
- g. Prefiero no decirlo

16. A continuación, indíquenos si hay algún otro tipo de vivienda que desee y que no se haya mencionado anteriormente y que crea que la ciudad necesita más.

- a. [RELLENE EL ESPACIO EN BLANCO]

17. Valoramos su opinión, si desea que le mantengamos informado sobre la actualización del Elemento de Vivienda de Palo Alto, por favor introduzca su correo electrónico aquí.

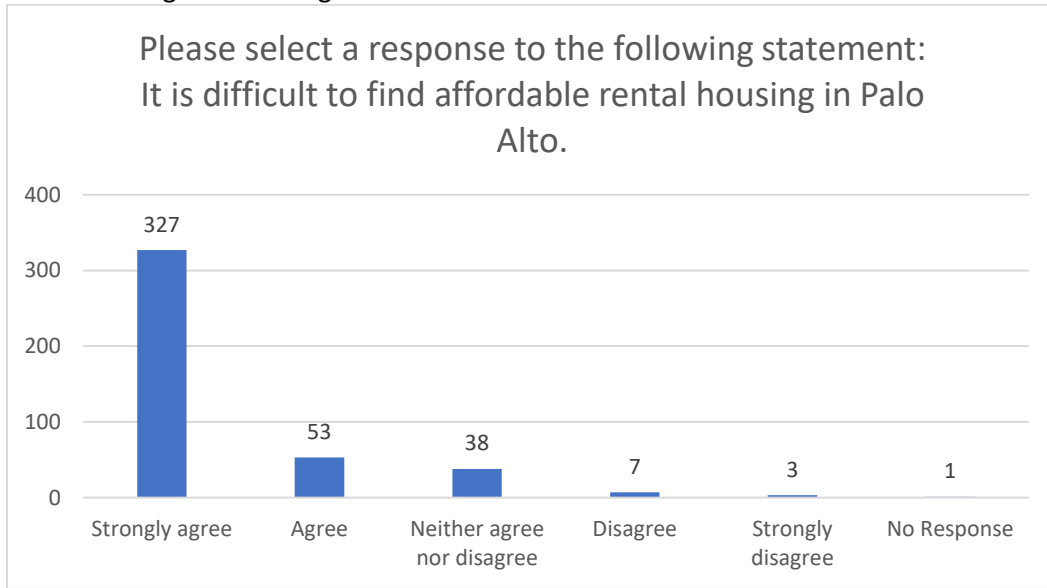
- a. [NOMBRE]
- b. [APELLIDO]
- c. [CORREO ELECTRÓNICO]

## Palo Alto Housing Element Update Survey

July 5 – August 17, 2021

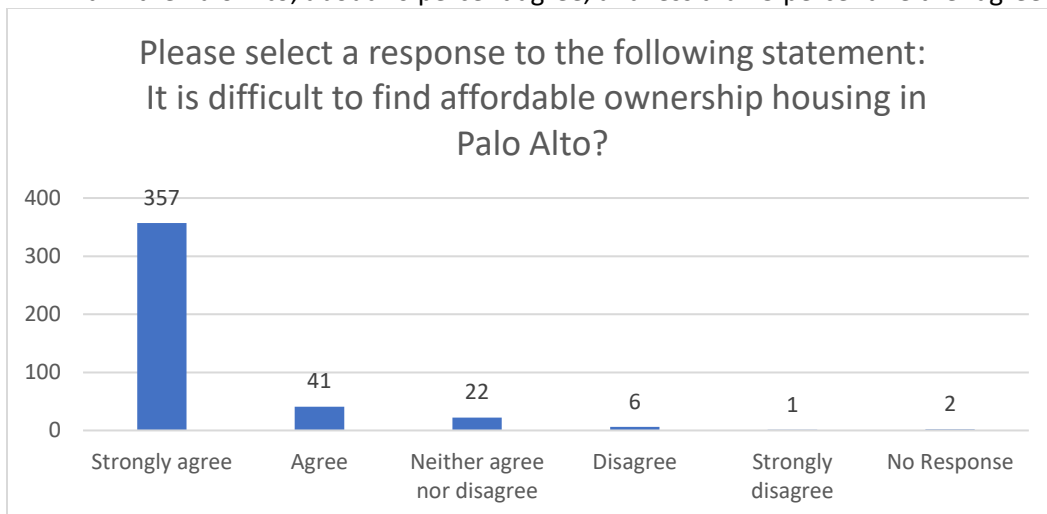
### Q1. Is it difficult to find affordable rental housing in Palo Alto? (429 respondents, 1 skipped).

- a) Approximately 76 percent of respondents strongly agree that affordable rental housing is difficult to find in Palo Alto. Approximately 12 percent of respondents agree, while 9 percent neither agree nor disagree.



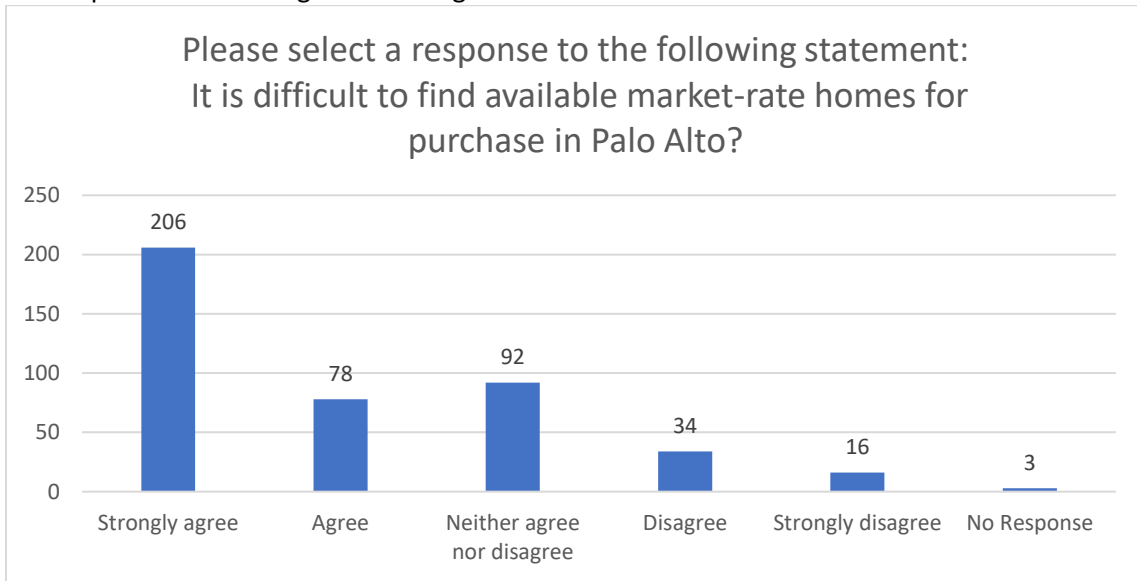
### Q2. Is it difficult to find affordable ownership housing in Palo Alto? (428 Respondents, 2 skipped).

- a) Over 80 percent of respondents strongly agree that affordable ownership housing is difficult to find in the Palo Alto, about 10 percent agree, and less than 5 percent neither agree nor disagree.



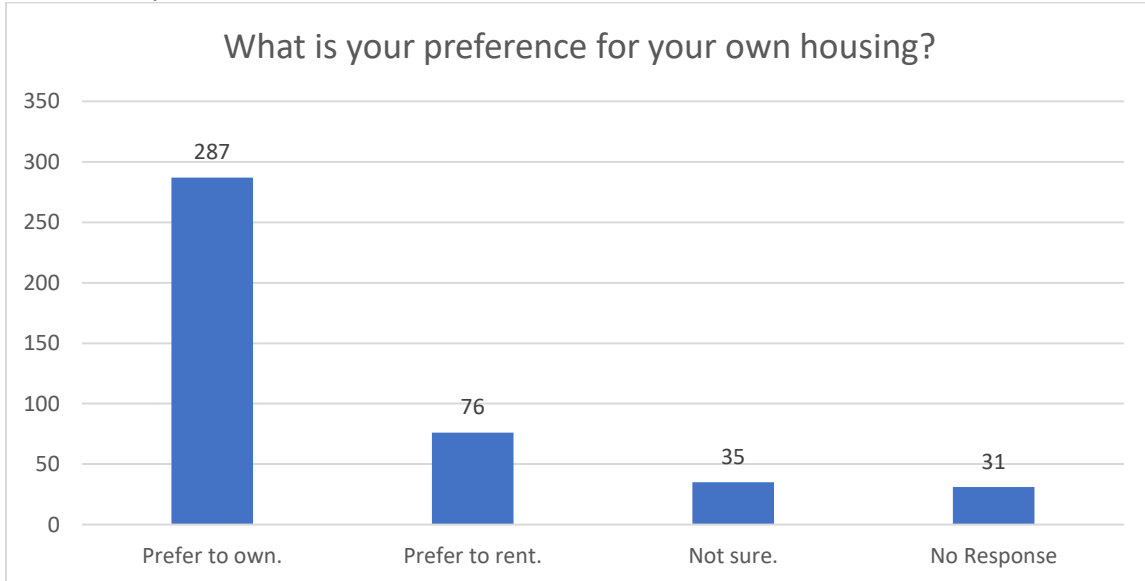
**Q3. It is difficult to find available market-rate homes for purchase in Palo Alto? (427 respondents, 3 skipped).**

a) About 50 percent of respondents strongly agree. Less than 20 percent agree, and approximately 23 percent neither agree nor disagree



**Q4. What is your preference for your own housing? (399 respondents, 31 skipped)**

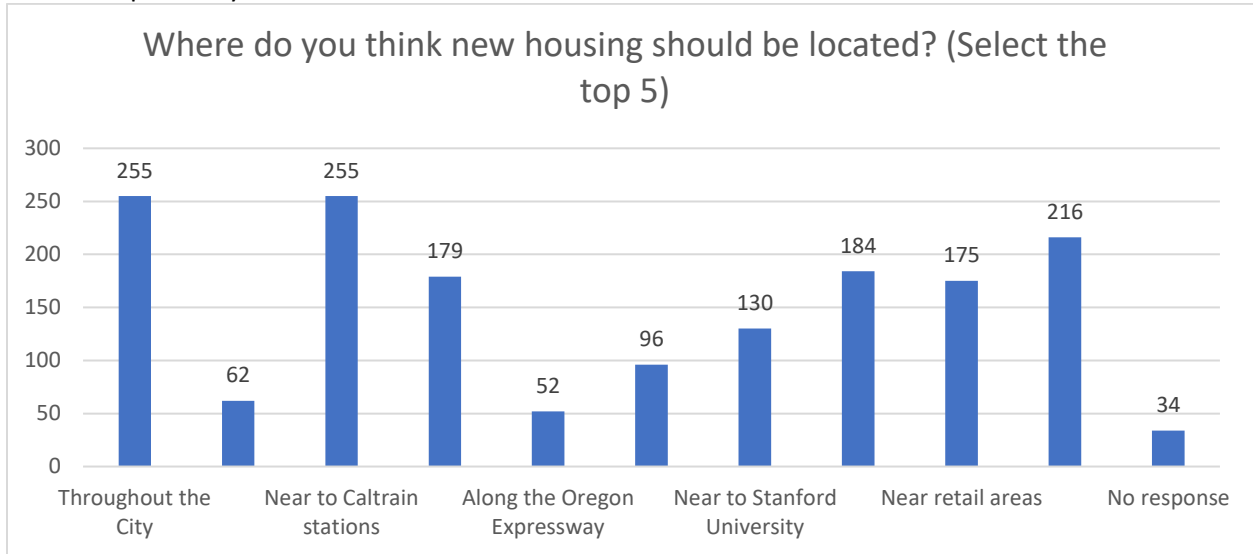
a) Over 70 percent of respondents prefer to own, while less than 20 percent prefer to rent. Less than 10 percent not sure.





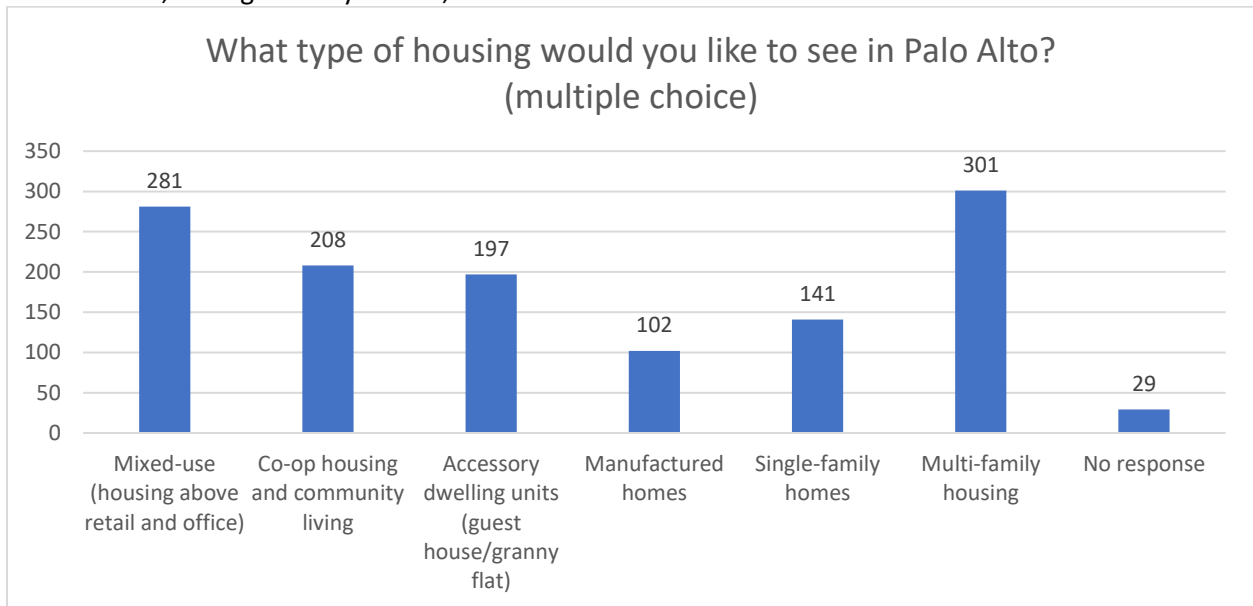
**Q5. Where do you think new housing should be located? Select top five answers (396 respondents, 34 skipped).**

- a) Top selected answers (highest to lowest): 1. Near Caltrain Stations, 2. Throughout the City, 3. Near employment center, 4. Downtown Palo Alto, 5. Along Camino Real, 6. Near retail areas, 7. Near Stanford University, 8. Along Alma Street, 9. Near Highway 101, 10. Along the Oregon Expressway.



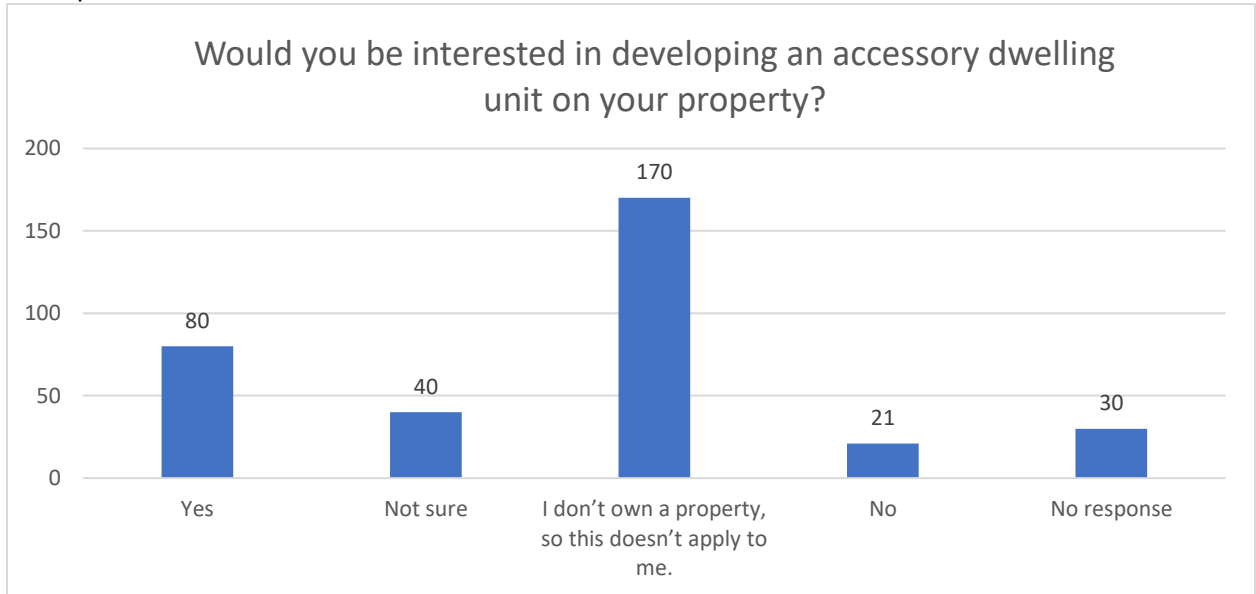
**Q6. What type of housing would you like to see in Palo Alto? Multiple choice. (401 respondents, 29 skipped).**

- a) Top selected answers (highest to lowest): 1. Multi-Family Housing, 2. Mixed-Use Housing (Housing above retail and office). 3. Co-op housing and community living. 4. Accessory dwelling units, 5. Single family homes, 6. Manufactured homes.



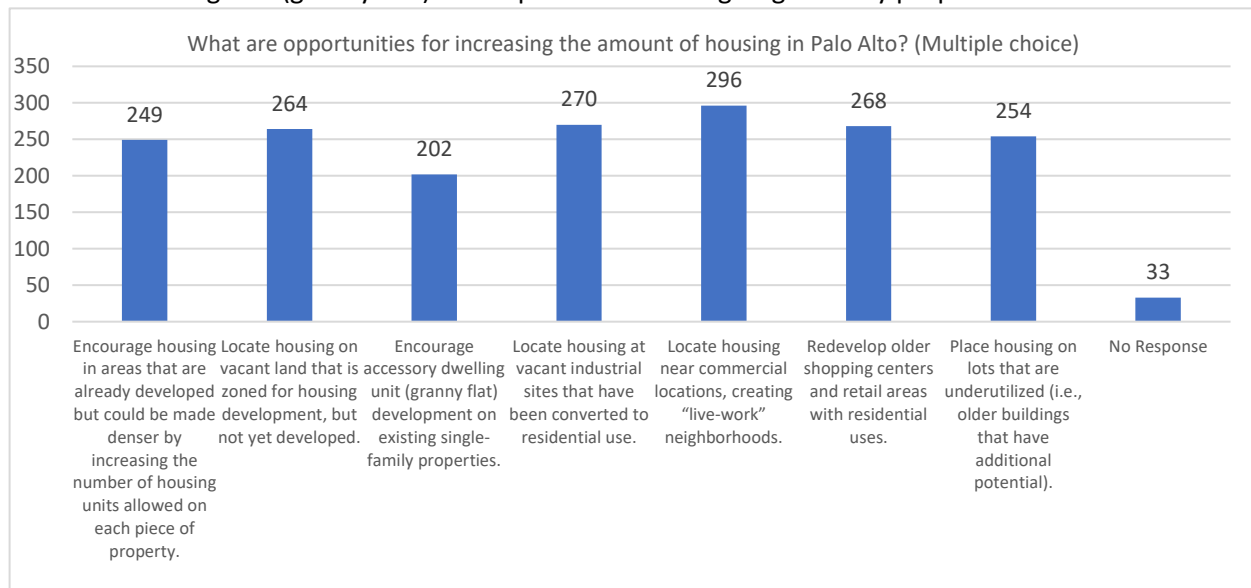
**Q7. Would you be interested in developing and accessory dwelling unit on your property? (400 respondents, 30 skipped).**

a) Over 40 percent answered, “I don’t own a property, so this doesn’t apply to me”. Approximately 22 percent answered, “if no, can you please share why?”. 20 percent answered “yes”, and about 5 percent answered no.



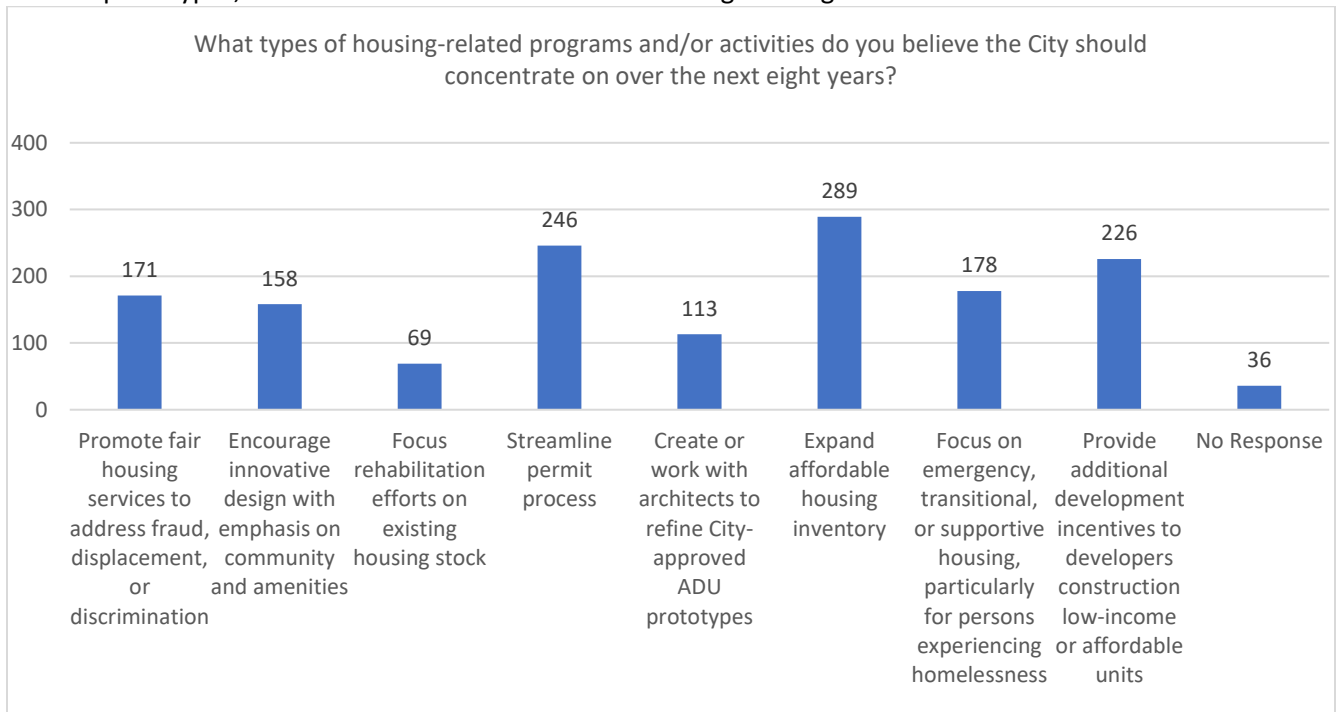
**Q8. What are opportunities for increasing the amount of housing in Palo Alto? Multiple Choice (397 respondents, 33 skipped).**

a) Top selected answerers (highest to lowest): **1.** Locate housing near commercial, **2.** Locate housing at vacant industrial sites that have been converted to residential use, **3.** Locate housing on vacant land that is zoned for housing development but not yet developed, **4.** Redevelop older shopping centers and retail areas with residential uses, **5.** encourage housing in areas that are already developed but could be made denser by increasing the number of housing units allowed on each property, **6.** Place housing on lots that are underutilized, **7.** Encourage accessory dwelling unit (granny flat) development on existing single-family properties.



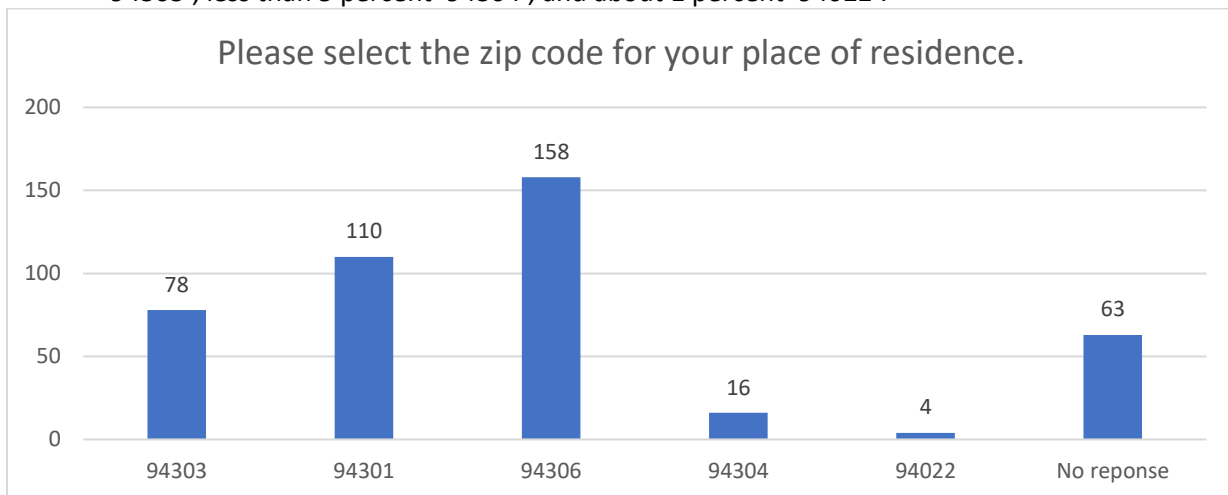
**Q9. What types of housing-related programs and/or activities do you believe the City Should concentrate on over the next eight years? multiple choice (394 respondents, 36 skipped).**

- a) Top selected answerers (highest to lowest): 1. expand affordable housing inventory, 2. Streamline permit process, 3. Provide additional development incentives to developers' construction low-income or affordable units, 4. Focus on emergency, transitional, or supportive housing, particularly for persons experiencing homelessness. 5. Promote fair housing services to address fraud, displacement or discrimination, 6. Encourage innovative design with emphasis on community amenities, 7. Create or work with architects to refine City-approved ADU prototypes, 8. Focus rehabilitation efforts on existing housing stock.



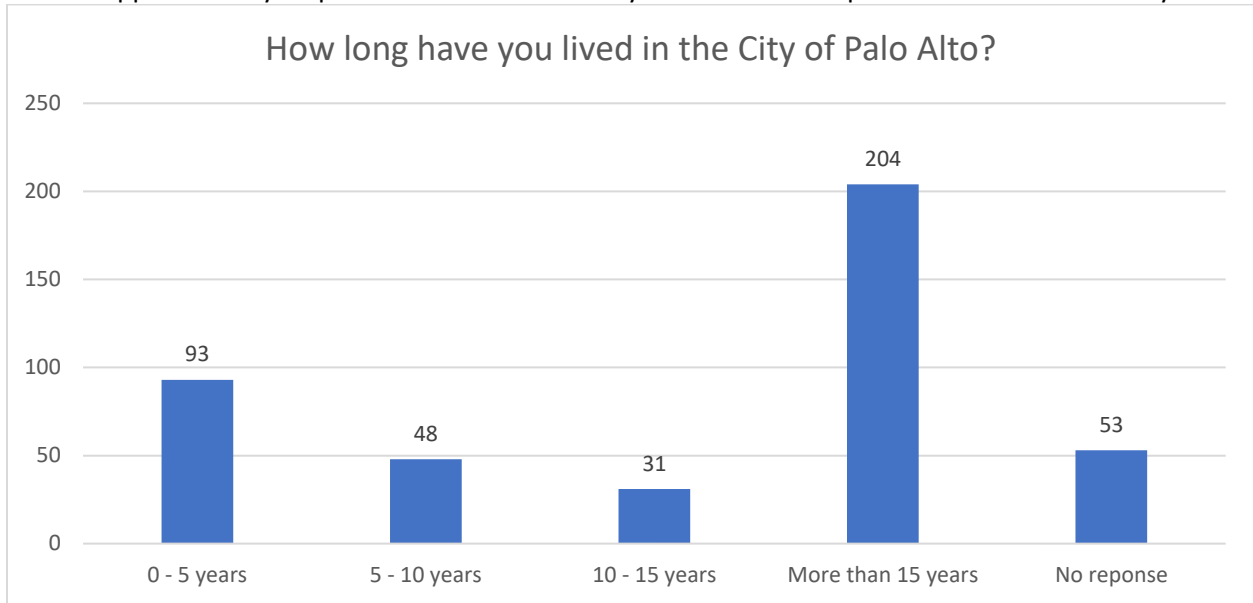
**Q10. Please select the Zip Code for your place of Residence (367 respondents, 63 skipped).**

- a) 40 percent answered '94306'. About 30 percent answered, '94301', 20 percent answered, '94303', less than 5 percent '94304', and about 1 percent '94022'.



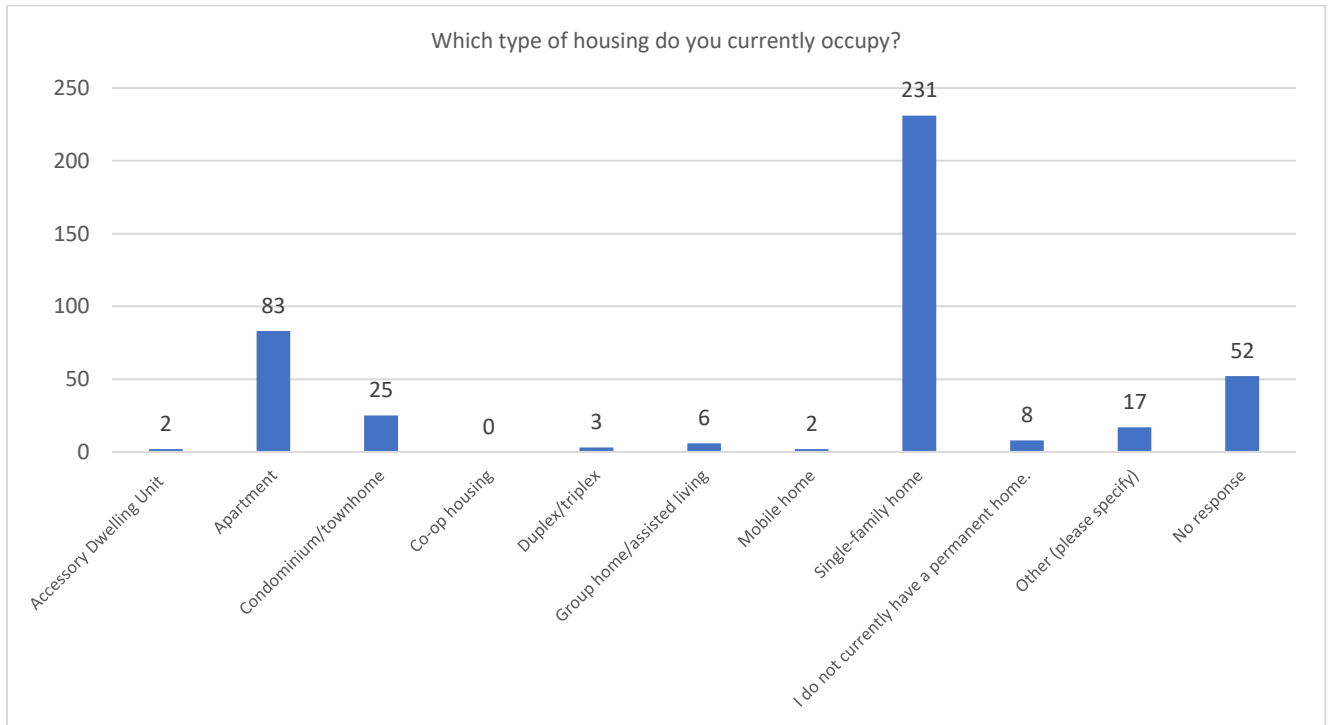
**Q11. How long have you lived in the City of Palo Alto? (377 respondents, 53 skipped).**

- a) Approximately 55 percent answered 'more than 15 years', 25 percent answered '0-5 years', approximately 12 percent answered '5 – 10 years' and about 9 percent answered '10- 15 years'.



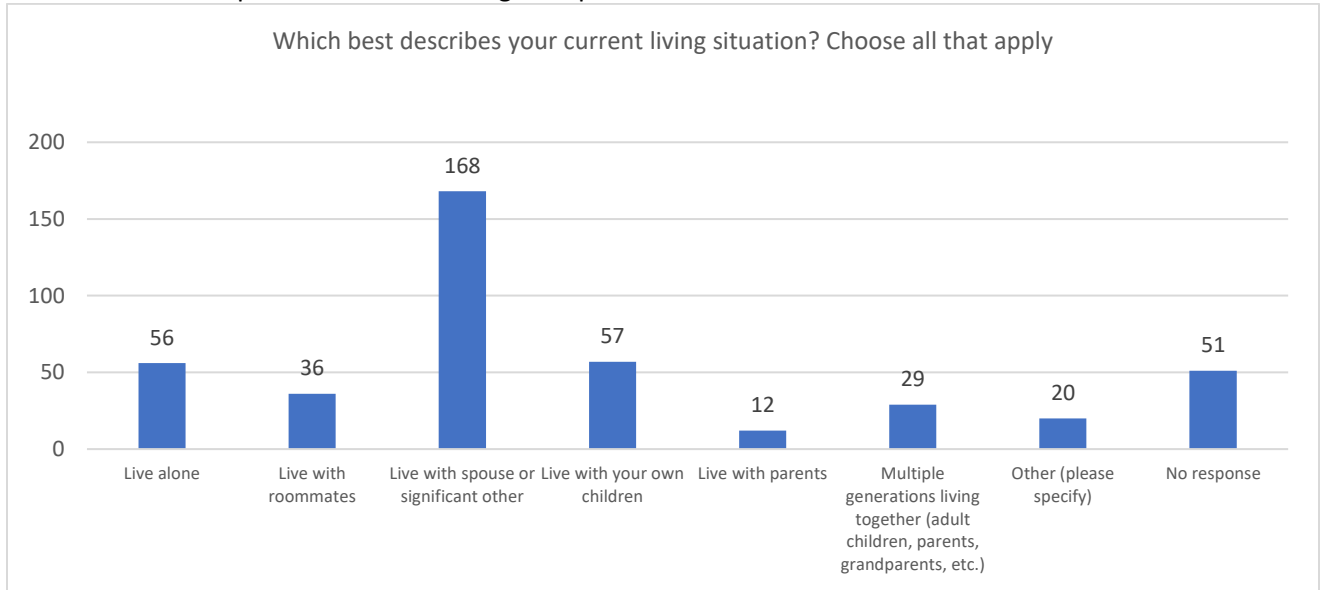
**Q12. Which type of housing do you currently Occupy? (378 respondents, 52 skipped).**

- a) Approximately 62 percent answered, 'Single-family Home', about 25 percent answered 'apartment', less than 10 percent answered 'condominium/townhome', less than 5 percent for all other choices.



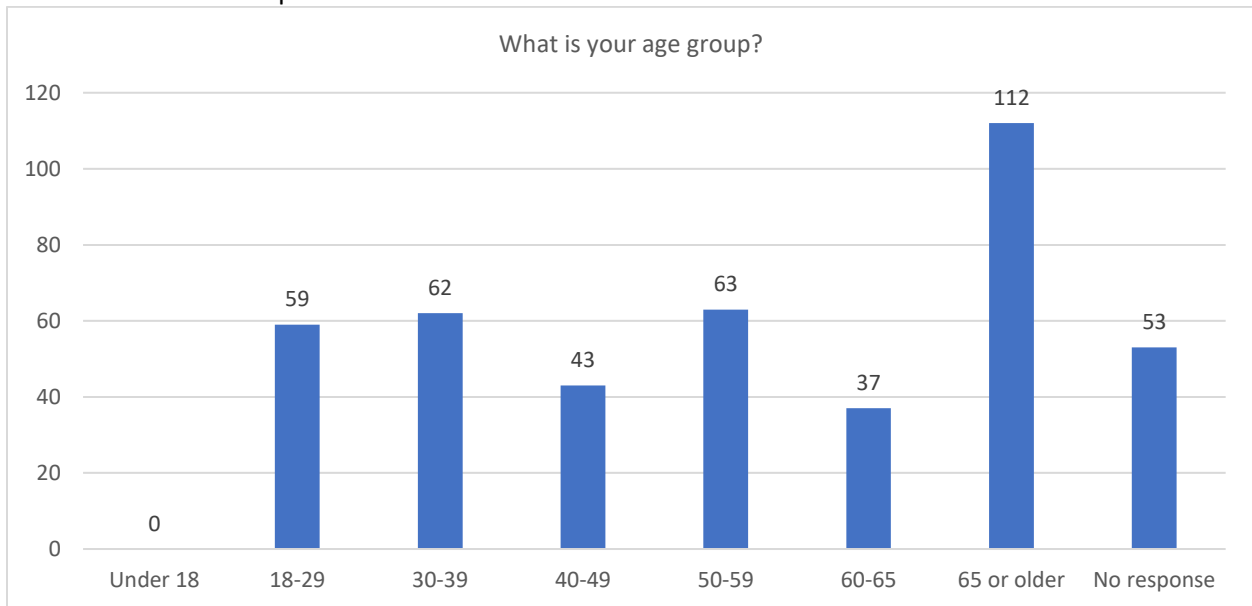
**Q13. Which best describes your current living situation? Multiple choice (379 respondents, 51 skipped).**

- a) 45 percent selected 'living with spouse or significant other', 15 percent selected 'live alone', 15 percent selected 'live with your own children', 9 percent selected 'live with roommates', approximately 8 percent chose multiple generations living together, 5 percent selected 'other', less than 5 percent selected 'living with parents'.



**Q14. What is your age group? (377 respondents, 53 skipped).**

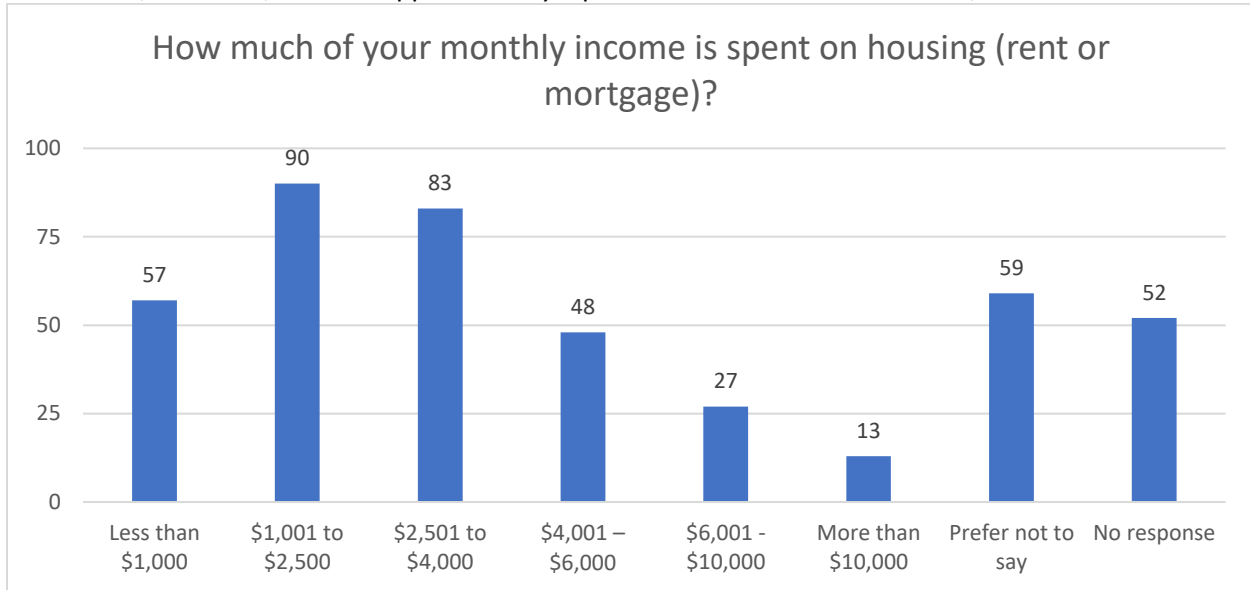
- a) 30 percent selected '65 or older', approximately 17 percent selected '50-59', 15 percent selected '30-39', approximately 14 percent selected '18 – 29', about 11 percent selected '40-49', and about ten percent selected '60-65'.





**Q15. How much of your monthly income is spend on housing (rent or mortgage)? (378 respondents, 52 skipped).**

- a) Approximately 25 percent selected ‘\$1,001 – \$2,500’. Approximately, 23 percent selected ‘\$2,01 – \$4,000’, approximately 16 percent selected ‘prefer not to say’, about 15 percent selected ‘less than \$1,000’, about 12 percent selected ‘#4,001 – \$6,000’, approximately 7 percent selected ‘\$6,001 – \$10,000’ and approximately 4 percent selected ‘more than \$10,000’.



**Q16. Below, please let us know if there is another housing type you desire that wasn’t mentioned previously that you believe the City needs more of. (160 respondents, 271 skipped)**

**Support additional housing development/ affordability:**

1. We should be allowing a higher building height in downtown. Apartments over retail and restaurants would make downtown Palo Alto busier and less boring. Also the city needs to review the resident permit parking rules. The current residents need a say, not be forced into the decisions made several years ago. Crescent's parking permit rules are simply designed to keep the brown and black EPA residents away.
2. in our neighborhood, there are several lots that have 4 individual houses on it, and apparently there were many more of these previously. this might be a good way to add housing without adding height.
3. Just increase housing that aren't single family homes. People across the income spectrum need a place to live and as a renter who has moved from place to place over the years, there are just a vanishingly small amount of options.
4. We have to do much more than just more ADUs <> Maintaining neighborhood shopping centers is important for making Palo Alto a walkable and accessible city, but adding housing while retaining business would be ok. <> Look at Mountain View! They are developing and redeveloping all over the place. Can't Palo Alto do that, too!
5. Missing middle housing like duplexes, triplexes, fourplexes, cottage courts, townhomes, and small apartment buildings. They would blend in well in every neighborhood!
6. The multiple choices about “what we should do” lacked the single most important thing which is... build more housing and make it easier for others to build more housing.
7. Taller buildings with more units around University and California Ave

8. This survey was frustrating because it didn't focus on density of housing, and the City of Palo Alto needs to allow much more density to meet demand: tall (>50 feet) apartment buildings near Caltrain and El Camino, zoning for triplexes/quadplexes everywhere else. Would love to see the city significantly ease zoning restrictions, remove all mandates to provide parking spaces (we don't need more cars!), and allow much needed housing to get built!
9. Upzone single family neighborhoods to allow however much housing can be built within daylight plane. Abolish height limits below 6 stories within 1 mile of each caltrain stop.
10. Eichler neighborhoods, like Los Arboles, have single-story overlay, but this does not address a replacement house that is out of character. There are 2-story houses that are in character in that neighborhood. I recommend restricting single story overlay and emphasizing building style in character. I live in Channing House and rent out my Eichler house. Consider denser housing on Middlefield in south Palo Alto, where it is wider, and Embarcadero Road.
11. Think about converting excess office space to living quarters.
12. Stop encouraging housing speculation where it's WALL STREET buying up homes. Force Stanford to provide housing on its property since it's constantly expanding.
13. Duplexes within single family neighborhoods. I would welcome those in our neighborhood.
14. apartment residential community
15. I own lovely old rental cottages. (relatively affordable.) Is there anything you can do to preserve existing cottage clusters, and encourage new ones? They have gardens and garages.
16. Affordable housing for family members that make less than \$73,000 as a 3 family household.
17. Single family homes designed for multi generational families
18. We should look at adaptive reuse of empty offices, the Fry's site, working with sharp architects who specialize in that. Sunset the Fry's site for once and for all and kick out retail. Rezone current office/industrial zones to housing, but keep our retail. As we add more housing units, retail will be even more important.
19. Raise height limits. Increase density Convert commercial to residential
20. Development of Tiny Homes as a temporary emergency solution for homelessness together with community services. A park like this will help to develop community as well.
21. Selectively allow affordable housing developments to go well above 50 feet if located in or adjacent to commercial districts, such as along El Camino (see Redwood City).
22. We need high-density tall apartment and condominium buildings near jobs and transit (CalTrain and El Camino). Please, no more ugly "modern" architecture (like new developments around 2560 El Camino Real). Leave room for more big trees and shaded pedestrian walkways.
23. What is the purpose of this survey? Why is the city planning department - ie professionals - asking a bunch of reactionary and selfish palo Altans what they want? Stop the community input and discussions and just be real about building a ton of housing.
24. converting long vacant office space into loft-style apartments with solar canopies in parking lots for shared EV charging
25. Build more housing, especially near transit.
26. Upzone the parts of College Terrace closest to El Camino, including around the library. Upzone more of Evergreen Park. Both would provide more customers to sustain Cal Ave commercial district. Build. Build. Build. Palo Alto is failing at housing and it's embarrassing to say I live in Palo Alto.
27. Condos and apartments west of Cal Ave Caltrain station. No reason to have single-family homes <500ft of a rail line.
28. Palo Alto is a city, not a small rural village. We need to expand access to housing through increasing density and that means apartments like the ones I happily lived in in other cities before I moved to Palo Alto.

29. Build taller apartment buildings. Streamline permitting. Fight the NIMBY people. I rent, and I would like to own, but I will never be able to afford it at this rate.
30. Yes! Throughout midtown, there are pockets of 4-plex properties -- not a main house/ADU situation, but four small units on a single property. I think there's a huge opportunity to encourage this development model. Most ADU's I know of are not actually rented out, but are used by the primary residents as a guest house for relatives. In this community, I think the ADU model has a limited impact on increasing housing stock.
31. Denser housing is definitely a great option, however, if Palo Alto does this, it should also include typical amenities that go along with it - like more greenspace (including innovative ones like rooftop parks), sky walkways across large thoroughfares, public transportation, etc.
32. Housing exclusively for mentally ill under psych care. Currently, some "affordable housing" means people of all level of stability and age are mixed together. Those that aren't stable and acting out influence negatively those who are working to improve their lives or cannot afford expensive rentals. I am referring to Alma Place specifically.
33. Palo Alto should remain the "California Dream"- single family homes with outdoor living in the back yard. One story homes among other one story homes- (Keep back yards private) And apartments with other apartments, close to transportation and retail areas.
34. Condominiums or townhomes that have a fair number of below market units for ownership.
35. All types of affordable housing
36. I would love to see Palo Alto convert all of the vacant office space throughout the city that is sitting unleased into housing. These buildings are already well located near transit, and with increased hybrid and remote working remaining a fixture even beyond the pandemic, those units would serve our community better as housing.
37. Is Stanford shopping center an option for mixed use retail/housing? Most of it is single story, and the mall is quite dated. Close to Stanford, Caltrain, restaurants and pretty easy access to 101 & 280. Would be a great place to add a lot of units! That mall could be a world class destination if it was updated. Especially w/an upscale hotel.
38. allow multistory buildings along El Camino Real and low density former industrial areas, stop blocking developers with excessive unrealistic reviews and requirements. It takes too long to get anything approved. We should learn from all the construction being done in Mountain View now.
39. Senior housing, so that seniors have reason to leave single family homes that could house, well, families.
40. We need low income housing development. We do not need market rate housing.
41. I know many people are against but I think we need more Euro city style housing on top, retail, restaurants, etc. on bottom and some public transport
42. duplexes, tri- and quad-plexes on any previously R1 lot. Allow multi-family to replace any previous single family home.
43. I believe that flexibility is missing here. We need to address the housing problem on multiple levels and make it a place that is not only for rich people to live.
44. city, state, and federal government should AGAIN fund and build housing - for everyone - as was done successfully from the 1930s up until the late 70s when Nixon and Reagan stopped such programs in favor of tax credits and the hope that developers would build low-cost housing despite the fact that higher end housing provides greater profit. The government must step in because the "free market" directs development to high end housing, and will never produce cheaper housing when expensive housing pays better.

45. More high density construction of all types (NEAR TRANSIT + AMENITIES + RETAIL to enable walkability, no need to own a car, etc.) - More housing of all kinds, except make it harder or disincentivized to build single family homes or "less density than is possible"
46. I fully support additional below market rate rental housing. I also support doubling density in areas that are already zoned for multifamily housing, such as Alma. R2 would become R4. R4 would become R8. I also support changing commercial zoning to housing. We don't need more offices, warehouses or market rate housing. We do need more affordable housing. There is no shortage for those who can pay \$5K rents and above. I'd like to see the city acquire property and lease it to low income housing developers like Alta Housing in perpetuity. Without the cost of land, I believe most developers can build affordable housing. I am against developer giveaways, particularly reducing required parking in areas where there is already a parking deficit, such as around CA Avenue and downtown. Any area which has an RPP has a parking deficit. Once mass transit is available and there is no shortage of parking, then we can reduce parking requirements. I'm also against any affordable housing that is time limited. I'm still furious the city allowed the assisted living property to be redeveloped into the Nobu Hotel on Hamilton, at \$1,000+ per night. That resulted in the loss of dozens of very needed low income senior units. They didn't even require them to meet existing zoning, such as parking requirements for hotels. We don't need developer giveaways that degrade livability of Palo Alto. We need low income and very low income housing now and cannot afford to squander what limited space for housing for anything but below market rental housing.
47. Convert office space to housing to help balance the jobs/housing imbalance.
48. Allow denser housing. The landlords have captured all of the city growth and profits at great cost to everyone else. Business and community cannot thrive with housing prices like this.
49. 8-12 story apartment buildings and condos senior housing
50. More housing is needed at all levels, market rate and affordable.
51. Duplexes, Triplexes, and Quadruplexes automatically allowed on single family residential lots, similar to the Opportunity Housing that San Jose is exploring.
52. the city needs more housing full stop.
53. Why have you not addressed the massive need for low-income apartments, duplexes, and the homeless needs of the city?
54. I did not pick a zip because I don't currently live in PA. I lived in PA for 25 years as a renter. It was always really hard and when my landlord became too terrible to endure, and with almost no support for renters, I decided to buy. I tried and tried and tried to stay in my community and could not find that unicorn. Still makes me sad as I was a very involved community member. Also, some questions in survey are confusing and exclude input. The word 'affordable' is code for subsidized (even if indirectly subsidized). The problem w entire bay area is the market rate housing does not include affordable market rate housing. Affordable in this context means a lower price point. Maybe a studio or concise 1/2 bedroom. Developers (without market signal or requirement) only build at the most expensive end of market rate.
55. You need to add low-income housing in multiple locations and emphasize on that
56. The list of things the city should be doing is missing all the important ones - it should be doing nothing except figuring out how to hit its target housing units with small, more affordable housing for sale (split lots, multiple unit buildings, condos, townhouses). Anything else is a distraction. Build the homes. Nothing else works.
57. I would like to see single family lots being able to house 2 homes, not 4. I'd make this zoning city-wide.

58. More affordable housing needs to be built. City needs to promote quicker development of affordable housing. City needs to financially support affordable housing. For city workers, teachers, first responders.
59. I think you've addressed missing middle housing (duplexes/quadplexes), but it was not explicit. I believe this + high density around El Camino would do the trick.
60. mid-rise and high-rise apartment living. quadplex, fourplex and triplex missing middle rental and condos
61. Senior housing, assisted living communities, housing for disabled, housing for those in recovery, transitional housing, social/communal housing, multi-generational housing.
62. Strongly in favor of co-op housing. I would like artists and teachers and low middle class wage earners to live in palo Alto to make a more diversified community
63. Housing should be developed by converting office space to housing. Any new housing, irrespective of density will be expensive as the construction costs need to be amortized and rental housing owners want a profit. If it's \$500 / sq. foot to build, then at 8%/ year, rents will be \$40/sq ft, or \$40K/year at least for 1,000 sq. feet (most families want this size). Companies are the ones with lots of cash that's not getting a return, and they need to build \*all\* of the housing needed for their new employees as part of any office construction. Doing so at least takes pressure off of the existing residents to subsidize the costs their growth imposes on the communities.
64. Locate housing in transit corridors which will help to improve public transit options. Permit single family home lots to be split to allow two to four ownership opportunities per lot, depending on lot size. ADUs do not increase ownership opportunities and all the profits accrue to the home owner, keeping new generations locked out of the housing market.
65. Three-story townhomes at 15 - 25 DU/ac with an FAR of up to 1.35 and site coverage max of 40% should be allowed anywhere in the City without a PUD, PD or CUP. Also, the minimum width for private streets and alleys should be 22' - 26', not 32'. The current 32' minimum is a waste of space and bad for the environment. Thanks!
66. I think the city should fight the state as far as the number of housing units needed. The city needs to avoid building more office. WE need to convert offices to housing Very prejudiced survey
67. Site denser housing within a 1/4 mile walk of transit so that our new residents have a chance to not drive for every trip.
68. Co-housing
69. We need affordable accessible housing for seniors and the differently abled.
70. Conversion of commercial to housing.
71. Please build more multi-family housing.
72. Duplexes, triplexes and four plexes in single family neighborhoods
73. high-rises would be great!
74. We need much more affordable housing, particularly for the "missing middle". Duplexes should be allowed on larger lots in current R-1 neighborhoods. Large, purely affordable housing developments can be built on El Camino, Stanford Industrial Park, and current retail areas. Market rate development, even with 20% affordable units, will not be enough to make a difference.
75. Row houses and town houses. three story flats with a unit on each floor. Small multifamily 3-10 units with shared common space.
76. Small multifamily homes (1-4 units) in single family areas
77. Affordable apartments to rent or buy
78. 4-plex housing, 2 stories, on lots now zoned for single family housing



- 79. Townhouses, duplexes. All apartments should have balconies or roof gardens
- 80. Dorm like buildings with shared facilities like kitchens, workshops, gym, offices.
- 81. Tiny Homes
- 82. I have a job in Software Development, and I can barely afford to live here. The city needs to consider the needs of working citizens who we NEED nearby: plumbers, firefighters, electricians, civil servants, police officers, teachers, nurses, etc etc etc. What housing can this group afford?
- 83. City should create permanently affordable ownership and rental housing for all income groups not served by market rate developers by joining the CalCHA essential housing JPA
- 84. We love Palo Alto and want to own, but the prices are just astronomical. I would like to see the city find paths to enable young couples to purchase and raise families in Palo Alto that right now feels unobtainable.

**Opposed to higher density:**

- 85. This is a biased survey. There was no way to say we don't want ANY new density or any new housing. The city is supposed to be opposing the ABAG requirements. Please stop this bias and do what the city council directed city staff to do, namely OPPOSE SB 9 and SB 10! and the ABAG requirements.
- 86. Put housing along El Camino so we can start looking like Mountain View and have large semi-vacant apartment complexes. Much of El Camino sucks right now and anything would be an improvement. But how do you "make" the people that own the land that sits empty or houses old ugly buildings to do something with their property? One thing that bugs me is that the only way to create affordable housing like some want is for the rest of us to pay for it. And it bothers me that others want us to pay to house people that presently do not live here and by doing so will crowd in more people, continue to deteriorate what is left of our quality of life and increase the use of basic resources (i.e. water) that is limited. If the pandemic has shown anything it is people prefer to live in single family housing situations given the choice. The urban planners that want to cram us all into tiny boxes are a minority and always will be in this country.
- 87. NOT SB9 & SB10. El Camino has lots of potential spots for development (and would be an improvement to many structures there)
- 88. PALO Alto housing is beyond affordability/ toooooo expensive!
- 89. I am firmly opposed to State Bills 9 and 10, which would allow developers to convert single family lots into 2-6 housing units with only a 4 foot setback and no environmental protection for our precious trees. This is a giveaway to developers and must be defeated to keep Palo Alto an attractive place to live. Also, these new 2-6 housing units on each lot would not be affordable due to the outrageous cost of land in Palo Alto.
- 90. Less density. Push Sacramento to develop new areas of housing and work in the open spaces near Folsom, east.
- 91. Please reject Senate Bills 9 and 10, which would allow single family homes to be densely redeveloped into 2-6 housing units, including ADU's. Lawns and trees would be removed, with 4-foot setbacks. Developers wouldn't have to pay for sidewalks, sewers, parks, and other city amenities. This would destroy the ambiance of single family home neighborhoods. We don't have room for 6000 additional housing units without destroying the character of our once quiet, suburban small city. Where will we get the water for these new residents? Please stop this development of offices and massive developments to house them!
- 92. Stop building the ugly dense expensive apartments/condos! Everyone hates them. Start address global warming, where's the trees and parks. Prefer housing that was built at old OA Clinic site, much more unique. Stop boxing in the Ventura neighborhood. Build unique affordable housing, with nature and common spaces, that's it!!!!

93. Densification is the only way to lower housing costs and reduce emissions in our city. Pushing people out due to unaffordability results in longer commutes resulting in more emissions and destroying the Sierra foothills, which in turn make California vulnerable to wildfires. Build up the entire Bay Area. Improve everyone's life.
94. Palo Alto needs to fight Plan Bay Area 2050 housing #'s. Work with other cities which have more available land for housing. Why destroy R-1 neighborhoods. Is an exodus from California going to occur 2nd to being able to work from home? what about limited resources, ie water?
95. City needs to take into consideration over-crowding and impact on schools.

**Land use strategies and regulations to increase housing and affordability:**

96. Less zoning, less process - let the free market decide what housing to build. The rules in Palo Alto are ridiculous even by Bay Area standards.
97. Please abandon minimum parking requirements for both residential and commercial development. This makes construction cheaper and makes the city more walkable.
98. Create incentives on non-residential zoned land for housing development. Stop approving expansionary permits for commercial, industrial and private school uses. Don't negatively impact or destroy existing neighborhoods.
99. Ability to utilize extra bedrooms as rentals.
100. question 8: opportunities for housing? change zoning rules to allow more flexibility around building multi-family housing on current zoned single-family lots
101. Apartments, making such things as height limits, parking requirements etc. more flexible.
102. High rise apartment buildings (over the current height limit)
103. Parking and amenities for people living in cars or campers (especially those parked along corridors like El Camino)
104. I'm somewhat baffled why we can't build more apartment buildings, or housing over stores in commercial districts. The 60' height limit is insane, as are many of the parking restrictions and requirements.
105. The city needs to get rid of the illegal "Architectural Compatibility" and Single-Story rules. They are already in violation of federal and state laws, and are simply a way of neighbors bullying others to make houses that neighbors like. This is the main reason why we have a housing shortage. The city needs to get rid of illegal SSO and artificial compatibility rules and allow our existing land to be better utilized. By encouraging neighborhood bullies to take part in the design of a private family's single-family home, the city is now in danger of being forced to follow laws set by Sacramento. The Council needs to understand that it is better to allow single family homeowners to build their lots to their potential than have it mandated by Sacramento. So please stop neighborhood bullying, eliminate architectural compatibility requirements, remove all illegal Single Story Overlay rules, and let homeowners build up their homes so that they can improve housing stock.
106. Housing in vehicles is significant and should be tracked. If parking is changed on ECR, Fabian, or Embarcadero that will impact carrying capacity. Goal should be to be part of the regional solution for permanent housing for all.
107. Please relax the restrictions on develop duplexes and triplexes throughout the city
108. get rid of single family zoning
109. Palo Alto should build more apartment buildings with many units and stop promoting exclusionary zoning. This will help reduce inequality and moderate local inflationary pressures.
110. We need to make it legal to build apartments in more parts of town. Normal middle-class people can't afford most parts of Palo Alto because of the exclusionary zoning.

111. Higher heights near downtown. City-wide affordable housing overlay (like the one in Cambridge)
112. Bungalow court aka cottage court, a cluster of smaller homes facing a courtyard with no cars/parking in it. Perfect for downsizing seniors and young families.
113. How about numbers of renters to owners ration?
114. Please do not turn parks and preserves into housing; those are what draw people in :). Please allow / facilitate / encourage subdivision of large lots and houses into denser, smaller, cheaper homes. Please allow two or three stories! We desperately need more square footage per square mile and smaller purchase increments.
115. Palo Alto should commit to a specific plan to help revitalize our local small businesses and community while housing the community that already calls Palo Alto home but can't afford housing in Palo Alto.
116. More high-rise buildings for housing.
117. Think about converting excess office space to living quarters.
118. You missed so much. You didn't talk about 1) Allowing more units on same zoning (#1) and anywhere on property (just in 1 question, not in what you should focus on ). 2) Building housing anywhere and everywhere 3) Disincentivize building office here (it's cheaper and brings in more tax \$). Like end of Cal Ave. Even though NIMBY dominate city council does not mean that is how many of us feel. Please STOP lobbying against AB10 and other increased housing measures. Forget about just low income housing - we need a lot of housing. Look at the people who commute from Modesto everyday - they move there because of us. The effects of not enough housing are truly devastating on families who don't get to see their kids because they are commuting, and on how much money has to go to housing. We need to get 1 bedroom rents down to under 2K (as they were in early 2000s). Stop building office here - period. And bonus: restrict and manage stanford housing in palo alto. They own 30% of my street and soon it won't even be palo alto anymore.
119. Affordable housing needs to be addressed and not by putting all of us lower income people in cramped high density housing! The greed of the landlords is ridiculous. Rents get raised EVERY year. I do not know anyone that receives wage increases that align with the annual rent increases. I was born and raised here and fight to stay and raise my daughter here. It is a losing battle. And disheartening and demoralizing.
120. This is a very hard problem. It's easy to say that housing should be more available and more affordable, but hard to understand how to do that in a way that preserves the investment of existing homeowners, including the quality of life that brought us to Palo Alto and motivated the massive investment required for many home owners. It's hard to believe ADUs are the answer, and I wonder if any amount of new inventory will move the needle on the problem. I do wonder if regulations requiring investment homes to be rented out might help.
121. Need to be careful that multi-units don't all end up as investor owned mini-hotels when AirBNB returns
122. I think the city should consider repurposing any existing structures that are currently vacant before proceeding with new construction.
123. creatively designed multiple unit complexes on the edges of every neighborhood; RV legal parking areas; new revenue sources beyond inclusionary zoning for affordable housing construction
124. I think this survey is very, very biased. There are many more options for housing than presented here. How about: #1: convert offices and land zoned for offices to housing. #2 stop illegal office uses in residential zones to create more residents. This would cost nothing other than the City taking enforcement seriously. #3: establish a business tax to pay for true below-market
- 125.

rate housing. #4 shut down endless developer giveaways that create mostly high-end housing with only a sham amount of true below-market rate housing that will evaporate after some years anyway.

126. Allow ADU up to 1000 sq ft (at least to allow for accessible unit for those wanting to age in place as younger generation takes over main house).
127. Build near access to public transit
128. This survey was frustrating because it didn't focus on density of housing, and the City of Palo Alto needs to allow much more density to meet demand: tall (>50 feet) apartment buildings near Caltrain and El Camino, zoning for triplexes/quadplexes everywhere else. Would love to see the city significantly ease zoning restrictions, remove all mandates to provide parking spaces (we don't need more cars!), and allow much needed housing to get built!
129. Focus the multiplex units near transit, and redevelop Frys and Ventura into more dense neighborhoods like the conversion of the old PAMF site into homes condos and apartments. The City has done it before, it should not be so difficult. Just get it done already!! I'm already on the mailing list.

#### **Homeless:**

130. Supportive services for unhoused people and parking lots for people living in cars and campers
131. Please restrict housing in Palo Alto to our present zoning. Fight back against ABAG demands, keep homeless housing to transitional & require work training.
132. More safe parking land for the homeless who actually have vehicles to live in. More micro units for homeless who do not have vehicles to live in
133. Project Homekey Program for an Emergency Shelter in a Portion of the Former Los Altos Treatment Plant (LATP) Site
134. The city must deal with the homeless and vehicle dwellers. This is the most important issue today. It is a lifestyle of choice and needs to be eliminated.
135. Safe Parking 24/7 for RVs with electricity, water, and waste pumps
136. More places for RVs being used by working folks who would otherwise be homeless to be legally parked in Palo Alto with some services provided (e.g. garbage pick-up).
137. Disallow trailers and cars along El Camino Real. They are unsightly, unhygienic, dangerous.

#### **Other:**

138. built community cultural center with the movie theater
139. This is a poorly written survey--bad options for types of housing preferred and housing locations--which, of course is variable and availability of parcels for redevelopment. I will not be participating. This is a waste of time.
140. This is a biased survey. There was no way to say we don't want ANY new density or any new housing. The city is supposed to be opposing the ABAG requirements. Please stop this bias and do what the city council directed city staff to do, namely OPPOSE SB 9 and SB 10! and the ABAG requirements.
141. Unconventional ideas need to be explored. Shoe-horning in more high-density housing is not the answer. Nor is taking industrial space out of commission.
142. ensure green spaces - parks, trees, community gardens - and insist on adequate parking provision (pref underground or ground level of the building) for any multiple family set-ups, i.e. avoid more street parking.
143. Increase city owned land usage for city and school employees
144. Include as part of housing costs Home Owners Association fees and annual taxes

145. My income is LESS than \$1000.00 Better to ask what percentage, using Percents! Mine is 100+ Percent of my income.
146. housing that would be at 30% of income
147. Take back President Hotel and get rid of our current city council who didn't support PH as housing
148. Like I said, I was royally exploited in a "granny unit of less than 150 sq feet for 7+ years (at \$1500/month and increasing), so's to be able to remain on the waiting list .after...things fell apart. Tired of Greed that drives consumption, injustice, discrimination in this town...
149. I hope the city would get proactive and innovative in design and costs so housing would be affordable for all people. Be a model really to help meet the regional need.
150. Stop encouraging housing speculation where it's WALL STREET buying up homes. Force Stanford to provide housing on its property since it's constantly expanding.
151. Take a look at RWC and Mt View along El Camino and learn!!!
152. "Market rate" is the market clearing price, I believe. Palo Alto is an expensive market. Market rate housing is expensive here.

## Email Correspondence

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### **1. Housing Element Public Review Draft**

City will be releasing a draft Housing Element for public review. The Public Review Draft will be available for review and comment for 30 days starting on November 7, 2022. Members of the community are encouraged to review and submit comments on the draft document.

On November 7, the Public Review draft can be found on the City's Housing Element Update website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com)

**Review and Comment Period starts on  
November 7, 2022 and ends on December 7, 2022 at 5 PM**  
Please email your comments to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org) or  
contact Tim Wong, Senior Planner at (650)-329-2493

### **2. Housing Element Community Meeting**

During the 30-day review period, the City will hold a virtual Community Meeting to solicit comments on the Public Review Draft. The Community Meeting will be held on:

**Wednesday, November 16, 2022, from 6 PM - 8 PM**  
To join the virtual Zoom meeting click [here](#)

### **3. City Council/Planning and Transportation Commission Joint Meeting**

The Palo Alto City Council will hold a joint meeting with the Planning and Transportation Commission to review the Public Review Draft of the Housing Element. This is also another opportunity for community members to comment on the draft.

**Monday, November 28, 2022 at 5 PM**  
**Joint City Council and Planning & Transportation Commission Meeting**  
Meeting Agenda and Staff Report will be available [here](#)

For more information on the Housing Element Update process, please visit the project website:  
<https://paloaltohousingelement.com/>

Thank you for your continued support for the Housing Element update process.  
Housing Element Update Team.

## Public Review Comments and Letters

## Marissa Ritter

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**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Friday, December 2, 2022 9:02 AM  
**To:** HeUpdate  
**Subject:** Element Inventory Respondents List

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

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Good morning,

Mr. Wong I was wondering if the list of property owners who responded to the letters the City sent is available to send to me.

Pardon me for requesting the quick turnaround, but the comment window at HCD will close very soon.

Thank you again,

Mike Quinn

--

Michael Quinn  
644 Lakehaven Drive  
Sunnyvale, CA 94089  
[\(510\) 504-7413](tel:(510)504-7413) (Mobile)  
[mfquinnlll@gmail.com](mailto:mfquinnlll@gmail.com)

## Marissa Ritter

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**From:** Lait, Jonathan  
**Sent:** Wednesday, November 30, 2022 12:54 PM  
**To:** HeUpdate  
**Subject:** FW: Housing element meeting

JONATHAN LAIT  
Director  
Planning and Development Services  
(650) 329-2679 | jonathan.lait@cityofpaloalto.org www.cityofpaloalto.org

-----Original Message-----

From: Brian C. Egdorf <egdorf@gmail.com>  
Sent: Sunday, November 27, 2022 10:47 PM  
To: Council, City <city.council@cityofpaloalto.org>  
Subject: Housing element meeting

[Some people who received this message don't often get email from egdorf@gmail.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification> ]

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Dear Palo Alto City Council Members,

I am writing as a resident and renter of Palo Alto in the Evergreen Park neighborhood (steps from Izzy's bagels!). As a teacher in the city, I want to express how important it is for educators to be able to live in the town we teach in. And yet, often students see me around town only to later ask, "how can you afford to live here?" Indeed, I ask myself the same question, and my students get it: the majority of my fellow teachers drive a very long distance to come here, only to be burdened by the distance and the need to leave everyday. I support the building of more housing in this city so that more of us (indeed, all essential and nonessential workers) can live a reasonable distance (commutes, as I am sure you know, take out those precious hours from our lives and contribute significantly to climate change). But that is not enough: I urge action on renter protections, so that we can plan out our lives in this city and not think of living — and indeed working — elsewhere. How will these protections make their way into city policy? What is the framework you envision? Can we count on real action, given how neighboring cities have already taken a proactive approach? And is there a plan for BMR in this city, when other cities in the Bay Area have already a lot of these kinds of units?

I wish you all the best in these important endeavors.

Yours,

Brian Egdorf, living near Grant & Ash

## Marissa Ritter

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**From:** Lait, Jonathan  
**Sent:** Wednesday, November 30, 2022 12:53 PM  
**To:** HeUpdate  
**Subject:** FW: Housing Element



CITY OF  
**PALO  
ALTO**

**JONATHAN LAIT**

Director

Planning and Development Services

(650) 329-2679 | [jonathan.lait@cityofpaloalto.org](mailto:jonathan.lait@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)

Please click here to provide feedback on our City's services

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**From:** pennyllson12@gmail.com <pennyllson12@gmail.com>

**Sent:** Monday, November 28, 2022 8:18 PM

**To:** Council, City <city.council@cityofpaloalto.org>

**Subject:** Housing Element

Some people who received this message don't often get email from pennyllson12@gmail.com. [Learn why this is important](#)

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Honorable City Council,

The work that is being done here to provide affordable housing is important. I hope you will insure that people who live in this housing can enjoy a good quality of life. To do that better comprehensive planning is needed.

I appreciate the city's request to VTA for Transit Service Planning on San Antonio Road Corridor and VTA's November 28, 2022 response saying they will include San Antonio planning in their transit planning process next year. That will help, but we have seen that VTA bus service comes and goes, especially in south Palo Alto.

This is not enough.

Please also plan for safe bike/pedestrian facilities connectivity that does not exist today from future San Antonio homes to schools, shopping, parks and to community services. These facilities should be required mitigations to be built along with the new housing.

After many years of failure to even maintain Cubberley, please implement improvements to Cubberley to provide walkable community and school services to serve this new level of density. This highly dense housing was not envisioned in any Comprehensive Plan to date, and so this part of town is ill-equipped to support it. An Area Plan is needed. Hundreds of new smaller homes with limited spaces for recreation and with more lower income families who have greater need for services will put greater demand on the city for community services in this part of town. It is well past time for Cubberley to be put back to work on larger scale to meet the demands of planned growth.

Also, please consider and study what will happen to the traffic that will be generated by this housing when grade separation construction occurs as these projects will probably move forward in the same time frame. There are such limited east/west south Palo Alto transportation options, this is likely to be a problem. Development of the housing this document proposes was not included in the grade separation traffic studies. It should be studied.

Penny Ellson



Virus-free [www.avg.com](http://www.avg.com)



## Marissa Ritter

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**From:** Pamela Mayerfeld <pam.mayerfeld@stanfordalumni.org>  
**Sent:** Wednesday, November 30, 2022 2:35 PM  
**To:** HeUpdate  
**Subject:** Fwd: City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice  
**Attachments:** HousingElement.CityPA.pdf

You don't often get email from pam.mayerfeld@stanfordalumni.org. [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

Thank you for working on this huge project.

I live in South Palo Alto and have a concern about converting East Meadow Circle from businesses to residential. Before this idea moves ahead, I request you visit the Louis/Charleston/Fabian area and see the traffic. It's already very heavy in the mornings when people are leaving the area heading to work. Backups can be long at every intersection in this area as these streets have been redesigned to be the main thoroughfares getting to/from 101. They would only be worse if a lot more housing were to be built in this area.

Similarly, take a look at East Meadow Circle and see all the cars parked there in the evenings -- they are overflowing from the apartments that are already there. This neighborhood does not have easy access to public transportation (VTA doesn't cut it) and most families have 2 cars. Adding housing without 2 garage spaces per family will simply create even more of a parking overflow issue.

Thanks again!  
Pam Mayerfeld

----- Forwarded message -----

**From:** HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)>  
**Date:** Mon, Nov 7, 2022 at 11:54 AM  
**Subject:** City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice  
**To:** Wong, Tim <[Tim.Wong@cityofpaloalto.org](mailto:Tim.Wong@cityofpaloalto.org)>

Good Morning Everyone,

We are happy to announce the release of the City's Public Review Draft of the 2023-31 Housing Element. A copy of the draft document can be found on the City's Housing Element website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Community members will have 30 days to review and provide any comments of the draft. The close of the 30 day review will be **December 7, 2022**. Please send any comments or questions about the draft to HeUpdate [HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)

As a friendly reminder, in conjunction with the release of the Housing Element draft, the City will be hosting a virtual Community Meeting on **November 16 at 6 pm**. The meeting will provide an overview of the draft Housing Element and to answer any questions. Registration is required so please register via [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Finally, on November 28, the City Council will hold a joint meeting with the Planning and Transportation Commission to review and discuss the draft Housing Element. Please see the City Council website at <https://www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes> for more details.

If you have any questions, please email them to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org).

Please see the attached flyer for additional information.

Thank you for your continued support.

Housing Element Team

Dear Palo Alto City Council, Planning and Transportation Commission, and City Staff,

I share the concerns about the Housing Element expressed in Palo Alto Forward's recent letter, to which I was a contributor. I have some additional comments as an individual.

## Comments

### C1:

Time associated with preapplications, prescreens, and study sessions should be included in Annual Progress Reports to HCD. The Housing Element is clear enough that these are part of the process, and not an informal courtesy meeting. Ie: (bold mine)

*"[Rezoning] begins with a **required prescreen** with the City Council. The applicant submits a prescreen application for a rezone proposal and the City Council generally hears the prescreen request within two months. **If the Council response is favorable, then the formal application for a rezone process can begin.**" (p. 262)*

I've heard from someone who's done projects in Palo Alto that this first round of review is often the most laborious and impactful on timelines. It should be reflected in public data.

### C2:

An attorney and housing activist in Walnut Creek has inspired many of us with his passion for compliance with the Permit Streamlining Act and ensuring Housing Elements spell out how they will comply with PRC 21080.1/.2. I would encourage the city to add detail to the Housing Element about when, how and who processes CEQA applications in Palo Alto until it is clear that this law is being followed.

To aid the City in making necessary changes, please find attached Exhibit A - HCD Letter to Berkeley.

### C3:

Program 1.1 should clarify that all previously-described planned rezoning is covered under this program, ie: rezoning of RM and mixed-use zones outside of GM/ROLM.

## Conclusion

I want to acknowledge that most of my role in this process has been as a critic, and say some things I know I don't say enough. First, I think staff has done very good work. I do not envy being trapped between rapidly changing state laws and Palo Alto politics, and am constantly impressed by how well they handle this unenviable position. Second, I want to say that the Housing Element Working Group and its members have no responsibility for the circumstances surrounding its creation, and do not believe any of them did anything wrong as individuals. Finally, I do want to see Palo Alto achieve certification of a compliant Housing Element as soon as possible, and want to be helpful.

To that end: I think the most promising path forward for Palo Alto is to take the strategy it's adopting the GM and ROLM zones, and fix the issues with development standards that are creating constraints. That strategy should be extended by applying it to the University and California Avenue downtowns, including, in the case of Cal. Ave, the area across Alma northeast of the Caltrain station. This would dovetail with rationalizing zoning instead of spot zoning –a good unto itself. Having more sites will make it easier to satisfy the nonvacant sites analysis. Showing that zoning is adequate for feasibility and eligible for ministerial review at market-feasible IZ levels (ie: 15%) would fortify such a housing element against several of the governmental and nongovernmental constraints identified in the PAF letter while simultaneously addressing AFFH concerns.

Thank you, and all the best.

-Scott O'Neil

## Exhibit A - HCD Letter to Berkeley

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**DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833  
(916) 263-2911 / FAX (916) 263-7453  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



June 3, 2022

Sharon Gong, Senior Planner  
City of Berkeley  
49 South Van Ness Avenue, Suite 1400  
Berkeley, CA 94103

Dear Sharon Gong:

**RE: Berkeley – Letter of Technical Assistance**

The purpose of this letter is to provide technical assistance to the City of Berkeley (City). The California Department of Housing and Community Development (HCD) has become aware of potential conflicts between the practices of the City's Zoning Adjustments Board (ZAB) concerning determinations for projects determined to be exempt from the California Environmental Quality Act (CEQA) and timelines pursuant to Public Resources Code section 21080.1, subdivision (a), and Public Resources Code section 21080.2. HCD is concerned that these actions may act as a governmental constraint on housing development and requests the City review the CEQA determination process in Berkeley's 6<sup>th</sup> Cycle Housing Element and include programs to mitigate or remove constraints as necessary.

**Obligations Under Public Resources Code sections 21080.1 & 21080.2**

HCD has been made aware of at least five development applications where the final ZAB determination was made more than 30 days after the relevant permit was determined to be complete. As the City is aware, under the Public Resources Code, a lead agency must make a determination under CEQA for projects exempt from environmental review within 30 days of a project application being deemed complete. These provisions are critical to meeting the Permit Streamlining Act requirement set in Government Code section 65950, subdivision (a) (5), and generally facilitate the processing of housing developments.

**6<sup>th</sup> Cycle Housing Element**

As Berkeley is updating its 6<sup>th</sup> Cycle Housing Element, the City must describe and analyze the permit process from application to approvals, including a discussion on timeframes for each step in the process, impediments, and how it addresses the

Sharon Gong, Senior Planner  
Page 2

application of state law on application processing pursuant to Government Code section 65583, subdivision (a)(5). In addition, the element must also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need and include program actions to remove or mitigate identified constraints pursuant to Government Code section 65583, subdivision (c)(3). Excessive CEQA review timeframes can delay project approval and pose a constraint to the development of housing and should be reviewed as part of the City's housing element update.

### **Conclusion**

HCD understands that the City is currently reviewing its compliance with these provisions and is looking at strategies to transparently document the process to ensure timely approval of CEQA determinations and provide additional transparency. HCD supports these efforts and encourages the City to take meaningful steps to ensure that its processes comply with provisions of state housing law.

If you have questions or need additional information, please contact Kevin Hefner at [Kevin.Hefner@hcd.ca.gov](mailto:Kevin.Hefner@hcd.ca.gov)

Sincerely,

A handwritten signature in black ink that reads "Shannan West". The signature is written in a cursive, flowing style.

Shannan West  
Housing Accountability Unit Chief



## Marissa Ritter

---

**From:** HeUpdate  
**Sent:** Tuesday, November 22, 2022 11:20 AM  
**To:** Robert Chun; HeUpdate; planner@cityofpaloalto.com  
**Subject:** RE: Housing Incentive Program

Hi Robert,

Thanks for your questions. Some of your questions are technical so I may need to research them. But here are my initial responses in red. Be happy to discuss with you after you review. Maybe we can talk the week after Thanksgiving?

Speaking of which, have a good Thanksgiving.

Tim



**Tim Wong**  
Senior Planner  
Planning and Development Services  
(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)  
[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

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**From:** Robert Chun <rgchun@gmail.com>  
**Sent:** Friday, November 18, 2022 10:32 AM  
**To:** HeUpdate <HeUpdate@CityofPaloAlto.org>; planner@cityofpaloalto.com  
**Subject:** Housing Incentive Program

You don't often get email from [rgchun@gmail.com](mailto:rgchun@gmail.com). [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

Hi Tim,

Hope you're well! After reviewing the draft Housing Element, I have a number of questions that relate to the Housing Incentive Program.

1. What is the difference between Program 3.3 (Affordable Housing Development Incentives) and Program 3.4 (Housing Incentive Program)? **The Affordable Housing Incentives were recently approved while we are still working on the HIP language. You may have heard staff references about a development and feasibility study. The findings of that study will be the basis for the determining the development standards in the HIP.**
2. Are Programs 3.3 and 3.4 addressing the same part of the municipal code (e.g., the Housing Incentive Program at Chapter 18.32)? Or are they addressing different parts of the code? **Not sure. Will need to get back to you about this question.**

3. Palo Alto used to have an Affordable Housing Overlay located at Chapter 18.30(J) that seemed distinct from the Affordable Housing Incentive Program at Chapter 18.32. Were these two programs merged? If so, can you please provide a description of the HIP program before and after the merger? *I have not heard anything about merging the Overlay with the Affordable housing program incentives but let me do a little more research on this question. As mentioned, the HIP will be revised to include revised development standards based on the feasibility study and expanding areas where the HIP can be used. Currently, the HIP is limited to a few geographic areas.*

4. I have previously heard the Housing Incentive Program described as an alternative to the density bonus. Elsewhere, I have heard it described as an alternative to SB-35. Are both true? Can you clarify what it would mean for HIP to be an alternative to the state density bonus and SB-35? *I have not heard the HIP as an alternative to SB35 so I can't elaborate on that. But yes, the HIP is an alternate to density bonus. The HIP will be Council supported and the revised HIP development standards will be sufficient for developers to build feasible projects. As you know, density bonus requests can be for anything. The hope is that the HIP will save the developer time by implementing development standards in the HIP which developers can use rather than submitting for the more open-ended density bonus requests. (Greater height, FAR, less setbacks, etc.). Since the HIP revisions will be Council approved, there would be less Council discussion if the developer used the HIP rather than a density bonus request which could be anything. And if the developer uses the HIP and met the City's objective standards, it would only require on courtesy ARB meeting. If the developer submits a density bonus request, potentially that could be up to five meetings. I hope that I have explained this adequately. If not, I can discuss further when we talk.*

5. I have previously heard that one of the affordable housing programs (e.g., Affordable Housing Overlay or HIP) helped Wilton Court by removing the retail requirement. Which program ensured that Wilton Court did not have to provide retail? *I am not sure so I have asked the planner to weigh in on this question.*

Would be happy to discuss these questions over email or hop on a Zoom call. Thank you so much.

Best,  
Robert

**Marissa Ritter**

---

**From:** Hamilton Hitchings <hitchingsh@yahoo.com>  
**Sent:** Sunday, November 27, 2022 10:55 AM  
**To:** Council, City; Planning Commission; HeUpdate  
**Subject:** Housing Element Further Suggestions

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I was a member of the HEWG but these are my personal additional suggestions:

Building **Affordable Housing over Parking Lots** is one of the few opportunities for the city to directly create very low income rental units in Palo Alto. The city council passed a motion that said these needed to be 100% affordable but there is no minimum percentage in the housing element nor in the RFP the city is issuing. I understand that city staff was concerned that at the current density of 50 units per acre it would not pencil out as a self supported project and thus are considering adding other uses than below market housing. However, a goal of this project is to attract funds for affordable housing from non-profits, state and federal to complement our use of public lands and not doing so would be a huge missed opportunity that results in less overall below market housing in Palo Alto. Please add a minimum percentage of 100% or at least 75% below market housing to Program 1.4A, allow for higher density than 50 units per acre and require an outside funding component.

For the **Stanford property at 3300 El Camino**, which will be upzoned to 60 units per acre for housing, please do not allow them to also build office on top of that higher density housing as this just erases any housing affordability gains for this project. Please do this by updating Program 1.5C.

The **GM & Rolm Zones near 101 and San Antonio are ideal sites for new housing** because they are large and thus allow economies of scale while going higher has minimal impacts. They are also older buildings which are much more likely economically viable to tear down and rebuild. These sites are biking distance to Google and a bus route along San Antonio is likely given the large amount of housing already added by Mountain View and hopefully soon by Palo Alto. Almost all housing in Palo Alto comes from redevelopment and these sites are very suitable so please leave them in the housing element.

Hamilton Hitchings

**Marissa Ritter**

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**From:** Rob Nielsen <crobertn@yahoo.com>  
**Sent:** Sunday, November 27, 2022 9:29 PM  
**To:** HeUpdate  
**Subject:** Housing Element; data request and errors

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Tim,

Thanks for your responsiveness on our Housing Element review. We have one data request to make and two sets of errors to report.

Best regards,  
Rob Nielsen

1. DATA REQUEST: Additional Sites with Expressed Development Interest, p. 3-48  
Please provide the list of 19 sites referred to in this section, including Site Address/Intersection and Assessor Parcel Number as shown in Appendix D: Site Inventory. If any of these sites are not in Appendix D, please also provide the information shown in that appendix.

2. ERRORS: Count of units from opportunity sites  
We believe the total number of such units is 5,667\* (see below), but do not see this number anywhere. Rather, we see two different numbers.

a. Table 3-14, p. 3-50

This shows 5,657 total Units from Opportunity Sites. It should be 5,667 based on simple addition (285+5382=5667).

b. Table 3-7, p. 3-24

This shows 5,665 Total Number of Units.

We have also found four site-specific errors, netting out to two units, in our examination of Appendix D, which may account for the two missing units in Table 3-7 but are not sure.

Site Address/Intersection	Assessor Parcel Number	Very Low Income	Low-Income	Moderate Income	Above Moderate Income	Moderate Capacity	Total
2811 MIDDLEFIELD RD	12734098	18	12	0		12	41
530 LYTTON AV	12003070	9	5	0		6	21
NITA AV	14709056	22	14	0		15	50
4170 EL CAMINO REAL	13724046	14	9	0		10	32

3. ERRORS: Incorrect Assessor Parcel Numbers (APNs) in Table B of Appendix D.

Eight APNs are incorrect as the number of digits fall short of the standard 8-digit format used by Santa Clara County. We believe that in the first seven cases, the correct APNs can be obtained by adding leading 0s until the full eight digits are obtained. Please verify.

725 UNIVERSITY AV	302021
701 UNIVERSITY AV	302022
435 MIDDLEFIELD RD	302023
720 UNIVERSITY AV	302047
827 MIDDLEFIELD RD	332064
853 MIDDLEFIELD RD	332094
1985 LOUIS RD	350022

For the eighth item, below, we believe the correct APN is 13708072 (with a 0 added as the sixth digit). Moreover, we believe your intent is to show the entire PHZ site at Creekside Inn, which comprises 3.6 acres over five parcels: 13708072, 13708098, 13708084, 13708083, and 13708006. Please verify.

3398, 3400, 3490 EL CAMINO REAL 1370872

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\* Source of our count of 5,667 units.

Strategy	Units	Source
Multi-Family Allowed	285	p. 3-27
Upzone	1,017	p. 3-30
Caltrain Station	486	p. 3-33
Transit Corridor	179	p. 3-36
City Owned Parking Lots	212	p. 3-38
Faith-Based Institutions	121	p. 3-40
GM	811	Table 3-12
ROLM	1,330	Table 3-12
Stanford Sites	569	p. 3-46
Staff Suggested Sites	657	p. 3-48
TOTAL	5,667	

## Marissa Ritter

---

**From:** Robert Chun <rgchun@gmail.com>  
**Sent:** Friday, November 18, 2022 10:32 AM  
**To:** HeUpdate; planner@cityofpaloalto.com  
**Subject:** Housing Incentive Program

You don't often get email from rgchun@gmail.com. [Learn why this is important](#)

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Hi Tim,

Hope you're well! After reviewing the draft Housing Element, I have a number of questions that relate to the Housing Incentive Program.

1. What is the difference between Program 3.3 (Affordable Housing Development Incentives) and Program 3.4 (Housing Incentive Program)?
2. Are Programs 3.3 and 3.4 addressing the same part of the municipal code (e.g., the Housing Incentive Program at Chapter 18.32)? Or are they addressing different parts of the code?
3. Palo Alto used to have an Affordable Housing Overlay located at Chapter 18.30(J) that seemed distinct from the Affordable Housing Incentive Program at Chapter 18.32. Were these two programs merged? If so, can you please provide a description of the HIP program before and after the merger?
4. I have previously heard the Housing Incentive Program described as an alternative to the density bonus. Elsewhere, I have heard it described as an alternative to SB-35. Are both true? Can you clarify what it would mean for HIP to be an alternative to the state density bonus and SB-35?
5. I have previously heard that one of the affordable housing programs (e.g., Affordable Housing Overlay or HIP) helped Wilton Court by removing the retail requirement. Which program ensured that Wilton Court did not have to provide retail?

Would be happy to discuss these questions over email or hop on a Zoom call. Thank you so much.

Best,  
Robert



Taube-Koret Campus for Jewish Life  
3921 Fabian Way  
Palo Alto, CA 94306  
December 6, 2022

Mr. Tim Wong  
Senior Planner  
City of Palo Alto  
[heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org)

Dear Mr. Wong:

The Taube-Koret Campus for Jewish Life ("Campus"), located on approximately 8.5 acres, comprises three legal entities:

- (1) Moldaw Senior Residences (899 East Charleston Road) – a non-profit continuing care retirement community licensed to serve up to 270 residents. Twenty-four of the housing units are in the City's below market rate program. The average age of the residents is 88 years.
- (2) Oshman Family Jewish Community Center (3921 Fabian Way) – a non-profit community center open to everyone, providing a fitness center, pre-school, after-school care, cultural arts programming, and many other community-oriented programs.
- (3) Taube-Koret Campus For Jewish Life Owners Association - a California nonprofit mutual benefit corporation (the "Association"). The members of the Association are Moldaw Senior Residences and Oshman Family Jewish Community Center. The Association bears responsibility for all the Common Area within the Taube-Koret Campus for Jewish Life.

The Campus strongly supports the Draft Housing Element. We are in favor of more housing throughout the City in general, and in South Palo Alto in particular.

In light of its intention to significantly enlarge the residential population in South Palo Alto, the Campus urges the City to begin planning now, **on a comprehensive basis**, for the additional infrastructure (streets, crosswalks, bike paths, intersections, lighting, sewers, water, etc.) and services (transit, utilities, schools, parks, etc.) that will be required to serve this larger population.

As two large social service enterprises located in South Palo Alto, Oshman JCC and Moldaw Senior Residences respectfully request that the City's planning effort address the following specific concerns in the area bounded by Fabian Way, East Charleston Road and San Antonio Road:

**1. Traffic Flow.** Both San Antonio Road and East Charleston Road are congested arterial streets. Many vehicles move at high rates of speed because they are exiting from or about to enter onto US Highway 101. Ingress to and egress from Moldaw Senior Residences is difficult, even for emergency vehicles, due to heavy traffic flow on East Charleston Road.

Along Fabian Way, drop-off times for the Oshman JCC pre-school and for Kehillah High School generate significant vehicular traffic in the morning. Also, in the coming years, two large corporate campuses are expected to be built on Fabian Way, which will create large inflows of vehicular traffic at the beginning and end of each workday.

**2. Intersection Safety.** The intersection of San Antonio Road and East Charleston Road already is widely known to be one of the busiest and most dangerous in the City.

**3. Pedestrian Safety.** Residents of the Moldaw Senior Residences, many of whom walk slowly or use walkers or canes, walk in the immediate neighborhood for exercise. Some walk down East Charleston Road to visit Peets Coffee or Piazza's Fine Foods located in the Charleston Shopping Center at the intersection of East Charleston Road and Middlefield Road.

**4. Bicycle Safety.** Bicycle riders use Fabian Way to reach Kehillah High School (located on Fabian Way) or to access the bicycle bridge (located at the end of Fabian Way) that crosses US Highway 101, leading to the Baylands and offices located on the far side of the highway.

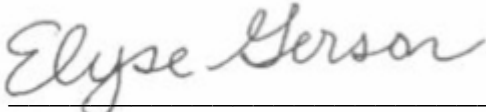
Finally, in closing, we urge the City of Palo Alto to give the greatest consideration to health, safety, general welfare, and convenience that is currently allowed under applicable California law.

Sincerely,


**Oshman Family Jewish Community Center**

  
\_\_\_\_\_  
By: Zack Bodner  
Its: President and Chief Executive Officer

**Moldaw Senior Residences**

  
\_\_\_\_\_  
By: Elyse Gerson  
Its: Executive Director

**Taube-Koret Campus for Jewish Life Owners Association**

  
\_\_\_\_\_  
By: Stuart Klein  
Its: President

Cc to  
California Department of Housing and Community Development  
[HousingElements@hcd.ca.gov](mailto:HousingElements@hcd.ca.gov)

## Marissa Ritter

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Sunday, November 27, 2022 9:38 PM  
**To:** HeUpdate  
**Subject:** Letters sent to Property Owners? Responses?

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

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Mr. Wong,

I hope this email finds you well and that you had a good holiday!

I am writing to ask that you please send me a copy of the letter that was sent to owners whose properties were included Palo Alto sites inventory.

Is there a spreadsheet that includes their responses? If there is, I am going to ask that please share that with me as well.

Thank you so much,

Michael Quinn



December 7, 2022

Dear Mayor Burt, Palo Alto City Council and City Staff  
Cc: Cal. Dept of Housing and Community Development  
Julie Lythcott-Haines, Vicki Veenker, Ed Lauing

The League of Women Voters of Palo Alto submits this public comment on Palo Alto's Housing Element update. The League is a non-partisan organization whose mission is the informed participation of citizens in public policy. The National League's position on meeting basic human needs for housing supports policies which provide a decent home and suitable living environment for every American family. When families or individuals cannot afford decent housing, government at all levels should provide assistance in the form of income and/or subsidized housing. Government programs providing subsidies to the building, financing and insurance industries of housing for lower-income families should be evaluated in terms of units produced rather than in terms of benefits accruing to these industries.<sup>1</sup>

### **Overview**

Continued loss of affordable unsubsidized housing stock through involuntary displacement (55% rise in rental prices in the last decade) is not addressed in the HE. As required by the Government Code section 65583 (10) A (v), it should be addressed and analyzed. The city should address it by including Policies and Programs in the HE to turn the unsubsidized units into permanently affordable homes in public/private partnerships. This will require increased funding.

The first half of our comment describes the evidence for loss of unsubsidized units. The second half of the letter requests the city adopt specific Programs and Policies including Tenant Protections, a real estate transfer tax, vacancy tax, community land trust, limited equity cooperative, and other Programs within the Housing Element.

### **Introduction**

The majority of Palo Alto's low- or moderate-income households do not live in subsidized housing run by nonprofit developers or in below market rate (BMR) housing created under Palo Alto's inclusionary housing ordinance. They live in unsubsidized units, at the mercy of rising rents and housing prices, mitigated only by California's just cause eviction statute and state-

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<sup>1</sup> (LWVUS, *Impact on Issues, 2018-2020*, pgs 93, 94)

wide rent cap of 10% or 5% plus cost-of-living. (People living in single-family houses not owned by corporations or real estate trusts and whose units are newer than 15 years are not covered by the state-wide rent cap.)

Thirty-one percent of the city's 26,150 households—or 8,106 households—are cost burdened (paying over 30% of their income for housing, and of that number, 14% are severely cost-burdened, paying 50% or more for housing. (HE, Executive Summary, ES- 5.) Surprisingly, we don't learn from the HE how many of these cost-burdened households are low or moderate income: that data is omitted from the analysis of housing need. We do know that black and Hispanic households are disproportionately cost-burdened. (ES-4).

The League's comments are directed at 1) the Housing Element's (HE) failure to explicitly recognize the displacement pressures on the 31% of the city's households who are cost burdened or severely so and who live predominantly in unsubsidized affordable housing and 2) the HE's failure to adopt an anti-displacement program analysis and strategy.

### **Failure to Recognize Displacement and Loss of Unsubsidized Affordable Housing or to Adopt Programs to address it**

The Urban Displacement Project (relied on by the Housing Element for analysis of the city's housing need) found that 40% of Palo Alto neighborhoods suffer from exclusionary displacement. In addition, three census tracts are at risk of direct displacement.

“In Palo Alto, three census tracts qualify as sensitive communities who are at risk of displacement. Neighborhoods near Stanford University, as well as in the Ventura neighborhood are considered at risk of displacement. Figure C-44 shows the distribution of sensitive and vulnerable communities throughout Palo Alto.” (Palo Alto Housing Element, Appendix C, p C -71)

The analysis continues: higher cost-burdened households are found “in the central areas of Palo Alto where more multifamily housing is located, correlating roughly with the neighborhoods with higher concentrations of LMI households” (Figure C-37 and Figure C-38). (Palo Alto Housing Element, Appendix C, p.70.,quoting the Urban Displacement Project).

The Bay Area Equity Atlas (a project of the San Francisco Foundation, Policy Link, and USC Equity Research Institute) has identified *more* than three census tracts in Palo Alto where the majority of low income (LI) renters are cost-burdened or severely so and subject to the pressure of rising rents and house prices.<sup>2</sup> Home prices in the city have risen 44% between 2020-2021 and rents have risen 55% since 2010. (ES-2)

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<sup>2</sup> Those tracts include: 5107 (367 LI renters); 5109 (277 LI renters); 5111 (67 LI renters); 5112 (103 LI renters); 5113.01 (467 LI renters); 5113.02 (581 LI renters); and 5114 (300 LI renters). (See “Where are Renters with Low Incomes Living in the Bay Area? Feb. 23, 2022, bayareaequityatlas.org/lowincomerentermap).



Yet, the HE's "Assessment of Need" denies that **any** Palo Alto neighborhoods are at risk of displacement and as a result, the Housing Element contains no specific Programs to address this issue.

#### Chapter 2, "Displacement/Gentrification"

"According to research from University of California, Berkeley [the Urban Displacement Project] no neighborhoods in Palo Alto are at risk of, or undergoing, gentrification. However, 40.8 percent of households in Palo Alto live in neighborhoods where low-income households are likely excluded due to prohibitive housing costs." (Housing Element (HE), Chapter 2, page 3.)

The phrase "40.8% of households in Palo Alto live in neighborhoods where low-income households are likely excluded due to prohibitive housing costs" means, according to the Urban Displacement Project, that 40 % of Palo Alto suffers from "exclusionary displacement", that is "displacement which limits who can move into a neighborhood, highlighting reduced housing choice, particularly for lower SES people." [https://www.urbandisplacement.org/wp-content/uploads/2022/03/IGS\\_0\\_Summary-Brief\\_03.01.22.pdf](https://www.urbandisplacement.org/wp-content/uploads/2022/03/IGS_0_Summary-Brief_03.01.22.pdf)

The League asks the city to a) recognize that displacement is a big problem in Palo Alto and to analyze the effect of displacement on low- and moderate-income households, including communities of color, as required by Government Code section 65583 (10) A) (v); and b) adopt Policy and Programs in the Housing Element prioritizing the prevention and reversal of displacement.

The discussion of displacement should include an analysis of the percentage of households at moderate income or below which are cost-burdened, the rents each income group can afford at 30 % of household income, calculate the rents, the number of units at each income level which would need to be produced, and identify what programs are likely to produce those units. To address the problem of exclusionary displacement in 40% of Palo Alto, the League asks the HE to also include an analysis of whether rezoning to allow less expensive missing-middle housing types (duplexes, triplexes, cottages) in existing residential neighborhoods would produce housing affordable to low, moderate or work-force households.

#### **Programs Addressing the Displacement and the Loss of Unsubsidized Affordable Housing should include Tenant Protection and Expansion of Permanently Affordable Housing Using Public/Private Partnerships and New Sources of Local Funding, such as a Real-Estate Transfer Tax**

The League asks the city to prioritize a Tenant Protection Program within the Housing Element. Such program should include just cause eviction, rent stabilization, an anti-harassment

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ordinance protecting tenants from retaliation by landlords for complaining about maintenance issues, legal representation for tenants facing eviction, and a rental registry. Included in a Tenant Protection Program should be increased local funding for emergency rental assistance, to supplement state and federal funding. Emergency rental assistance is considered one of the most effective programs in stemming evictions.

Some these protections are included in the recent package of Tenant Protections considered by the city council. But these tenant protections will not be enough, the Urban Displacement researchers have warned, and the League agrees.

“To address the housing affordability crisis and mitigate displacement and exclusion policy makers must pursue not only the preservation of unsubsidized affordable housing but also bolder initiatives that substantially expand social housing.” Study of tenant protections and market rate housing, March 2022.<sup>3</sup>

<https://www.frbsf.org/community-development/wp-content/uploads/sites/3/housing-market-interventions-and-residential-mobility-in-the-san-francisco-bay-area.pdf>

The Urban Displacement researchers from Stanford and U.C. Berkeley conclude that tenant protection policies may help to keep existing low-income tenants housed, but these policies do not expand housing opportunities and have exclusionary effects. The researchers recommend that cities trying to equitably address the affordability crisis adopt two policies:

- 1) the preservation of existing unsubsidized affordable housing;
- 2) social housing programs which substantially expand the provision of rental or homeownership units affordable at a moderate income or below and are run by a public or non-profit entity. Such programs would need to be widely implemented, “requiring government investment at levels that match the urgency of the housing crisis.”

The League agrees. We ask that the city’s highest priority should be for the expansion of reliable public funding for the acquisition of existing at-risk housing stock and programs which create permanently affordable housing units run by a public or nonprofit entity.

The League asks that the Housing Element include the Programs recommended by the Urban Displacement Project’s March 2022 report, particularly the establishment of a community land trust and limited equity cooperatives. We also ask the highest priority be given to evaluation and adoption of the following programs, many of which have been used by other cities:

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<sup>3</sup> Chapple, Karen, Jackelyn Hwang, Jae Sik Jeon, Iris Zhang, Julia Greenberg, and Bina P. Shrimali. 2022. “Housing Market Interventions and Residential Mobility in the San Francisco Bay Area.” Federal Reserve Bank of San Francisco Community Development Working Paper 2022-1. doi: 10.24148/cdwp2022-01

- Acquiring existing multi-unit rental properties at risk of becoming unaffordable, via a program like San Francisco's Small Sites Acquisition Program;
- Develop an unsubsidized affordable housing preservation program that will facilitate the acquisition of privately owned units and convert them to deed restricted units. Sources of expertise could include Stanford University's Sustainable Urban Systems Department. The study should create understanding of the city's unsubsidized affordable housing stock and estimate the cost of acquiring units
- Adopt a tiered real estate transfer tax on sale or transfer of properties over \$2million, \$5million, and \$10million, modeled on the measures adopted by Los Angeles and San Jose and adopting a vacancy tax to incentivize the use of vacant housing stock modeled on Vancouver, B.C.
- Establish a tenant or nonprofit opportunity to purchase program;
- Adopt condominium conversion restrictions;
- Partner with and support capacity building of local Community Land Trust. Community land trusts (CLT's) are nonprofit, community-based organizations designed to ensure community stewardship of land. CLT's are primarily used to ensure permanent housing affordability. The City would help build the capacity of a local CLT which would in turn acquire and/or build affordable housing that remains so in perpetuity.
- Establish a mixed-income Limited Equity Cooperative using the Santa Clara County Measure A funds Office of Supportive Housing Pilot Program. Tenant/owners will contribute 10% of the equity. Other funding can come from long-term low-interest local, state or federal loans, revenue bonds, or tax-exempt bonds, as described in the county's proposal.
- Prioritize the use of all city -owned parking lots for the development of affordable housing following up on the November 2021 ARB presentation which demonstrated feasibility of creating up to 1,000 units near existing infrastructure.
- Adopt the financing model used by school districts in Daly City and Santa Clara which created affordable housing for school employees. These financing model used public land, certificates of participation based on rental income and the proceeds of a local general bond issue;
- Prioritize the use of Joint powers authorities such as CalCHA which can issue revenue bonds to create below market housing projects from existing market rate developments.

Respectfully,



Liz Kniss  
 President  
 League of Women Voters of Palo Alto

## Marissa Ritter

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**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Sunday, November 13, 2022 8:22 PM  
**To:** HeUpdate  
**Subject:** Ownership of Locations in Palo Alto Sites Inventory

You don't often get email from mfquinniii@gmail.com. [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

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Mr. Wong,

I hope this email finds you well. Has Palo Alto ascertained the current ownership of the sites included in the 2023-2031 housing element sites inventory? I believe correspondence has been sent to the owners as part of the selection process. Is that correct?

If that is the case, and Palo Alto has fully or partially determined who or what entities own the sites included in the inventory, may I ask where this information is located and how I might obtain it?

With sincere gratitude,

Michael Quinn

--

Michael Quinn  
[\(510\) 504-7413](tel:(510)504-7413) (Mobile)  
[mfquinnlll@gmail.com](mailto:mfquinnlll@gmail.com)

## Marissa Ritter

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**From:** jeffne <jeffne1212@gmail.com>  
**Sent:** Monday, December 5, 2022 8:23 PM  
**To:** HeUpdate  
**Subject:** PUBLIC COMMENTS, 4146 EL CAMINO REAL, PALO ALTO

You don't often get email from jeffne1212@gmail.com. [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

These comments on the "Housing Element Public Review Draft" (HEPRD), are regarding the parcel at 4146 El Camino Real (the Site). I own a unit in the Barron Square condominium community, which is located on Thain Way, immediately adjacent to the Site. The HEPRD shows the site at 0.77 acre, RM-20 zoning, with a "Realistic Capacity" of 18 units, and a low income designation. These comments are focused on mitigating the impacts of the Site's development, particularly on the neighboring 65 unit Barron Square community. These include: (1) VISUAL & SUNLIGHT: I believe that any structure taller than two stories at the Site will have severe impacts on large portions of Barron Square. Given the small size of the Site, and its close proximity, any taller structure may appear massive, and could reduce the quality of life and property values in the neighborhood. The impact may include a large reduction in sunlight during significant portions of the year, which I understand may also cause negative health effects, and (2) PARKING & TRAFFIC: the Site appears to be within 1/2 mile of a major transit stop, so no parking may be required (per AB 2097) for units at the Site. Barron Square already has a serious shortage of parking, which would become worse with a large neighboring development. Also, there should be no direct access to Thain Way from the Site. With a structure not exceeding two stories, and perhaps fewer units, I expect the site can be compatible with the neighborhood. I understand low income units may have smaller square footage, and a development may include studio and one bedroom units. Thank you for your review of these comments, which I hope will lead to mitigation of the impacts caused by development at the Site. Very truly yours, Jeffrey Eustis. (Submitted 12/5/22)

## Marissa Ritter

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**From:** Arwen Funk <arwen.farwestern@gmail.com>  
**Sent:** Friday, November 11, 2022 2:39 PM  
**To:** HeUpdate  
**Subject:** Re: City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice  
**Attachments:** Study Session Staff Report - Prescreening for PHZ - 3997 Fabian Way.pdf;  
doc01897020221111143419.pdf

You don't often get email from arwen.farwestern@gmail.com. [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

Hello! We are working on our review of the new HE and I noted an important item that warrants correction. We have 6 parcels that have previously been submitted for a Pre-Screen and will eventually be a new housing project. But of those 6 parcels, only 4 are in the inventory in Appendix D. So I took the liberty of preparing the attached parcel map to illustrate what's missing. Of the 6 parcels, the two highlighted ones are not shown in the Housing Element draft. Additionally I noted that some of the parcels seem to have been missing in other sections of the package. So I have three corrections to respectfully request:

1. Only 4 of the 6 parcels are included in the Appendix D inventory. Parcels 127-37-004 and -006 are missing entirely and should be included in future drafts of the spreadsheet.
2. Only 3 of the 6 parcels are included in the map in Figure 3-8, "Opportunity Sites Within The GM Zone District" Parcels 127-37-003, -004 and -006 are missing from that map but should be included.
3. Only 1 of the 6 parcels are included in the map in Figure 3-11, "Opportunity Sites Selected by City Staff" Parcels 127-37-002, -004, -005, -006, -007 are missing from that map but should be included. Note for reference here that all 6 parcels were included in a Pre-Screening study session that was held 2/8/21. I am attaching here the staff report for reference.

We are reviewing it carefully and will advise you if we note anything else. In the meantime, we appreciate everyone's diligent efforts on this project! The Housing Element is a big undertaking and we thank you.

Regards,

**Arwen Funk**

Far Western Land & Investment Co., Inc.  
530.893.1909  
[arwentfunk@gmail.com](mailto:arwentfunk@gmail.com)

On Mon, Nov 7, 2022 at 11:54 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Good Morning Everyone,

We are happy to announce the release of the City's Public Review Draft of the 2023-31 Housing Element. A copy of the draft document can be found on the City's Housing Element website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).



Community members will have 30 days to review and provide any comments of the draft. The close of the 30 day review will be **December 7, 2022**. Please send any comments or questions about the draft to HeUpdate [HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)

As a friendly reminder, in conjunction with the release of the Housing Element draft, the City will be hosting a virtual Community Meeting on **November 16 at 6 pm**. The meeting will provide an overview of the draft Housing Element and to answer any questions. Registration is required so please register via [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Finally, on November 28, the City Council will hold a joint meeting with the Planning and Transportation Commission to review and discuss the draft Housing Element. Please see the City Council website at <https://www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes> for more details.

If you have any questions, please email them to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org).

Please see the attached flyer for additional information.

Thank you for your continued support.

Housing Element Team



# City of Palo Alto

## City Council Staff Report

(ID # 11842)

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**Report Type: Study Session**

**Meeting Date: 2/8/2021**

**Summary Title: 3997 Fabian Way: Prescreening for PHZ**

**Title: 3997 Fabian Way (20PLN-00287): Request for Pre-Screening of the Applicant's Proposal to Rezone the Subject Property From General Manufacturing (GM) to Planned Home Zoning (PHZ) and to Redevelop the Site With a 290 Unit Residential Development. Environmental Assessment: Not a Project. Zoning District: GM (General Manufacturing).**

**From: City Manager**

**Lead Department: Planning and Development Services**

### **Recommendation**

Staff recommends that Council conduct a prescreening review and provide informal comments regarding the applicant's rezoning request.

### **Executive Summary**

This prescreening is a request by the applicant to rezone the subject General Manufacturing (GM) zoned property (six parcels) to "Planned Home Zoning (PHZ)".<sup>1</sup> The applicant is a long-time owner of the property, which is currently used for research and development. The owner is exploring the possibility of removing the existing commercial floor area to construct a residential only project.

This prescreening application responds to the City Council's expressed interest in learning from home builders what it takes to create more housing opportunities in Palo Alto. Utilizing the Planned Community (PC) zoning process, a PHZ application must meet two initial qualifying criteria established by the City Council: 1) provide 20% of the total units as affordable housing selected from a prescribed menu of options, and 2) provide housing units that meet or exceed the demand generated by any net new jobs.

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<sup>1</sup> Referred to in this report as "Planned Home Zone" to emphasize the focus on housing as the benefit to the community. PAMC Section 18.38, which outlines the requirement and process for Planned Community (PC) Zoning, remains the underlying code supporting application of this policy.

The location of this project is near the San Antonio Road corridor. The property is adjacent to other high-density residential properties, near bus transit (lines on Fabian and Charleston), and near employment centers. This proximity presents unique policy considerations, described later in this report. The project would require a formal application consistent with Palo Alto Municipal Code (PAMC) 18.38 to allow for a Development Plan with increased height, increased Floor Area Ratio (FAR), and a zoning map change to Planned Community for the properties.

In accordance with Palo Alto Municipal Code (PAMC) Section 18.79.030(A), a prescreening review is required for legislative changes, including rezoning, prior to submittal of a formal application. Prescreenings are intended to solicit early feedback on proposed projects and, like all study sessions, cannot result in any formal action. Comments provided during the prescreening process are not binding on the City or the applicant. Because this proposal may return to the City Council as a quasi-judicial application, Councilmembers should refrain from forming firm opinions supporting or opposing the project.

### **Background**

One year ago, the City Council identified housing as a key priority. At a subsequent meeting in February 2020, the Council unanimously endorsed using Planned Home Zoning (PHZ) for housing and mixed-use housing projects to help spur housing production. PHZs allow a home builder to share a plan for adding housing, but also include one or more requests to modify local zoning standards. In exchange for modifying certain development standards, the project must include at least 20% of the housing units as affordable through a menu of options including a combination of inclusionary housing and payment of an in-lieu fee. Moreover, the number of housing units must offset the number of net new commercial jobs that are generated by the project. The City Council endorsed staff's proposed approach for the inclusionary housing options and the formula to determine the jobs/housing ratio on September 21, 2020.<sup>2</sup>

Since Council signaled its unanimous interest in using PHZs to stimulate housing, staff has met with several individuals exploring redevelopment of certain properties, including representatives for the subject request.

### Project Description

The owner, Jeff Farrar of Far Western Land and Investment Company, requests a prescreening review for a conceptual residential project containing 290 dwelling units. The preliminary schematic drawings (available online: <https://www.cityofpaloalto.org/civicax/filebank/documents/79745>) are conceptual, as is

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<sup>2</sup> Link to 9-21-2020 Staff Report:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=43675.41&BlobID=78363>.

appropriate at this stage of project consideration. The applicant proposes a six-story building with two levels of parking. One of the levels is a basement while the other level constitutes the podium level (ground level) of the building so that the residential levels would be on levels two through six.

The total project floor area is 259,192 square feet resulting in a floor area ratio of 2.8 (2.8:1 FAR). The building would extend to approximately 67 feet in height. As shown in the conceptual plans, the height is uniform for the proposed building without any step backs proposed at this time. It is anticipated there would also be elevator shafts and mechanical equipment on the roof that would extend the height at some rooftop locations. The elevations are conceptual but convey that this is a residential project with uniform fenestration and private balconies. It is likely that a formal application would reflect adjustments to the design and that any design would be subject to evaluation by the City's Architectural Review Board (ARB).

The project provides all the required parking on site and includes two levels of structured parking with one level at grade and another in a basement level. The project site is located above a hazardous plume (described later in this report) and therefore there are limitations and precautions for subterranean construction, particularly when housing is proposed. Although not shown in detail at this time, all parking spaces would be standard spaces and have direct access – no mechanical vehicle lifts.

Above the first level of parking (the podium level) the proposal is for five levels for residential units with a mix of studios (45 units), one-bedroom (160 units) and two-bedroom (85 units). The plans also indicate two courtyards with unspecified amenities available to the residents that would count towards open space requirements.

Currently, the applicant proposes to provide 10% of the units as inclusionary (very low income at 50% Area Median Income (AMI)) and an in-lieu fee for full housing impact fee. This was identified as Option 3.<sup>3</sup> This would result in an overall affordable inclusionary housing requirement of approximately 25%. The project would also result in a net housing increase and net jobs loss for the site as there is no commercial or office component proposed for the site.

The applicant's project description and conceptual project plans are included with this report as *Attachments C and D*, respectively.

### Project Setting

The project site is currently developed with two existing research & development use buildings and surface parking spaces. The project site consists of six contiguous parcels on the northeast side of the intersection of Charleston Road and Fabian Way. Both Charleston Road and Fabian

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<sup>33</sup> Connect to staff report which has the options for affordability.

Way are four-lane roads adjacent to the subject property. All subject parcels are zoned General Manufacturing (GM). *Attachment A* provides a location map with adjacent zoning designations.

The Taube-Koret Campus for Jewish Life (TKCJL) and Oshman Family Jewish Community Center is a mixed-use Planned Community (PC) on an 8.5-acre site (PC-4918 district<sup>4</sup>) located to the east of the subject site. The TKCJL campus also forms the boundary along the north of the subject site. To the west across Fabian Way are office buildings, private school Kehillah High School (at 3900 Fabian), and an automotive repair use at the intersection of Charleston Road and Fabian Way on GM zoned properties. To the southwest of the site is multi-family residential use on Multi-family residential (RM-20) zoned property. To the south across Charleston Road are automotive repair and office uses on GM-zoned properties. The buildings within this area range from one through five stories in height. Another notable residential project is north of the TKCJL and Community Center (Altaire apartments, PC-4917 district)<sup>5</sup>.

### **Discussion**

Staff would provide a thorough analysis of the Zoning and Comprehensive Plan compliance following the submittal of a formal application. While the Comprehensive Plan allows residential uses within industrial land use districts, the GM zoning district does not allow for residential uses unlike other industrial zoning districts. A review of the conceptual plans shows that the project would exceed the typical zoning requirements allowed by the GM zoning regulations and also exceed zoning requirements of high density residential (RM-40) zoning regulations. *Attachment B* provides a comparison of the project with these development standards. The comparison demonstrates that the project would need to request increases in height, floor area, lot coverage and reductions to setbacks (Charleston). Open space proposed appears to be less than what is required; however, given the conceptual nature of the project this could likely be resolved. The project also does not specify daylight plane consistency as another development standard that would need to be addressed nor specify the location of the proposed bicycle parking.

The PHZ application provides a path for home builders and the City Council to consider adjustments in zoning that stimulate more housing units. As previously reported, the City continues to lag in housing units produced compared to the state's regional housing needs assessment for Palo Alto, but also through local objectives set forth in the adopted Palo Alto Comprehensive Plan 2030.

The subject prescreening application represents one response to the City Council's request to home builders to show what it would take to build more housing in Palo Alto. Different owners

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<sup>4</sup> PC-4918 – 432,200 SF mixed-use building with 193 condominium congregate care/senior units and 134,100 SF community center.

<sup>5</sup> PC-4917 – 216,700 SF residential building with 103 for sale units and 56 BMR senior apartments.

with different site constraints and expectations on their return on investment may present different responses. However, as anticipated by authorizing PHZ applications, modifications to local zoning will be required to generate more housing. In exchange, the City would achieve more housing units, including inclusionary housing units, while not exacerbating the jobs/housing imbalance. It is staff's expectation that after several PHZ applications are reviewed and ultimately approved, clearer direction will be enabled for property owners. The clarity would relate to development standards requiring adjustment to support more housing development and eventually reduce the need for PHZ applications.

### Key Issues

The following are key issues the proposed project raises as staff and Council consider housing development at the subject site. Some of these are common issues seen with other PHZ applications as they demonstrate the constraints of the zoning code for housing development.

- Land Use/Zoning
- Height
- Floor Area Ratio
- Lot Coverage
- Setbacks
- Open Space

### *Land Use/Zoning*

The Comprehensive Plan land use designation for the site is Light Industrial. Based on the description for the land use residential uses may be allowed. According to the Comprehensive Plan this designation is described as:

Wholesale and storage warehouses and the manufacturing, processing, repairing and packaging of goods. Emission of fumes, noise, smoke, or other pollutants is strictly controlled. Examples include portions of the area south of Oregon Avenue between El Camino Real and Alma Street that historically have included these land uses, and the San Antonio Road industrial area. Compatible residential and mixed use projects may also be located in this category. FAR will range up to 0.5. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.

Unlike other industrial zoning classifications in the City, the GM zoning district does not allow residential uses. The underlying development standards for the district do not provide good comparisons for a residential project. Therefore, *Attachment B* also compares the project to the RM-40 development standards. The RM-40 district represents the highest residential densities

for the City absent any other combining district or applying the Housing Incentive Program (HIP). No combining district or the HIP are applicable to the subject project. Consideration of the PHZ is the appropriate zoning tool for this site for housing production.

The long-time property owner for the subject property is at a decision-point as to what to do with the property. The current tenant has vacated the site. The owner could allow new tenants to occupy the buildings, redevelop the site with newer R&D office buildings, or as proposed, a housing project. The owner has not proposed or considered a mixed-use development option. While the proposed housing project would represent a loss in jobs, overall, this would help the City's jobs/housing balance because the City is rich in jobs and lower in housing.

### *Height*

One of the common constraints for applicants seeking to produce more housing in Palo Alto is the building height limit standard. The underlying GM zoning district maintains a 35 foot height limit, while compared to the RM-40 district there is a 40 foot height limit. The proposed building height would be 66'-11". The neighboring TKCJL Planned Community's tallest structure is 56 feet.

In accordance with PAMC 18.38.150(b) (Special Requirements for PC zones), the maximum height for PC's proposed within 150 feet of residentially zoned properties including PC zones with residential is 35 feet. An exception is for PCs that propose at least 60% of the gross floor area excluding parking as residential, the height can be 50 feet when adjacent to a higher density residential district. The PAMC allows for a height of 50 feet in certain zoning districts, which is the tallest height allowed within the city except for the Hospital District (HD).

Staff identifies two components of the project that drive the height: 1) one of the levels of the parking is at grade (11 feet floor to ceiling) and 2) the parapet is 5'-6" in height. If the parapet was reduced to a minimum that would allow for a design that meets the findings for an Architectural Review and both levels of parking were to be undergrounded, then the overall height of the building is reduced to approximately 53 feet. However, as described below, the underlying groundwater contamination increases mitigation costs in addition to typically high construction costs related to subterranean garage structures.

### *Environmental Contamination*

The project site is located within the Ford Aerospace regional plume of volatile organic compounds, which has affected groundwater, due to off-site contamination.<sup>6</sup> At the time the TKCJL project was constructed, the requirement was for an above grade parking facility was proposed given housing development. The TKCJL housing begins above the first level. A vapor

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<sup>6</sup> State Water Board Information:

[https://geotracker.waterboards.ca.gov/profile\\_report.asp?global\\_id=SL18288709](https://geotracker.waterboards.ca.gov/profile_report.asp?global_id=SL18288709)



barrier is likely to be required with this project and any below grade construction would likely necessitate an active ventilation system. This has cost and design implications with ongoing monitoring as well to ensure future residents are protected. The applicant confirmed that because the site is affected by the plume, subterranean development would be difficult and infeasible at certain depths. Other options to consider to potentially reduce the height include partial undergrounding of the podium parking level and use of mechanical lift parking. The extent to which the height could be reduced by implementing this alternative has not been studied.

#### *Floor Area Ratio (FAR)*

Another common constraint for producing housing is the FAR limit. FAR is the measurement of a building's floor area in relation to the size of the lot/parcel that the building is located on. The owner proposes a 2.77:1 FAR. By comparison the maximum FAR for a project within the RM-40 zone is 1.0:1. The Housing Incentive Program (HIP) that was recently added to San Antonio Road allows an FAR of 2.0:1. For comparison, other recent prescreening projects proposing to use the PHZ include an FAR range between 1.79:1 to 2.55:1<sup>7</sup>.

#### *Lot Coverage*

While no information is provided by the applicant within the project plans, it is expected that the project would exceed the maximum lot coverage allowed. This appears to be consistent with other PHZ proposed projects. The City has previously allowed consideration of a lot coverage waiver for HIP projects. Comparatively, the subject PHZ proposal is a housing intensive development like that of a HIP project.

#### *Setbacks*

The project proposes setbacks that are consistent with the Special Setbacks along Fabian and Charleston. The project also provides setbacks that are consistent with the underlying GM zoning district and comparable with the RM-40 district. However, PC districts have additional development standards when located within 150 feet of any RE, R-1, R-2, RM or any PC district permitting single-family development or multiple-family development that are contained in PAMC 18.38.150, Special requirements. Since the adjacent PC district contains a mixed-use development, these special requirements are not applicable in that instance, however, the project is opposite a property that is zoned RM-20 (diagonally across from intersection). Therefore, the setback requirements along Charleston shall be consistent with the minimum setback of the RM-20 district for the front yard, which is 20 feet instead of the proposed 10 foot setback. The minimum street side yard setback within the RM-20 district is 16 feet, while the

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<sup>7</sup> 3300 El Camino Real (20PLN-00101), requested 1.79 FAR. Link to 6-22-2020 Staff Report: <https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=73113.28&BlobID=77258>  
2951 El Camino Real (20PLN-00158) requested 2.55 FAR. Link to 1-19-21 Staff Report - <https://www.cityofpaloalto.org/civicax/filebank/documents/79814>

proposed project has a 20 foot setback. The setback is consistent with the more restrictive special setback.

### *Open Space*

The project plans include a summary of the amount of open space proposed. The project would not meet the minimum requirements established by the RM-40 district. Without any detail it is difficult to ascertain any specific solutions to remedy the open space shortages. However, staff expects that with some revisions, these multi-family standards could be achieved.

### *Other considerations*

The City recently approved expansion of the HIP with 2.0 FAR along the San Antonio Road corridor between Charleston Road and Middlefield Road that would accommodate approximately 800 dwelling units.

### **Policy Implications**

The subject proposal illustrates the tensions between the City's desire to increase housing unit production and the external constraints imposed by market forces and applicant tolerance for risk over return within the City's regulatory framework.

When the City Council endorsed using PHZ to encourage more housing, Council knew this process would necessarily result in potential home builders seeking relief from certain development standards. The likeliest exceptions to standards include excess floor area ratio and lot coverage, parking reductions, adjustments to retail preservation requirements, and excess height.

Each PHZ that is presented to the City Council represents the unique challenges individual developers face with specific lot constraints and their willingness to accept various returns on cost or yield for the project. This project includes no office or commercial and would help provide more housing to alleviate the jobs-housing imbalance issue.

An important policy consideration is whether a project that includes 100% residential and provides approximately 25% in affordable housing through a combination of inclusionary (very-low income) and payment of in-lieu housing impact fees is a good trade-off to allow increases in height, FAR, and lot coverage. The site is not adjacent to low-density residential and is located in an area with larger buildings and anticipated larger buildings along San Antonio Road.

Lastly, the plans and compliance review in this report are preliminary. The purpose of the prescreening process is not to exhaustively review a project for compliance with code or require significantly detailed plans, which may change before a formal application is filed. However, several key development standards have been analyzed and discussed for the purposes of this prescreening application. If a formal application is filed, the Planning and

Transportation Commission and Architectural Review Board will have opportunities to hold public hearings and make recommendations to the City Council, which makes the final decision on any PHZ application.

### **Stakeholder Engagement**

This item was published in the Daily Post on January 29, 2021, which is 10 days in advance of the meeting. Postcard mailing occurred on January 25, 2021, which is 14 days in advance of the meeting.

### **Environmental Review**

The prescreening application involves no discretionary action and is therefore not a project and not subject to review pursuant to the California Environmental Quality Act (CEQA). Subsequent project applications will require project-specific environmental analysis. For this site, staff anticipates the documents required for environmental review will include Phase I & Phase II Environmental Site Assessments, a Traffic Report and a Historic Resource Evaluation.

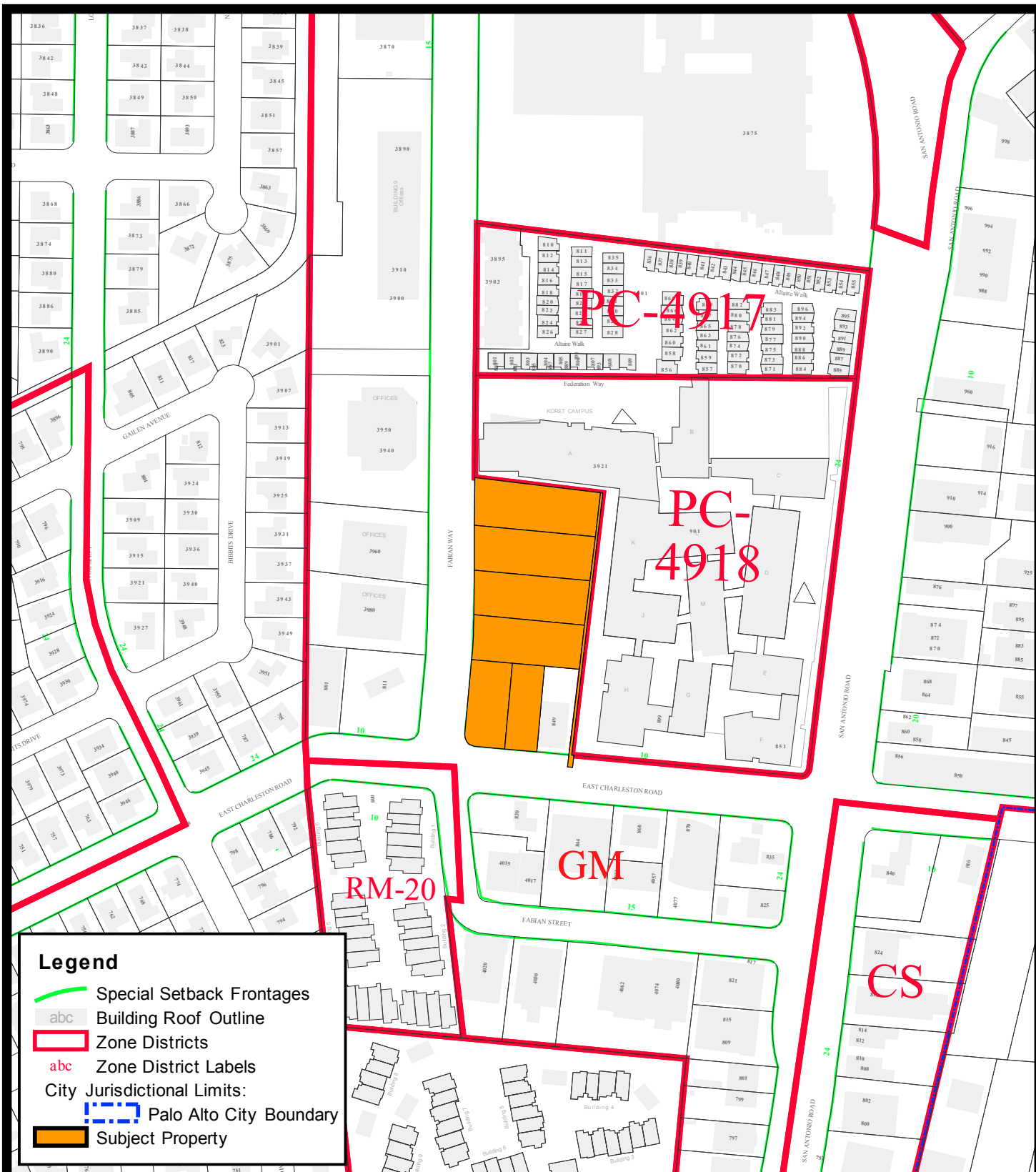
### **Attachments:**

**Attachment A: Location Map(PDF)**

**Attachment B: Zoning Comparison Table (DOCX)**

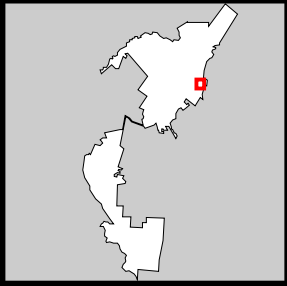
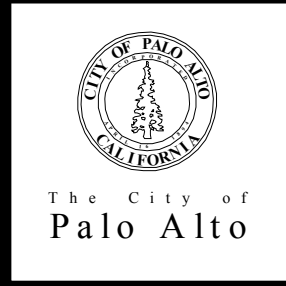
**Attachment C: Applicant's Project Description (PDF)**

**Attachment D: Project Plans (DOCX)**



**Legend**

- Special Setback Frontages
- Building Roof Outline
- Zone Districts
- Zone District Labels
- City Jurisdictional Limits:
  - Palo Alto City Boundary
  - Subject Property



**Location Map**  
**3997 Fabian Way**

This map is a product of the  
City of Palo Alto GIS

0' 256'

**ATTACHMENT B**  
**ZONING COMPARISON TABLE**  
3997 Fabian, 20PLN-00287

**Table 1: COMPARISON WITH CHAPTER 18.20 (GM DISTRICT) & 18.13 (RM-40 DISTRICT)**

<b>Regulation</b>	<b>Required Under GM</b>	<b>Required Under RM-40</b>	<b>Existing</b>	<b>Proposed Under PC</b>
Minimum Site Area, width and depth	1 acre, None, None	8,500 sf, 70 ft., 100 ft.	93,654 sf Width varies: 116 feet to 235 feet (Fabian) Depth: 492 feet (Charleston)	93,654 sf; 2.15 acres
Minimum Front Yard (Charleston) <sup>(1)</sup>	None	0-25 ft <sup>(1)</sup>	180 feet	10 feet
Rear Yard	None	10 ft	60 feet	10 feet
Interior Side Yard	None	10 ft	20 feet	10 feet
Street Side Yard (Fabian)	None	0-16 ft <sup>(1)</sup>	40 feet	20 feet
Min. yard for site lines abutting or opposite residential districts	None	None	50 feet	10 feet
Special Setback	10 feet for Charleston Road & 15 feet for Fabian Way – see Chapter 20.08 & zoning maps	10 feet for Charleston Road & 15 feet for Fabian Way – see Chapter 20.08 & zoning maps	40 feet from Fabian 180 feet from Charleston	20 feet from Fabian <b>10 feet from Charleston (Deviates from 18.38.150(d))</b>
Max. Site Coverage	None	45% <sup>(3)</sup>	Building 8: 15,854 sf Building 7: 14,692 sf Total: 30,977 sf	<b>67.64% (deviates from GM zone)</b>
Max. Total Floor Area Ratio	0.5:1 (46,696 sf)	1.0:1 (93,393 sf)	Building 8: 20,640 sf Building 7: 14,040 sf Total: 0.37:1 (34,680 sf)	<b>2.8:1 (259,192 sf (deviates from GM zone))</b>
Max. Building Height <sup>(4)</sup>	35 ft within 150 ft of a residential zone, 35 ft within 40 ft of a residential zone	40 ft	Building 8: 2 Stories Building 7: 1-Story	<b>66'-11" (deviates from GM zone)</b>
Maximum number of dwelling units per acre	Not allowed	40 DU/AC	None	<b>135 DU/AC (deviates from GM zone)</b>

Minimum number of dwelling units per acre	Not allowed	21 DU/AC	None	<b>135 DU/AC (deviates from GM zone)</b>
Minimum site open space	Not Applicable	20% (18,679 sf)	None	42% (40,123 sf)
Minimum Usable open space	Not Applicable	150 sf per unit (43,500 sf)	None	<b>102 sf per unit (29,440 sf, deviates from RM-40 zone)</b>
Minimum Common open space	Not Applicable	75 sf per unit (21,750 sf)	None	<b>53 sf per unit (15,476 sf, deviates from RM-40 zone)</b>
Minimum Private open space	Not Applicable	50 sf per unit (14,500 sf)	None	<b>48 sf per unit (13,964 sf, deviates from RM-40 zone)</b>
Daylight Plane for site lines having any part abutting one or more residential districts.				
Initial Height	10 ft	10 ft		<b>Not shown</b>
Slope	1:2	45 degrees		<b>Not shown</b>

(1) Charleston to become front after merging lots

(2) Determined by ARB

(3) Additional area (5%) permitted to be covered by covered patios or overhangs otherwise in compliance with all applicable laws

(4) Residential zones include R-1, R-2, RE, RMD, RM-15, RM-30, RM-40 and residential Planned Community (PC) zones.

**Table 2: CONFORMANCE WITH CHAPTER 18.52 (Off-Street Parking and Loading) for Multi-family Residential Uses**

Type	Required	Existing	Proposed
Vehicle Parking	Residential: 1 space per one bedroom unit or smaller; 2 per 2 bedroom unit  45 Studio: 45 spaces 160 1-Bedroom: 160 spaces 85 2-Bedroom: 170 spaces  Total: 375 spaces	127 spaces	375 spaces  The applicant may elect to request parking adjustments if necessary, based on any design changes.
Bicycle Parking	Residential: 1/unit = 290 LT Guest Parking: 1/10 unit = 29 ST  Total: 290 LT / 29 ST	3 spaces	319 spaces (unknown location)



Geoffrey A. Farrar, President  
Far Western Land & Investment Co., Inc.  
jeff.farwestern@gmail.com  
530.521.0608 direct

December 21, 2020

Sheldon S. Ah Sing, AICP  
Principal Planner  
M-Group  
51 E. Campbell Avenue #1247  
Campbell, CA 95009

**Subject: Understanding the Redevelopment Proposal for 3997 Fabian Way, Palo Alto**

Sheldon,

Jeff Farrar and his family (via Far Western Land & Investment Co., Inc.) have owned the property on the northwest corner of E. Charleston Road and Fabian Way since 1956. Jeff's father originally purchased the property and constructed the two existing industrial buildings for Philco, which built and launched its first satellite in 1960. Over the years, Philco's name has changed to Ford Aerospace, Space Systems/Loral, and finally to Maxar, the current tenant. Jeff grew up in the area and he and his family have been members of the Palo Alto community for over 3 generations now. Going forward, it is Jeff's desire to continue to retain ownership of the property and pass it along to future generations of Farrars.

As of 12/31/20, Maxar will be vacating the property. When Maxar advised Far Western of its intent to move to a new campus in San Jose, several options were considered for the property. They included:

1. Re-lease the two existing buildings, originally built in 1956, to a new tech/R&D user.
2. Build approximately 11,000 sf of additional R&D space (allowed within the current zoning) and lease the entire campus to a new user.
3. Redevelop the property into multifamily housing.

Options 1 and 2 involve the least amount of risk and effort, while still providing attractive investment returns. Option 3, however, could be an attractive long-term option for both Far Western and the City of Palo Alto. This site would be an ideal location for multifamily housing, as it is within walking and biking distance of thousands of jobs and could provide housing within Palo Alto that would contribute to improved traffic patterns for regional commuting. Additionally, the community has greatly benefited from the Oshman Family JCC and its related housing. This site is well-suited to add multifamily, near other housing and buildings of similar height and density.

As proposed, the development would include approximately 290 units of high-quality housing, structured parking, and a first-class amenity package. Additionally, in accordance with Option 3 of the Planned Home Zone (PHZ) Inclusionary Housing Requirement, 29 units (10%) will be reserved for Very-Low Income residents and the project will contribute in-lieu housing fees.

The project would require certain approvals from the city, including a rezone to the Planned Home Zone (PHZ) and increased height in specific sections of the building. In order to make multifamily development feasible, the project is requesting a height of 67'. This height would allow the project to incorporate affordable units, as requested by the city, and build adequate parking to meet the parking needs of all the project's residents. A subterranean garage will be constructed to deal with much of the required parking but there will also be a level of semi-at-grade podium parking as a result of constraints due to environmental





Geoffrey A. Farrar, President  
Far Western Land & Investment Co., Inc.  
jeff.farwestern@gmail.com  
530.521.0608 direct

conditions in this part of the City, similar to the parking solution at the nearby Oshman Family JCC. This results in living areas being elevated, requiring additional levels and height. Given the height and density of the adjacent properties, as well as the distance from any single-family neighborhoods, this request is very reasonable and supportable. This new development would cohesively fit into the neighborhood.

Some of the major benefits to this proposal include:

1. The main community benefit of this redevelopment is much needed housing (including affordable housing). This project would add 290 units to Palo Alto's housing supply. Its location near employment would enable the city to add housing where it is most needed—within a short commute to jobs.
2. This project would meet the city's request for low income housing through Option 3 of the PHZ's Inclusionary Requirement: a hybrid method of units provided and an in-lieu fee. The city staff report from the 9/21/2020 meeting indicated that when using the weighted analysis of Option 2 within the PHZ Inclusionary Requirement, Option 3 is approximately equivalent to a 25% inclusionary requirement. This development would create 29, or 10% of the unit total, Very-Low Income units and pay the housing in-lieu fee. As a result, the city would be able to offer more Very-Low Income units, while simultaneously increasing the City's housing funds—which are used by non-profit organizations to build low income units with supportive programs.
3. The market-rate and low-income units would also help the city meet their current and future RHNA numbers. As city staff has mentioned in previous public hearings, meeting the RHNA requirements has a direct impact on the city's ability to maintain local control.
4. The redevelopment aligns with the city's goal of fixing the jobs/housing imbalance. This project would replace +/- 115 jobs with housing.
5. With the construction of housing, the project will help to remove contamination from the land. Due to environmental issues at the site and in the area, the property redevelopment will be coordinated with and under the direct oversight of the San Francisco Bay Regional Water Quality Control Board and the Board is supportive of the proposed approach.
6. A redevelopment of the property would replace outdated industrial buildings with new, state-of-the-art housing that is well positioned for decades to come.

We look forward to the opportunity to discuss this project with Council at a pre-screening.

Regards,

A handwritten signature in blue ink that reads "Jeff A. Farrar".

Jeff A. Farrar, President  
FAR WESTERN LAND & INVESTMENT CO., INC.

---

PO Box 1701  
Chico, CA 95927

## Attachment D

### **Project Plans**

Due to shelter-in-place, these documents are only available on-line.

#### **Directions to review Project plans online:**

1. Go to: [bit.ly/PAPendingprojects](https://bit.ly/PAPendingprojects)
2. Scroll to find "3997 Fabian Way" and click the address link
3. On this project specific webpage you will find a link to the Project Plans and other important information

#### **Direct Link to Project Webpage:**

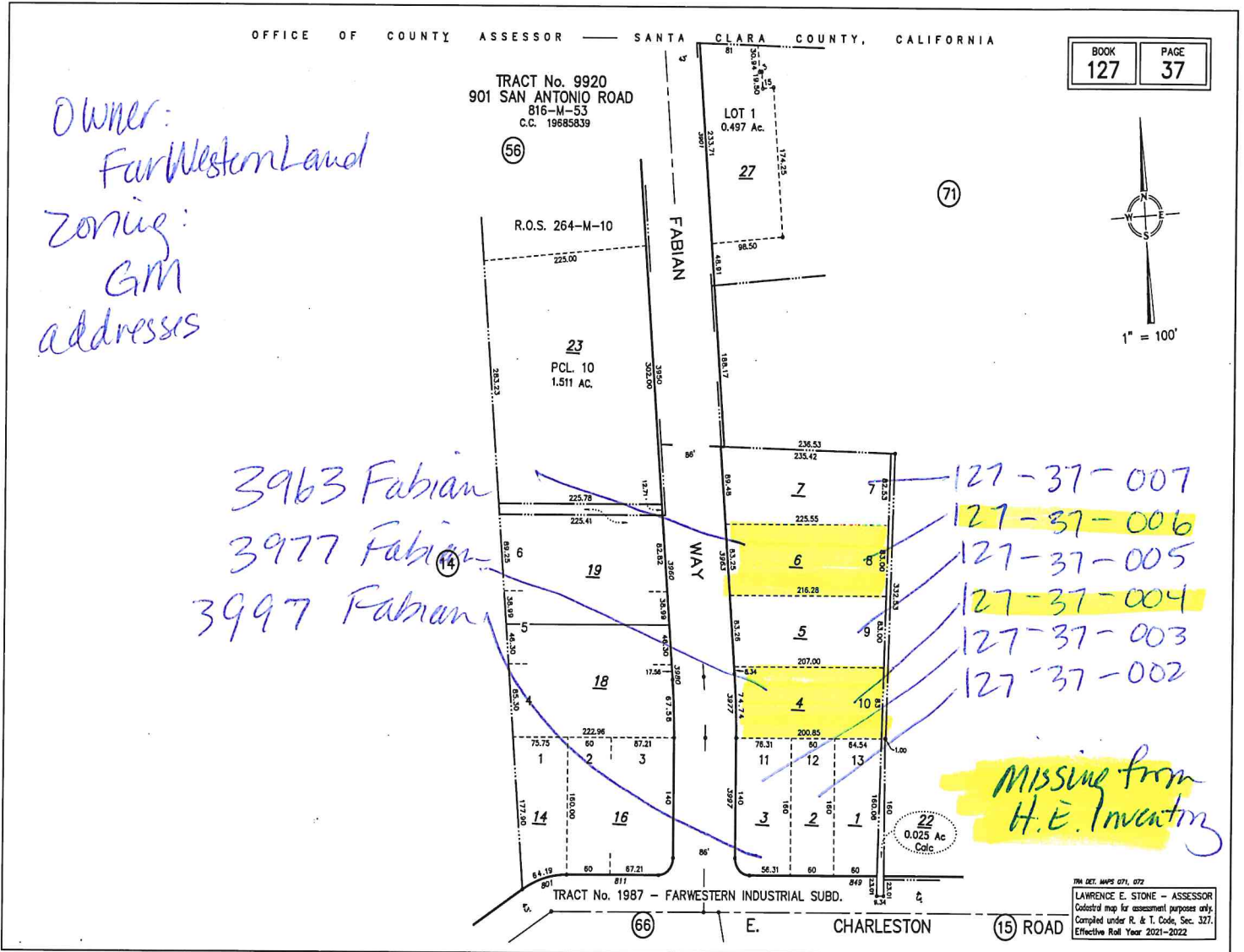
<https://www.cityofpaloalto.org/news/displaynews.asp?NewsID=5064&TargetID=319>



First American

myFirstAm® Tax Map

3963 Fabian Way, Palo Alto, CA 94303



Limitation of Liability for Informational Report

**IMPORTANT – READ CAREFULLY:** THIS REPORT IS NOT AN INSURED PRODUCT OR SERVICE OR A REPRESENTATION OF THE CONDITION OF TITLE TO REAL PROPERTY. IT IS NOT AN ABSTRACT, LEGAL OPINION, OPINION OF TITLE, TITLE INSURANCE COMMITMENT OR PRELIMINARY REPORT, OR ANY FORM OF TITLE INSURANCE OR GUARANTY. THIS REPORT IS ISSUED EXCLUSIVELY FOR THE BENEFIT OF THE APPLICANT THEREFOR, AND MAY NOT BE USED OR RELIED UPON BY ANY OTHER PERSON. THIS REPORT MAY NOT BE REPRODUCED IN ANY MANNER WITHOUT FIRST AMERICAN'S PRIOR WRITTEN CONSENT. FIRST AMERICAN DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION HEREIN IS COMPLETE OR FREE FROM ERROR, AND THE INFORMATION HEREIN IS PROVIDED WITHOUT ANY WARRANTIES OF ANY KIND, AS-IS, AND WITH ALL FAULTS. AS A MATERIAL PART OF THE CONSIDERATION GIVEN IN EXCHANGE FOR THE ISSUANCE OF THIS REPORT, RECIPIENT AGREES THAT FIRST AMERICAN'S SOLE LIABILITY FOR ANY LOSS OR DAMAGE CAUSED BY AN ERROR OR OMISSION DUE TO INACCURATE INFORMATION OR NEGLIGENCE IN PREPARING THIS REPORT SHALL BE LIMITED TO THE FEE CHARGED FOR THE REPORT. RECIPIENT ACCEPTS THIS REPORT WITH THIS LIMITATION AND AGREES THAT FIRST AMERICAN WOULD NOT HAVE ISSUED THIS REPORT BUT FOR THE LIMITATION OF LIABILITY DESCRIBED ABOVE. FIRST AMERICAN MAKES NO REPRESENTATION OR WARRANTY AS TO THE LEGALITY OR PROPRIETY OF RECIPIENT'S USE OF THE INFORMATION HEREIN.

## Marissa Ritter

---

**From:** Dennis Smith <dennishsmith60@gmail.com>  
**Sent:** Monday, November 7, 2022 12:49 PM  
**To:** HeUpdate  
**Cc:** Dennis Smith  
**Subject:** Re: City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice

You don't often get email from dennishsmith60@gmail.com. [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

---

I hope this is not the plan rejected by the state a few weeks ago.

Dennis Smith

On Mon, Nov 7, 2022 at 11:54 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Good Morning Everyone,

We are happy to announce the release of the City's Public Review Draft of the 2023-31 Housing Element. A copy of the draft document can be found on the City's Housing Element website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Community members will have 30 days to review and provide any comments of the draft. The close of the 30 day review will be **December 7, 2022**. Please send any comments or questions about the draft to HeUpdate [HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)

As a friendly reminder, in conjunction with the release of the Housing Element draft, the City will be hosting a virtual Community Meeting on **November 16 at 6 pm**. The meeting will provide an overview of the draft Housing Element and to answer any questions. Registration is required so please register via [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Finally, on November 28, the City Council will hold a joint meeting with the Planning and Transportation Commission to review and discuss the draft Housing Element. Please see the City Council website at <https://www.cityofpaloalto.org/City-Hall/City-Council/Council-Agendas-Minutes> for more details.

If you have any questions, please email them to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org).

Please see the attached flyer for additional information.

Thank you for your continued support.

Housing Element Team

## Marissa Ritter

---

**From:** Arwen Funk <arwen.farwestern@gmail.com>  
**Sent:** Monday, November 14, 2022 9:23 AM  
**To:** HeUpdate  
**Subject:** Re: City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice

You don't often get email from arwen.farwestern@gmail.com. [Learn why this is important](#)

Much appreciated!

### Arwen Funk

Far Western Land & Investment Co., Inc.  
530.893.1909  
[arwentfunk@gmail.com](mailto:arwentfunk@gmail.com)

On Mon, Nov 14, 2022 at 7:53 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Hi Arwen,

Thank you for the additional information about the sites. I'll take a look at the sites and if I have any questions, I'll reach out to you.

And if you would like to learn more about the Housing Element, we are having a virtual Community Meeting this Wednesday at 6 pm. If interested, you can register for the Meeting at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com). The City Council is also holding a November 28 meeting with the Planning and Transportation Commission about the Housing Element.

Thanks.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services



(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Arwen Funk <[arwen.farwestern@gmail.com](mailto:arwen.farwestern@gmail.com)>  
**Sent:** Friday, November 11, 2022 2:39 PM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Subject:** Re: City of Palo Alto Housing Element 30 Day Public Review Draft Release Notice

You don't often get email from [arwen.farwestern@gmail.com](mailto:arwen.farwestern@gmail.com). [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

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Hello! We are working on our review of the new HE and I noted an important item that warrants correction. We have 6 parcels that have previously been submitted for a Pre-Screen and will eventually be a new housing project. But of those 6 parcels, only 4 are in the inventory in Appendix D. So I took the liberty of preparing the attached parcel map to illustrate what's missing. Of the 6 parcels, the two highlighted ones are not shown in the Housing Element draft. Additionally I noted that some of the parcels seem to have been missing in other sections of the package. So I have three corrections to respectfully request:

1. Only 4 of the 6 parcels are included in the Appendix D inventory. Parcels 127-37-004 and -006 are missing entirely and should be included in future drafts of the spreadsheet.
2. Only 3 of the 6 parcels are included in the map in Figure 3-8, "Opportunity Sites Within The GM Zone District" Parcels 127-37-003, -004 and -006 are missing from that map but should be included.
3. Only 1 of the 6 parcels are included in the map in Figure 3-11, "Opportunity Sites Selected by City Staff" Parcels 127-37-002, -004, -005, -006, -007 are missing from that map but should be included. Note for reference here that all 6 parcels were included in a Pre-Screening study session that was held 2/8/21. I am attaching here the staff report for reference.

We are reviewing it carefully and will advise you if we note anything else. In the meantime, we appreciate everyone's diligent efforts on this project! The Housing Element is a big undertaking and we thank you.

Regards,



**Arwen Funk**

Far Western Land & Investment Co., Inc.

530.893.1909

[arwentfunk@gmail.com](mailto:arwentfunk@gmail.com)

On Mon, Nov 7, 2022 at 11:54 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Good Morning Everyone,

We are happy to announce the release of the City's Public Review Draft of the 2023-31 Housing Element. A copy of the draft document can be found on the City's Housing Element website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Community members will have 30 days to review and provide any comments of the draft. The close of the 30 day review will be **December 7, 2022**. Please send any comments or questions about the draft to HeUpdate [HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)

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If you have any questions, please email them to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org).

Please see the attached flyer for additional information.

Thank you for your continued support.

Housing Element Team

**Marissa Ritter**

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Monday, December 5, 2022 10:06 AM  
**To:** HeUpdate  
**Subject:** Re: Element Inventory Respondents List

Hi Tim,

Thank you as always for your help!

Best Michael

On Mon, Dec 5, 2022 at 8:51 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Hi Michael,

Please find attached is the list of owners who requested to remove their properties from the sites list.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)

**CITY OF  
PALO  
ALTO**



Service Feedback

---

**From:** Michael Quinn <[mfquinniii@gmail.com](mailto:mfquinniii@gmail.com)>  
**Sent:** Friday, December 2, 2022 9:02 AM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Subject:** Element Inventory Respondents List

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Good morning,

Mr. Wong I was wondering if the list of property owners who responded to the letters the City sent is available to send to me.

Pardon me for requesting the quick turnaround, but the comment window at HCD will close very soon.

Thank you again,

Mike Quinn

--

Michael Quinn  
[644 Lakehaven Drive](#)  
[Sunnyvale, CA 94089](#)  
[\(510\) 504-7413](#) (Mobile)  
[mfquinnIII@gmail.com](mailto:mfquinnIII@gmail.com)

--

Michael Quinn  
644 Lakehaven Drive  
Sunnyvale, CA 94089  
[\(510\) 504-7413](#) (Mobile)  
[mfquinnIII@gmail.com](mailto:mfquinnIII@gmail.com)

## Marissa Ritter

---

**From:** Robert Chun <rgchun@gmail.com>  
**Sent:** Wednesday, November 23, 2022 10:48 AM  
**To:** Wong, Tim; HeUpdate  
**Subject:** Re: FW: Housing Incentive Program

Thanks, Tim! Really appreciate your help here.

I do think that it would be useful to have a call after Thanksgiving. Happy to share some times when I'd be free, if that's helpful.

Basically, I'm trying to understand the differences between a few different programs:

- AH Incentive Program - referenced by Program 3.3
- Housing Incentive Program - referenced by Program 3.4
- AH Combining District - developed for Wilton Court and mentioned by Claire

As a starting point, do you think you could give me the sections of the Code where I can find each of these programs?

Best,  
Robert

On Tue, Nov 22, 2022 at 1:23 PM Wong, Tim <[Tim.Wong@cityofpaloalto.org](mailto:Tim.Wong@cityofpaloalto.org)> wrote:

Hi Robert,

I just responded to your email but forgot to include Claire's response to your last question about retail preservation and Wilton Ct. I am forwarding you her response to that question.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Raybould, Claire <Claire.Raybould@CityofPaloAlto.org>  
**Sent:** Monday, November 21, 2022 8:59 PM  
**To:** Wong, Tim <Tim.Wong@CityofPaloAlto.org>  
**Subject:** RE: Housing Incentive Program

We created the AH combining district for Wilton Ct but our retail preservation requirements (18.40.180) don't apply to 100% affordable housing projects, so no matter where they are in the city if they are doing 100% affordable they don't need to replace the retail on the site. If they are doing a high density housing project (30 DU/AC) or more then they only have to replace 1500 sf of retail. This also applies citywide. If they weren't doing that and didn't want to replace retail at all they would have to do a Planned Community Rezoning (aka planned home zoning).

Regards,  
Claire

---

**From:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Sent:** Monday, November 21, 2022 3:33 PM  
**To:** Raybould, Claire <[Claire.Raybould@CityofPaloAlto.org](mailto:Claire.Raybould@CityofPaloAlto.org)>  
**Subject:** FW: Housing Incentive Program

Hi Claire,

Were you the planner for the Wilton Ct. project? Can you answer the last question (highlighted).

Thanks.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

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**From:** Robert Chun <[rgchun@gmail.com](mailto:rgchun@gmail.com)>  
**Sent:** Friday, November 18, 2022 10:32 AM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>; [planner@cityofpaloalto.com](mailto:planner@cityofpaloalto.com)  
**Subject:** Housing Incentive Program

You don't often get email from [rgchun@gmail.com](mailto:rgchun@gmail.com). [Learn why this is important](#)

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---

Hi Tim,

Hope you're well! After reviewing the draft Housing Element, I have a number of questions that relate to the Housing Incentive Program.

1. What is the difference between Program 3.3 (Affordable Housing Development Incentives) and Program 3.4 (Housing Incentive Program)?

2. Are Programs 3.3 and 3.4 addressing the same part of the municipal code (e.g., the Housing Incentive Program at Chapter 18.32)? Or are they addressing different parts of the code?



3. Palo Alto used to have an Affordable Housing Overlay located at Chapter 18.30(J) that seemed distinct from the Affordable Housing Incentive Program at Chapter 18.32. Were these two programs merged? If so, can you please provide a description of the HIP program before and after the merger?

4. I have previously heard the Housing Incentive Program described as an alternative to the density bonus. Elsewhere, I have heard it described as an alternative to SB-35. Are both true? Can you clarify what it would mean for HIP to be an alternative to the state density bonus and SB-35?

5. I have previously heard that one of the affordable housing programs (e.g., Affordable Housing Overlay or HIP) helped Wilton Court by removing the retail requirement. Which program ensured that Wilton Court did not have to provide retail?

Would be happy to discuss these questions over email or hop on a Zoom call. Thank you so much.

Best,

Robert

## Marissa Ritter

---

**From:** Wong, Tim  
**Sent:** Wednesday, November 23, 2022 4:10 PM  
**To:** Robert Chun; HeUpdate  
**Subject:** RE: FW: Housing Incentive Program

Hi Robert,

Responses in red.

Have a good Thanksgiving.

Tim



**Tim Wong**  
Senior Planner  
Planning and Development Services  
(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)  
[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Robert Chun <rgchun@gmail.com>  
**Sent:** Wednesday, November 23, 2022 10:48 AM  
**To:** Wong, Tim <Tim.Wong@CityofPaloAlto.org>; HeUpdate <HeUpdate@CityofPaloAlto.org>  
**Subject:** Re: FW: Housing Incentive Program

Thanks, Tim! Really appreciate your help here.

I do think that it would be useful to have a call after Thanksgiving. Happy to share some times when I'd be free, if that's helpful.

Basically, I'm trying to understand the differences between a few different programs:

- AH Incentive Program - referenced by Program 3.3 **PAMC 18.32**  
[https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto\\_ca/0-0-0-85956](https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto_ca/0-0-0-85956)
- Housing Incentive Program - referenced by Program 3.4 **The HIP is found in the CD-C zone district PAMC 18.18.060(I). The proposed program will expand it to other zone districts( RM, GM/ROLM).**  
[https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto\\_ca/0-0-0-78321](https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto_ca/0-0-0-78321)
- AH Combining District - developed for Wilton Court and mentioned by Claire **I'll need to follow up with you on this one. The AH Incentive Program, which was recently approved, may have replaced the AH combining district. The AH Incentive programs also allows for retail waivers just like the Combining District.**

As a starting point, do you think you could give me the sections of the Code where I can find each of these programs?

Best,  
Robert

On Tue, Nov 22, 2022 at 1:23 PM Wong, Tim <[Tim.Wong@cityofpaloalto.org](mailto:Tim.Wong@cityofpaloalto.org)> wrote:

Hi Robert,

I just responded to your email but forgot to include Claire's response to your last question about retail preservation and Wilton Ct. I am forwarding you her response to that question.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Raybould, Claire <[Claire.Raybould@CityofPaloAlto.org](mailto:Claire.Raybould@CityofPaloAlto.org)>

**Sent:** Monday, November 21, 2022 8:59 PM

**To:** Wong, Tim <[Tim.Wong@CityofPaloAlto.org](mailto:Tim.Wong@CityofPaloAlto.org)>

**Subject:** RE: Housing Incentive Program

We created the AH combining district for Wilton Ct but our retail preservation requirements (18.40.180) don't apply to 100% affordable housing projects, so no matter where they are in the city if they are doing 100% affordable they don't need to replace the retail on the site. If they are doing a high density housing project (30 DU/AC) or more then they

only have to replace 1500 sf of retail. This also applies citywide. If they weren't doing that and didn't want to replace retail at all they would have to do a Planned Community Rezoning (aka planned home zoning).

Regards,  
Claire

---

**From:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Sent:** Monday, November 21, 2022 3:33 PM  
**To:** Raybould, Claire <[Claire.Raybould@CityofPaloAlto.org](mailto:Claire.Raybould@CityofPaloAlto.org)>  
**Subject:** FW: Housing Incentive Program

Hi Claire,

Were you the planner for the Wilton Ct. project? Can you answer the last question (highlighted).

Thanks.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



---

**From:** Robert Chun <[rgchun@gmail.com](mailto:rgchun@gmail.com)>  
**Sent:** Friday, November 18, 2022 10:32 AM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>; [planner@cityofpaloalto.com](mailto:planner@cityofpaloalto.com)  
**Subject:** Housing Incentive Program

You don't often get email from [rgchun@gmail.com](mailto:rgchun@gmail.com). [Learn why this is important](#)

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

---

Hi Tim,

Hope you're well! After reviewing the draft Housing Element, I have a number of questions that relate to the Housing Incentive Program.

1. What is the difference between Program 3.3 (Affordable Housing Development Incentives) and Program 3.4 (Housing Incentive Program)?
2. Are Programs 3.3 and 3.4 addressing the same part of the municipal code (e.g., the Housing Incentive Program at Chapter 18.32)? Or are they addressing different parts of the code?
3. Palo Alto used to have an Affordable Housing Overlay located at Chapter 18.30(J) that seemed distinct from the Affordable Housing Incentive Program at Chapter 18.32. Were these two programs merged? If so, can you please provide a description of the HIP program before and after the merger?
4. I have previously heard the Housing Incentive Program described as an alternative to the density bonus. Elsewhere, I have heard it described as an alternative to SB-35. Are both true? Can you clarify what it would mean for HIP to be an alternative to the state density bonus and SB-35?

5. I have previously heard that one of the affordable housing programs (e.g., Affordable Housing Overlay or HIP) helped Wilton Court by removing the retail requirement. Which program ensured that Wilton Court did not have to provide retail?

Would be happy to discuss these questions over email or hop on a Zoom call. Thank you so much.

Best,

Robert

## Marissa Ritter

---

**From:** Rob Nielsen <crobertn@yahoo.com>  
**Sent:** Saturday, December 3, 2022 8:35 AM  
**To:** HeUpdate  
**Cc:** Scott O'Neil  
**Subject:** Re: Housing Element; data request and errors

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

Tim,

We do see the 18th site now near Webster. It is 550 Hamilton at 120-04-005 for 42 units. This leaves us at 649 units, 8 units short of your total.

Best regards,  
Rob Nielsen

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Tim,

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Address	APN	Total capacity
875 ALMA ST	12028045	12
75 ENCINA AV	12033003	4
760 SAN ANTONIO RD	14705091	20
4335 EL CAMINO REAL	14809010	12
3398, 3400, 3490 EL CAMINO REAL	13708072	116
980 MIDDLEFIELD RD	12005077	16
705 SAN ANTONIO RD	12715045	17
3997 FABIAN WAY	12737003	8
340 PORTAGE AV (1 acre site &DA)	13238071	175
3300 EL CAMINO REAL	14220046	96
3150 EL CAMINO REAL	14220054	24
800 SAN ANTONIO RD	14703038	13
808-814 SAN ANTONIO RD	14703043	14
4225 MIDDLEFIELD RD	14705068	17
4233 MIDDLEFIELD RD	14705069	24
708-710 SAN ANTONIO RD	14705090	8
4345 EL CAMINO REAL	14809011	31



Total 607

Here are the two missing sites:

1. 3000-3017 El Camino Real – This site and its 129 estimated units are now a pipeline site shown in Table 3-2
2. Something around 550-568 University Ave (near Webster), which we find nowhere in Appendix D and comes to 0.45 acres at the most.

Please note that when we load Appendix D into a spreadsheet, we get 291 sites yielding 5,665 units, after correcting for the four errors noted below. This units total matches your total in Figure 3-7. Given this, we think the missing 48-50 units are undercounted in some other strategy.

Best regards,  
Rob Nielsen

On Wednesday, November 30, 2022 at 01:33:11 PM PST, Rob Nielsen <crobertn@yahoo.com> wrote:

Tim,

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On Sunday, November 27, 2022 at 09:29:22 PM PST, Rob Nielsen <crobertn@yahoo.com> wrote:

Tim,

Thanks for your responsiveness on our Housing Element review. We have one data request to make and two sets of errors to report.

Best regards,  
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1. DATA REQUEST: Additional Sites with Expressed Development Interest, p. 3-48  
Please provide the list of 19 sites referred to in this section, including Site Address/Intersection and Assessor Parcel Number as shown in Appendix D: Site Inventory. If any of these sites are not in Appendix D, please also provide the information shown in that appendix.

2. ERRORS: Count of units from opportunity sites

We believe the total number of such units is 5,667\* (see below), but do not see this number anywhere. Rather, we see two different numbers.

a. Table 3-14, p. 3-50

This shows 5,657 total Units from Opportunity Sites. It should be 5,667 based on simple addition (285+5382=5667).

b. Table 3-7, p. 3-24

This shows 5,665 Total Number of Units.

We have also found four site-specific errors, netting out to two units, in our examination of Appendix D, which may account for the two missing units in Table 3-7 but are not sure.

Site Address/Intersection	Assessor Parcel Number	Very Low Income	Low- Income	Moderate Income	Above Income	Moderate	Total Capacity
2811 MIDDLEFIELD RD	12734098	18	12	0		12	41
530 LYTTON AV	12003070	9	5	0		6	21
NITA AV	14709056	22	14	0		15	50
4170 EL CAMINO REAL	13724046	14	9	0		10	32

3. ERRORS: Incorrect Assessor Parcel Numbers (APNs) in Table B of Appendix D.

Eight APNs are incorrect as the number of digits fall short of the standard 8-digit format used by Santa Clara County. We believe that in the first seven cases, the correct APNs can be obtained by adding leading 0s until the full eight digits are obtained. Please verify.

725 UNIVERSITY AV	302021
701 UNIVERSITY AV	302022
435 MIDDLEFIELD RD	302023
720 UNIVERSITY AV	302047
827 MIDDLEFIELD RD	332064
853 MIDDLEFIELD RD	332094
1985 LOUIS RD	350022

For the eighth item, below, we believe the correct APN is 13708072 (with a 0 added as the sixth digit). Moreover, we believe your intent is to show the entire PHZ site at Creekside Inn, which comprises 3.6 acres over five parcels: 13708072, 13708098, 13708084, 13708083, and 13708006. Please verify.

3398, 3400, 3490 EL CAMINO REAL 1370872

=====

\* Source of our count of 5,667 units.

Strategy	Units	Source
Multi-Family Allowed	285	p. 3-27
Upzone	1,017	p. 3-30
Caltrain Station	486	p. 3-33
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Faith-Based Institutions	121	p. 3-40
GM	811	Table 3-12
ROLM	1,330	Table 3-12
Stanford Sites	569	p. 3-46
Staff Suggested Sites	657	p. 3-48
TOTAL	5,667	

## Marissa Ritter

---

**From:** Rob Nielsen <crobertn@yahoo.com>  
**Sent:** Saturday, December 3, 2022 7:38 AM  
**To:** HeUpdate  
**Cc:** Scott O'Neil  
**Subject:** Re: Housing Element; data request and errors

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

Tim,

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	Total	607

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This shows 5,665 Total Number of Units.

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3. ERRORS: Incorrect Assessor Parcel Numbers (APNs) in Table B of Appendix D. Eight APNs are incorrect as the number of digits fall short of the standard 8-digit format used by Santa Clara County. We believe that in the first seven cases, the correct APNs can be obtained by adding leading 0s until the full eight digits are obtained. Please verify.

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TOTAL	5,667	





## Marissa Ritter

---

**From:** Rob Nielsen <croberntn@yahoo.com>  
**Sent:** Wednesday, November 30, 2022 1:33 PM  
**To:** HeUpdate  
**Subject:** Re: Housing Element; data request and errors

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

---

Tim,

Thanks for all your help over this long project.

Is it possible to get the list of staff-suggested sites today or tomorrow?

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## Marissa Ritter

---

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**To:** HeUpdate  
**Cc:** Scott O'Neil  
**Subject:** Re: Housing Element; data request and errors

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Tim,

One more try. We are now at 18 sites and 647 units vs 19 and 657 from the City. We added 300 Lambert and removed 4335 El Camino Real. Here is our complete list. Please tell me if we have any errors.

Address	APN	Total capacity
875 ALMA ST	12028045	12
75 ENCINA AV	12033003	4
300 LAMBERT AV	13238061	10
760 SAN ANTONIO RD	14705091	20
3398, 3400, 3490 EL CAMINO REAL	13708072	116
550 HAMILTON AV	12004005	42
980 MIDDLEFIELD RD	12005077	16
705 SAN ANTONIO RD	12715045	17
3997 FABIAN WAY	12737003	8
340 PORTAGE AV (1 acre site & DA)	13238071	175
3300 EL CAMINO REAL	14220046	96
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4225 MIDDLEFIELD RD	14705068	17
4233 MIDDLEFIELD RD	14705069	24
708-710 SAN ANTONIO RD	14705090	8
4345 EL CAMINO REAL	14809011	31
	Sites	18
	Units	647

Thanks,  
Rob Nielsen

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TOTAL	5,667	



**Marissa Ritter**

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Wednesday, November 30, 2022 9:12 AM  
**To:** HeUpdate  
**Subject:** Re: Letters sent to Property Owners? Responses?

Tim,

Thank you so much for your help!

Michael

On Wed, Nov 30, 2022 at 7:55 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Hi Michael,

Attached is the template that was sent to the property owners. We had a dozen property owners request to be removed. I'll get you that list in the next day or two.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)

**CITY OF  
PALO  
ALTO**



Service Feedback

---

**From:** Michael Quinn <[mfquinniii@gmail.com](mailto:mfquinniii@gmail.com)>  
**Sent:** Sunday, November 27, 2022 9:38 PM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Subject:** Letters sent to Property Owners? Responses?

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---

Mr. Wong,

I hope this email finds you well and that you had a good holiday!

I am writing to ask that you please send me a copy of the letter that was sent to owners whose properties were included Palo Alto sites inventory.

Is there a spreadsheet that includes their responses? If there is, I am going to ask that please share that with me as well.

Thank you so much,

Michael Quinn

--  
Michael Quinn  
644 Lakehaven Drive  
Sunnyvale, CA 94089  
[\(510\) 504-7413](tel:5105047413) (Mobile)  
[mfquinnlll@gmail.com](mailto:mfquinnlll@gmail.com)

## Marissa Ritter

---

**From:** HeUpdate  
**Sent:** Thursday, November 17, 2022 2:29 PM  
**To:** Michael Quinn; HeUpdate  
**Subject:** RE: Ownership of Locations in Palo Alto Sites Inventory  
**Attachments:** HousingInventorySites\_Owners\_7\_2022.pdf

Mr. Quinn,

Please find attached, per your request.

Thanks.

Tim



**Tim Wong**  
Senior Planner  
Planning and Development Services  
(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)  
[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Wednesday, November 16, 2022 11:56 AM  
**To:** HeUpdate <HeUpdate@CityofPaloAlto.org>  
**Subject:** Re: Ownership of Locations in Palo Alto Sites Inventory

\*Pardon me CPRA request.

On Wed, Nov 16, 2022 at 11:04 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Dear Mr. Quinn,

The Housing Inventory Sites List (dated April 26, 2022) is publicly available is available on the project website at:  
<https://paloaltohousingelement.com/>

You can look up the owners record information from Assessor's Office database. The City prefers to share information that is available to all.

Thank you for reaching out.

Housing Element Team

---

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**Sent:** Monday, November 14, 2022 8:20 PM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Subject:** Re: Ownership of Locations in Palo Alto Sites Inventory

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Ownership addresses are public record and were taken from the Santa Clara County Assessor's rolls.

Any other questions, please let me know.

Thanks.

Tim



CITY OF  
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ALTO**

**Tim Wong**

Senior Planner

Planning and Development Services

(650) 329-2493 | [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org)

[www.cityofpaloalto.org](http://www.cityofpaloalto.org)



Service Feedback

---

**From:** Michael Quinn <[mfquinniii@gmail.com](mailto:mfquinniii@gmail.com)>  
**Sent:** Sunday, November 13, 2022 8:22 PM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
**Subject:** Ownership of Locations in Palo Alto Sites Inventory

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With sincere gratitude,

Michael Quinn

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Michael Quinn  
[\(510\) 504-7413](tel:5105047413) (Mobile)  
[mfquinnIII@gmail.com](mailto:mfquinnIII@gmail.com)

--

Michael Quinn  
[644 Lakehaven Drive](https://www.google.com/maps/place/644+Lakehaven+Drive,+Sunnyvale,+CA+94089/@37.4089,-122.089,15z)  
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[mfquinnIII@gmail.com](mailto:mfquinnIII@gmail.com)

## Marissa Ritter

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Wednesday, November 16, 2022 11:52 AM  
**To:** HeUpdate  
**Subject:** Re: Ownership of Locations in Palo Alto Sites Inventory

Good morning,

Thank you for your reply. I am going to ask again that this public information be shared. If the City wishes to post the information to the HE web site, then that would be greatly appreciated.

I would consider a FOIA request, but I do not believe such a request could be processed within the public comment window.

Thank you,

Michael

On Wed, Nov 16, 2022 at 11:04 AM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

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Michael Quinn

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## Marissa Ritter

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Any other questions, please let me know.

Thanks.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

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## Marissa Ritter

---

**From:** Michael Quinn <mfquinniii@gmail.com>  
**Sent:** Thursday, November 17, 2022 2:42 PM  
**To:** HeUpdate  
**Subject:** Re: Ownership of Locations in Palo Alto Sites Inventory

Mr. Wong,

Thank you so much. I look forward to working with you and your team to create a terrific housing element for Palo Alto.

With gratitude,

Mike Quinn

On Thu, Nov 17, 2022 at 2:28 PM HeUpdate <[HeUpdate@cityofpaloalto.org](mailto:HeUpdate@cityofpaloalto.org)> wrote:

Mr. Quinn,

Please find attached, per your request.

Thanks.

Tim



**Tim Wong**

Senior Planner

Planning and Development Services

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**Sent:** Wednesday, November 16, 2022 11:56 AM  
**To:** HeUpdate <[HeUpdate@CityofPaloAlto.org](mailto:HeUpdate@CityofPaloAlto.org)>  
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\*Pardon me CPRA request.

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**Tim Wong**

Senior Planner



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[mfquinnIII@gmail.com](mailto:mfquinnIII@gmail.com)

## Marissa Ritter

---

**From:** Rob Nielsen <crobertn@yahoo.com>  
**Sent:** Monday, November 7, 2022 2:40 PM  
**To:** HeUpdate  
**Subject:** Site Inventory in spreadsheet form

**CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.**

---

Hello,

Thank you very much for the hard work you put into the Housing Element, which was released for public review earlier today. Is it possible to access this in spreadsheet form, similar to what was done with the April 26 draft inventory?

Thank you very much and best regards,  
Rob Nielsen

Dear Palo Alto City Council, Planning and Transportation Commission, and City Staff,

I share the concerns about the Housing Element expressed in Palo Alto Forward's recent letter, to which I was a contributor. I have some additional comments as an individual.

## Comments

### **C1:**

Time associated with preapplications, prescreens, and study sessions should be included in Annual Progress Reports to HCD. The Housing Element is clear enough that these are part of the process, and not an informal courtesy meeting. Ie: (bold mine)

*"[Rezoning] begins with a **required prescreen** with the City Council. The applicant submits a prescreen application for a rezone proposal and the City Council generally hears the prescreen request within two months. **If the Council response is favorable, then the formal application for a rezone process can begin.**" (p. 262)*

I've heard from someone who's done projects in Palo Alto that this first round of review is often the most laborious and impactful on timelines. It should be reflected in public data.

### **C2:**

An attorney and housing activist in Walnut Creek has inspired many of us with his passion for compliance with the Permit Streamlining Act and ensuring Housing Elements spell out how they will comply with PRC 21080.1/.2. I would encourage the city to add detail to the Housing Element about when, how and who processes CEQA applications in Palo Alto until it is clear that this law is being followed.

To aid the City in making necessary changes, please find attached Exhibit A - HCD Letter to Berkeley.

### **C3:**

Program 1.1 should clarify that all previously-described planned rezoning is covered under this program, ie: rezoning of RM and mixed-use zones outside of GM/ROLM.

## Conclusion

I want to acknowledge that most of my role in this process has been as a critic, and say some things I know I don't say enough. First, I think staff has done very good work. I do not envy being trapped between rapidly changing state laws and Palo Alto politics, and am constantly impressed by how well they handle this unenviable position. Second, I want to say that the Housing Element Working Group and its members have no responsibility for the circumstances surrounding its creation, and do not believe any of them did anything wrong as individuals. Finally, I do want to see Palo Alto achieve certification of a compliant Housing Element as soon as possible, and want to be helpful.

To that end: I think the most promising path forward for Palo Alto is to take the strategy it's adopting the GM and ROLM zones, and fix the issues with development standards that are creating constraints. That strategy should be extended by applying it to the University and California Avenue downtowns, including, in the case of Cal. Ave, the area across Alma northeast of the Caltrain station. This would dovetail with rationalizing zoning instead of spot zoning –a good unto itself. Having more sites will make it easier to satisfy the nonvacant sites analysis. Showing that zoning is adequate for feasibility and eligible for ministerial review at market-feasible IZ levels (ie: 15%) would fortify such a housing element against several of the governmental and nongovernmental constraints identified in the PAF letter while simultaneously addressing AFFH concerns.

Thank you, and all the best.

-Scott O'Neil

## Exhibit A - HCD Letter to Berkeley

---

**DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833  
(916) 263-2911 / FAX (916) 263-7453  
[www.hcd.ca.gov](http://www.hcd.ca.gov)



June 3, 2022

Sharon Gong, Senior Planner  
City of Berkeley  
49 South Van Ness Avenue, Suite 1400  
Berkeley, CA 94103

Dear Sharon Gong:

**RE: Berkeley – Letter of Technical Assistance**

The purpose of this letter is to provide technical assistance to the City of Berkeley (City). The California Department of Housing and Community Development (HCD) has become aware of potential conflicts between the practices of the City's Zoning Adjustments Board (ZAB) concerning determinations for projects determined to be exempt from the California Environmental Quality Act (CEQA) and timelines pursuant to Public Resources Code section 21080.1, subdivision (a), and Public Resources Code section 21080.2. HCD is concerned that these actions may act as a governmental constraint on housing development and requests the City review the CEQA determination process in Berkeley's 6<sup>th</sup> Cycle Housing Element and include programs to mitigate or remove constraints as necessary.

**Obligations Under Public Resources Code sections 21080.1 & 21080.2**

HCD has been made aware of at least five development applications where the final ZAB determination was made more than 30 days after the relevant permit was determined to be complete. As the City is aware, under the Public Resources Code, a lead agency must make a determination under CEQA for projects exempt from environmental review within 30 days of a project application being deemed complete. These provisions are critical to meeting the Permit Streamlining Act requirement set in Government Code section 65950, subdivision (a) (5), and generally facilitate the processing of housing developments.

**6<sup>th</sup> Cycle Housing Element**

As Berkeley is updating its 6<sup>th</sup> Cycle Housing Element, the City must describe and analyze the permit process from application to approvals, including a discussion on timeframes for each step in the process, impediments, and how it addresses the



Sharon Gong, Senior Planner  
Page 2

application of state law on application processing pursuant to Government Code section 65583, subdivision (a)(5). In addition, the element must also demonstrate local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need and include program actions to remove or mitigate identified constraints pursuant to Government Code section 65583, subdivision (c)(3). Excessive CEQA review timeframes can delay project approval and pose a constraint to the development of housing and should be reviewed as part of the City's housing element update.

### **Conclusion**

HCD understands that the City is currently reviewing its compliance with these provisions and is looking at strategies to transparently document the process to ensure timely approval of CEQA determinations and provide additional transparency. HCD supports these efforts and encourages the City to take meaningful steps to ensure that its processes comply with provisions of state housing law.

If you have questions or need additional information, please contact Kevin Hefner at [Kevin.Hefner@hcd.ca.gov](mailto:Kevin.Hefner@hcd.ca.gov)

Sincerely,

A handwritten signature in black ink that reads "Shannan West". The signature is written in a cursive, flowing style.

Shannan West  
Housing Accountability Unit Chief

Taube-Koret Campus for Jewish Life  
3921 Fabian Way  
Palo Alto, CA 94306  
December 6, 2022

Mr. Tim Wong  
Senior Planner  
City of Palo Alto  
[heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org)

Dear Mr. Wong:

The Taube-Koret Campus for Jewish Life ("Campus"), located on approximately 8.5 acres, comprises three legal entities:

- (1) Moldaw Senior Residences (899 East Charleston Road) – a non-profit continuing care retirement community licensed to serve up to 270 residents. Twenty-four of the housing units are in the City's below market rate program. The average age of the residents is 88 years.
- (2) Oshman Family Jewish Community Center (3921 Fabian Way) – a non-profit community center open to everyone, providing a fitness center, pre-school, after-school care, cultural arts programming, and many other community-oriented programs.
- (3) Taube-Koret Campus For Jewish Life Owners Association - a California nonprofit mutual benefit corporation (the "Association"). The members of the Association are Moldaw Senior Residences and Oshman Family Jewish Community Center. The Association bears responsibility for all the Common Area within the Taube-Koret Campus for Jewish Life.

The Campus strongly supports the Draft Housing Element. We are in favor of more housing throughout the City in general, and in South Palo Alto in particular.

In light of its intention to significantly enlarge the residential population in South Palo Alto, the Campus urges the City to begin planning now, **on a comprehensive basis**, for the additional infrastructure (streets, crosswalks, bike paths, intersections, lighting, sewers, water, etc.) and services (transit, utilities, schools, parks, etc.) that will be required to serve this larger population.

As two large social service enterprises located in South Palo Alto, Oshman JCC and Moldaw Senior Residences respectfully request that the City's planning effort address the following specific concerns in the area bounded by Fabian Way, East Charleston Road and San Antonio Road:

**1. Traffic Flow.** Both San Antonio Road and East Charleston Road are congested arterial streets. Many vehicles move at high rates of speed because they are exiting from or about to enter onto US Highway 101. Ingress to and egress from Moldaw Senior Residences is difficult, even for emergency vehicles, due to heavy traffic flow on East Charleston Road.

Along Fabian Way, drop-off times for the Oshman JCC pre-school and for Kehillah High School generate significant vehicular traffic in the morning. Also, in the coming years, two large corporate campuses are expected to be built on Fabian Way, which will create large inflows of vehicular traffic at the beginning and end of each workday.

**2. Intersection Safety.** The intersection of San Antonio Road and East Charleston Road already is widely known to be one of the busiest and most dangerous in the City.

**3. Pedestrian Safety.** Residents of the Moldaw Senior Residences, many of whom walk slowly or use walkers or canes, walk in the immediate neighborhood for exercise. Some walk down East Charleston Road to visit Peets Coffee or Piazza's Fine Foods located in the Charleston Shopping Center at the intersection of East Charleston Road and Middlefield Road.

**4. Bicycle Safety.** Bicycle riders use Fabian Way to reach Kehillah High School (located on Fabian Way) or to access the bicycle bridge (located at the end of Fabian Way) that crosses US Highway 101, leading to the Baylands and offices located on the far side of the highway.

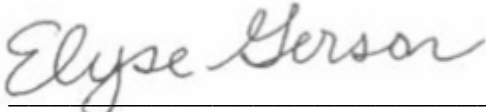
Finally, in closing, we urge the City of Palo Altos to give the greatest consideration to health, safety, general welfare, and convenience that is currently allowed under applicable California law.

Sincerely,


**Oshman Family Jewish Community Center**

  
\_\_\_\_\_  
By: Zack Bodner  
Its: President and Chief Executive Officer

**Moldaw Senior Residences**

  
\_\_\_\_\_  
By: Elyse Gerson  
Its: Executive Director

**Taube-Koret Campus for Jewish Life Owners Association**

  
\_\_\_\_\_  
By: Stuart Klein  
Its: President

Cc to  
California Department of Housing and Community Development  
[HousingElements@hcd.ca.gov](mailto:HousingElements@hcd.ca.gov)

# PALO ALTO FORWARD

December 6th, 2022

Dear Mayor Burt, Palo Alto City Council, and Palo Alto City Staff:

CC: California Department of Housing and Community Development (HCD), Julie Lythcott-Haims, Vicki Veenker, and Ed Lauing

Palo Alto Forward is a non-profit organization focused on innovating and expanding housing choices and transportation mobility for a vibrant, welcoming, and sustainable Palo Alto. We are a broad coalition with a multi-generational membership that includes students and retirees, renters and homeowners, and residents new and old.

We have been engaged in the Housing Element process at every stage. Our board and membership have written numerous letters,<sup>1</sup> attended nearly all meetings of the Housing Element Working Group, and provided public comments throughout the process. We want to thank you all for your work on Palo Alto's 6th cycle Housing Element.

We believe that all parties understand that the current Housing Element is both a start and a work in progress. We commend City staff for getting this far given the breadth of challenges they have faced. We especially appreciate City staff for their responsiveness to our questions and prior input on sites in the site inventory.

On November 28th, the City Council approved the draft Housing Element with minor changes and asked staff to submit it to HCD after the public comment period ends. Based on review letters from HCD to neighboring cities, we expect that HCD will, among other things, ask for additional evidence regarding sites, request more specific programs to overcome constraints, and suggest ways to strengthen our approach to fair housing. We also understand that staff have commissioned consultant reports on site suitability and financial feasibility that may, when completed, result in changes to the identified sites and suggest additional programs.

**With those understandings, we are writing to share our concerns regarding the current draft of the Housing Element.** We are sharing these concerns with the City Council, City staff, HCD, as well as the three newly elected City Council members, as it is the next City Council which will revise the Housing Element and respond to HCD's review.

We believe that the current Housing Element approved by the City Council needs additional revisions to comply with Palo Alto's statutory obligation to:

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<sup>1</sup> See [Appendix A - Previous Letters to City](#)

- Provide substantial evidence that existing uses on nonvacant parcels will be discontinued during the planning period, as is required by Government Code 65583.2(g)(2). The City has made virtually no effort to confirm that property owners intend to develop sites with housing.
- Identify and remove governmental constraints to housing, as is required by Government Code 65583(a)(5). The City’s site inventory is zoned in ways that render infeasible the development of housing, and the City continues to retain policies that constrain housing development across Palo Alto.
- Affirmatively further fair housing, as is required by Government Code 65583(c)(10) and 8899.50. The City has located the majority of lower-income housing in manufacturing and industrial areas next to the 101 freeway, rather than near public transit, jobs, and schools near downtown. This decision is at utterly odds with the City’s fair housing obligations, as well as its climate and sustainability goals.
- Ensure equitable public participation, as is required by Government Code 65583(c)(9). The City’s principal mechanism for public participation, the Housing Element Working Group, featured disproportionately few renters or young people, and was almost entirely composed of homeowners.
- Develop objective and quantifiable programs and policies, as is required by Government Code 65583(c). Many of the programs proposed by the City commit to merely “study” or “consider” changes, rather than commit to real changes to which it can be held accountable over the next eight years.

The potential consequences of decertification by HCD, which are identified and discussed in the Housing Element, include:<sup>2</sup>

- **Suspension of Land Use Power:** The City may lose its ability to control land use for specific parcels of land, which a court may preserve for affordable housing or other uses necessary to remedy the City’s failure to adopt a compliant Housing Element.<sup>3</sup>
- **Fines and Fees:** The City may be ordered to pay escalating fines with a minimum amount of \$10,000 per month and a maximum amount of \$100,000 per month.<sup>4</sup> If the City still fails to adopt a compliant Housing Element, those financial penalties can rise further by a factor of up to six.
- **Funding Disqualification:** The City may fall out of contention for many important state and federal funding programs that require compliance with Housing Element law, including SB 1 Planning Grants, the Permanent Local Housing Allocation (PLHA), the

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<sup>2</sup> [Housing Element Compliance \(YIMBY Law\)](#).

<sup>3</sup> See *Meija v. City of Mission Viejo* (2006).

<sup>4</sup> [Government Code 65581\(l\)](#)

Affordable Housing and Sustainable Communities (AHSC) program, the CalHOME Program, various regional transportation funding programs, and more.<sup>5</sup> The City would also forgo the opportunity to be designated a prohousing jurisdiction with preference on a number of competitive funding applications.

- **Court Receivership:** The City may be forced to adopt policies to bring its Housing Element into compliance.<sup>6</sup> In extreme circumstances, the court may appoint an agent with all powers necessary to bring the City's Housing Element into compliance.<sup>7</sup>
- **Moratorium on Permits:** The City may lose the ability to issue all permits until it adopts a Housing Element that is certified as compliant by HCD.<sup>8</sup> Sonoma, Sacramento, and Mendocino Counties have been subject to such moratoriums in the past.
- **Builder's Remedy:** Under the Housing Accountability Act, the City would be forced to approve any housing development project that has 20% of units set aside for lower-income residents or 100% of units set aside for middle-income residents, even if the project does not comply with applicable zoning.<sup>9</sup>

None of the very detailed comments in this document are meant to disparage the tremendous amount of work put in by City staff under challenging circumstances. Still, if the City does not eventually submit a compliant Housing Element, it is at risk of losing the very local control that it has fought so hard to preserve. Palo Alto Forward stands ready to assist City staff and the new City Council to achieve compliance and avoid these consequences.

Our detailed findings and comments are set forth below.

Sincerely,

Board of Directors, Palo Alto Forward  
Anne Paulson, Volunteer  
Michael Quinn, Volunteer  
Ian Faucher, Volunteer  
Katherine Causey, Volunteer  
Liz Gardner, Volunteer  
Liz Ratner, Volunteer

*We would like to thank our many dedicated volunteers who contributed to the research, writing, and editing of this letter. Any remaining errors are our own. For questions or comments, please email the Board of Directors at [info@paloaltoforward.com](mailto:info@paloaltoforward.com).*

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<sup>5</sup> [Housing Element Compliance Incentives \(ABAG\)](#)

<sup>6</sup> See Sacramento Housing Alliance v. City of Folsom (2011).

<sup>7</sup> [Government Code 65585\(l\)\(3\)\(B\)](#)

<sup>8</sup> [Government Code 65755\(a\)](#)

<sup>9</sup> [Government Code 65589.5\(d\)](#)

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## **Section 1: Nonvacant Sites**

The City's draft Housing Element relies on nonvacant sites to accommodate 50% or more of its lower-income housing allocation.<sup>10</sup> Under California law, this fact triggers a statutory presumption that "the nonvacant site's existing use is presumed to impede additional residential development."<sup>11</sup> The City can only designate such lots as appropriate for lower-income housing if it makes "findings based on *substantial evidence* that the use will likely be discontinued during the planning process."<sup>12</sup> Moreover, HCD provides clear guidance on how cities must meet the "substantial evidence" requirement. Examples of "substantial evidence" include:<sup>13</sup>

- The lease for the existing use expires early within the planning period.
- The building is dilapidated, and the structure is likely to be removed, or a demolition permit has been issued for the existing uses.
- There is a development agreement that exists to develop the site within the planning period.
- The entity operating the existing use has agreed to move to another location early enough within the planning period to allow residential development within the planning period.
- The property owner provides a letter stating its intention to develop the property with residences during the planning period.

Each of HCD's examples of "substantial evidence" requires making rigorous, site-specific findings related to the intent of the current tenant, the intent of the property owner, or the physical disrepair of the building. In contrast, the City justifies the inclusion of nonvacant sites based on only general factors, such as improvement-to-land-value ratios, age of structures, and the strength of the real estate market. That approach directly conflicts with HCD guidance.

By using these high-level factors as "substantial evidence," the City has ignored HCD guidance that the use of general findings (such as the health of a local real estate market) are disfavored.<sup>14</sup> The City also failed to include any evidence relating to the owner's or tenant's intent to discontinue to present use, both of which are heavily emphasized in HCD guidance. As a result, the City's approach is far less rigorous than HCD requires. Only specific findings related to a site's existing use can rebut the statutory presumption that nonvacant sites are ineligible to fulfill more than 50% of the City's lower-income housing allocation. The City made no such findings for any nonvacant lots in its site inventory.

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<sup>10</sup> See [Appendix D - Site Inventory](#)

<sup>11</sup> [HCD Site Inventory Guidebook at 26-28](#); [Government Code Section 65583.2, subdivision \(g\)\(2\)](#)

<sup>12</sup> [Government Code Section 65583.2, subdivision \(g\)\(2\)](#) (emphasis added)

<sup>13</sup> [HCD Site Inventory Guidebook at 26-28](#)

<sup>14</sup> [Id. at 28](#) (Noting that "[w]hile the sites may be located in an area with common economic issues, individual owners may not wish to sell their property or redevelop their site with residential uses. In addition, each site's existing use, e.g., grocery store, retail shop, parking lot, and offices, may have lease agreements of different lengths of time or the owner may not wish to relocate or redevelop the site with a more intensive residential use. In this type of situation, use of the same findings for the multiple sites would not be appropriate.")

The City's entire outreach effort consisted of sending a form letter to site owners giving them the opportunity to *opt out* of inclusion in the site inventory. See Appendix B - Form Letter to Owners of Site Inventory Parcels. But the law, and HCD guidance, make clear that such an opt-out process is entirely insufficient to provide "substantial evidence" that a specific site will redevelop during the planning period. Only specific, affirmative findings -- such as a letter from a property owner "stating its intention to develop the property with residences during the planning period" -- can justify the inclusion of a nonvacant, low-income site in the site inventory. Nowhere has the state legislature or HCD suggested that the City's opt-out process can possibly substitute for this rigorous, site-specific evidentiary requirement.<sup>15</sup>

This is not just a flawed design; we uncovered evidence that the City's approach simply did not work. Michael Quinn, one of our volunteers, reached out separately to a small sample of owners of properties listed on the inventory. He held substantive phone conversations and email exchanges with six owners regarding their properties. Two owners could not remember receiving the City's letter. Most importantly: **all** of them thought their site was unlikely to redevelop as housing due to long-term leases, specialized installations, or continuing use by their own business. None of these sites would have been eligible for inclusion in the site inventory if the City had adequately consulted the owners.<sup>16</sup>

The City should collect the required substantial evidence outlined above if these sites are to remain in the inventory. If none of the above criteria apply to the site, the City should remove the site from the site inventory and replace it with a site that meets one of the above criteria outlined by HCD.

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<sup>15</sup> The City's ability to send out a letter to all property owners and receive responses demonstrates that the City was capable of securing "substantial evidence," had they asked the right questions on their letter.

<sup>16</sup> For example, the owner of 3350 W. Bayshore Road informed our volunteer that the company has no record of any letter or inquiry regarding the site's inclusion in the Housing Element and that 3350 W Bayshore Rd. is a specialized life sciences and laboratory facility that is fully leased to life sciences companies.

## **Section 2: Site Inventory**

An adequate site inventory is the foundation of a Housing Element that can meet Palo Alto's housing goals. Sites must be available and, with programs, feasible to attract housing proposals that meet our RHNA allocation. The comments below reflect ongoing evaluation of the sites proposed by the City. We appreciate the responsiveness of staff to our previous comments, but believe additional modifications to the site inventory are needed

### **a. Site Inventory Must Be Upzoned to Feasible Levels**

All sites in the inventory should be upzoned to feasible levels to be eligible for inclusion in the site inventory. The City currently imposes zoning constraints (e.g., density, housing, FAR, parking) that make it difficult or impossible to build larger, denser housing such as apartment buildings. See [Section 3A: Government Constraints](#). Virtually all of the site inventory cannot be developed under the proposed zoning standards.

Further, we believe that the City's reliance on medium density projects (e.g., 25-35 du/ac) is particularly problematic, given the fact that essentially no housing has been built in this range. Currently, the site inventory includes 150 sites that are zoned for the medium-density range of 25-35 du/ac,<sup>17</sup> comprising 1702 units in total. See [Section 3B: Governmental Constraints](#).

Finally, the inventory simply does not have enough sites or units to account for probability of development. As we will demonstrate in [Section 5: Affirmatively Furthering Fair Housing](#), Palo Alto is only proposing upzoning of 10,895 units.<sup>18</sup> Less than doubling RHNA cannot be adequate for a City that is on track to have just 5.3%<sup>19</sup> of its 5th cycle inventory sites redevelop. Surely upzoning to feasibility in a future draft should mean the City will not need to zone for all of the units those two numbers might naively imply, but the results of our

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<sup>17</sup>652 HOMER AV, 325 COLLEGE AV, 417 COLLEGE AV, 371 COLLEGE AV, 262 HAWTHORNE AV, 202 BRYANT ST, 426 WAVERLEY ST, EL CAMINO REAL, 3760 EL CAMINO REAL, 643 WEBSTER ST, 466 GRANT AV, 624 UNIVERSITY AV, 3457 EL CAMINO REAL, 106 RINCONADA AV, 114 RINCONADA AV, 318 UNIVERSITY AV, 328 UNIVERSITY AV, 515 WAVERLEY ST, 145 ADDISON AV, 2001 EL CAMINO REAL, 4125 EL CAMINO WY, 3864 EL CAMINO REAL, 320 LAMBERT AV, 1963 EL CAMINO REAL, 445 SHERMAN AV, PARK BL, 3997 FABIAN WAY, 444 COWPER ST, 550 WAVERLEY ST, 560 WAVERLEY ST, 430 CAMBRIDGE AV, 160 HOMER AV, YALE ST, 3505 EL CAMINO REAL, 3545 EL CAMINO REAL, 70 ENCINA AV, 4113 EL CAMINO REAL, 805 EL CAMINO REAL, 2401 EL CAMINO REAL, 3508 EL CAMINO REAL, 100 ADDISON AV, 3780 EL CAMINO REAL, 955 ALMA ST, 630 COWPER ST, 555 UNIVERSITY AV, 3337 EL CAMINO REAL, 3839 EL CAMINO REAL, 3929 EL CAMINO REAL, 3939 EL CAMINO REAL, 63 ENCINA AV, 2000 EL CAMINO REAL, 425 PORTAGE AV, 4335 EL CAMINO REAL, 825 EL CAMINO REAL, 3487 EL CAMINO REAL, 4123 EL CAMINO REAL, 3903 EL CAMINO REAL, 4232 EL CAMINO REAL, 800 SAN ANTONIO RD, 435 TASSO ST, 300 LAMBERT AV, 705 SAN ANTONIO RD, 543 COWPER ST, 464 FOREST AV, 435 MIDDLEFIELD RD, 720 COWPER ST, 3516 EL CAMINO REAL, 305 LYTTON AV, LAMBERT AV, 3339 EL CAMINO REAL, 3897 EL CAMINO REAL, 760 SAN ANTONIO RD, 4238 EL CAMINO REAL, CAMBRIDGE AV, 561 VISTA AV, 4230 EL CAMINO REAL, 3200 ASH ST, 2805 EL CAMINO REAL, 708-710 SAN ANTONIO RD, 75 ENCINA AV, 230 EMERSON ST, 324 EMERSON ST, 345 HIGH ST, 828 BRYANT ST, 1885 EL CAMINO REAL, 415 CAMBRIDGE AV, 780 SAN ANTONIO RD, 4233 MIDDLEFIELD RD, 762 SAN ANTONIO RD, 841 EL CAMINO REAL, 2673 EL CAMINO REAL, 555 COLLEGE AV, 455 LAMBERT AV, 4201 MIDDLEFIELD RD, 330 LYTTON AV, 527 WAVERLEY ST, 27 ENCINA AV, 456 CAMBRIDGE AV, 411 LAMBERT AV, 1895 EL CAMINO REAL, 4131 EL CAMINO WY, 4117 EL CAMINO REAL, 3924 EL CAMINO REAL, 4345 EL CAMINO REAL, 530 LYTTON AV, 980 MIDDLEFIELD RD, 268 LAMBERT AV, 3825 EL CAMINO REAL, 4195 EL CAMINO REAL, 4225 MIDDLEFIELD RD, 320 SAN ANTONIO RD, 2310 EL CAMINO REAL, 2455 EL CAMINO REAL, 654 HIGH ST, 343 COWPER ST, 716-720 SAN ANTONIO RD, 4170 EL CAMINO REAL, 720 UNIVERSITY AV, 2200 EL CAMINO REAL, 4224 EL CAMINO REAL, LEGHORN ST, 550 HAMILTON AV, 577 COLLEGE AV, 808-814 SAN ANTONIO RD, 401 WAVERLEY ST, 460 LAMBERT AV, 3260 ASH ST, 3345 EL CAMINO REAL, 3944 EL CAMINO REAL, PARK BL, 3300 EL CAMINO REAL, 2400 EL CAMINO REAL, 3150 EL CAMINO REAL, 525 ALMA ST, 725 UNIVERSITY AV, 701 UNIVERSITY AV, 2181 PARK BL, 3398, 3400, 3490 EL CAMINO REAL, 4279 EL CAMINO REAL, 3901 EL CAMINO REAL, 721 EMERSON ST, 718 EMERSON ST, 839 EMERSON ST, 821 EMERSON ST, 929 HIGH ST, 960 HIGH ST, 1015 ALMA ST, 326 BRYANT ST, 640 RAMONA ST, 227 FOREST AV, 635 HIGH ST

<sup>18</sup> Excludes MFA Strategy due to lack of upzoning. Outside GM/ROLM and inventory, we take units counted. Within GM/ROLM zones, we take upzoned 90 du/acre w/ 80% realistic capacity adjustment. By manually selecting all GM/ROLM sites subject to broad upzoning, we apply this density and unit count to all upzoned sites, even ones not in the Housing Element inventory. Adding back in the "Multi Family Allowed" sites would increase this number by 285 units.

<sup>19</sup> Kapur, Damerdj, Elmendorf, Monkkonen - "What Gets Built on Sites..."

double-checking of the City’s outreach efforts in [Section 1: Nonvacant Sites](#) argue that the City needs to go much further to close that gap.

**b. Numerous Site-Specific Issues Need to Be Addressed**

Our volunteers have conducted groundtruthing of the site inventory concentrating on sites identified as appropriate for “lower-income” (very low income + low income) units, and we have issued 15 reports as the result of our work. This work began in March after the site strategies had been approved by the Housing Element Working Group (HEWG), their corresponding sites identified, and reportedly vetted by HEWG members, and it continued to early November. We are adding a few more sites here. All reports were provided to the Housing Element Working Group and City staff with most also sent to City Council and the Planning and Transportation Committee.

<b>Territory/topic</b>	<b>File</b>	<b>Date sent</b>
Small residential	<a href="#">res-1-2-sites.pdf</a>	3/01/2022
Whole Foods/SOFA	<a href="#">Ground Truthing Letter 1.pdf</a>	3/19/2022
Duplicate sites	<a href="#">March13_email_duplicate_sites.pdf</a> (printed from email)	3/14/2022
South El Camino Real	<a href="#">ECR_LosRobles_south.pdf</a>	3/20/2022
South El Camino Real , supplement	<a href="#">ECR_LosRobles_south_supp.pdf</a>	3/21/2022
Faith-based institutions	<a href="#">Groundtruthing Letter 2 – Churches.pdf</a>	3/30/2022
South Middlefield	<a href="#">Groundtruth_South_Middlefield.pdf</a>	4/20/2022
E. Meadow Cir. / Bayshore / Fabian	<a href="#">Groundtruthing Letter 3 - Meadow Environs.pdf</a>	5/24/2022
S. Palo Alto supplement	<a href="#">Groundtruth_South_PA_extras.pdf</a>	4/20/2022
California Ave / College Terrace I	<a href="#">CalAve_CollegeTerrace - lower income.pdf</a>	5/13/2022
South Middlefield supplement	<a href="#">South_Middlefield_supp.pdf</a>	5/13/2022
California Ave / College Terrace II	<a href="#">CalAve_CollegeTerrace - Part2.pdf</a>	5/27/2022
North Middlefield	<a href="#">North_Middlefield.pdf</a>	6/13/2022
Additional low-income sites	<a href="#">Grndtruthing Low Income Sites (10.16.22).pdf</a>	10/16/2022
Cannery, Nest, Town & Country	<a href="#">Groundtruthing Letter 4 – Pickups.pdf</a>	11/01/2022

Many of the problems we have identified have been corrected and suggestions adopted. These will generally not be repeated here. However, a fair number remain, and we add a few more. More details, including photographs, are available in the original reports.

**i. Google sites**

Among lower-income sites requiring substantial evidence of discontinuance of current use, we have identified several Google sites, as the company has active plans for its operation in Palo Alto (see [E. Meadow Cir report](#), pp. 1–2 and [South PA extras report](#), pp. 1–2). The City has removed four of these sites, but these remain.

- 1036 E. Meadow Circle, APN 12710094
- 1053 E. Meadow Circle, APN 12710081
- Nita Ave, APN 14709056
- 320 San Antonio, APN 14709069

The other East Meadow Circle sites are also dubious given Google’s pattern of real estate acquisition in the area (see E. Meadow Cir report). The economic reality is that if Google wants

the highest-and-best use for the E. Meadow Cir to be a new Google campus, then sites there are less likely to find their ways into the hands of housing developers. These sites are not owned by Google, but housing at them is unlikely and they should only be allowed at a small fraction of full realistic capacity if included in the inventory at all. We spoke to one E Meadow Circle owner representative whose sites were not included in the inventory, but who reported multiple offers to buy his parcels over the years. This supports the conclusion that Google's intense interest is driving speculation.<sup>20</sup>

- 1060 E. Meadow Circle, APN 12710049
- 1066 E. Meadow Circle, APN 12710050
- 1050 E. Meadow Circle, APN 12710099
- 1068 E. Meadow Circle, APN 12710051

**ii. Stranded parcels at multi-parcel sites**

We have found several multi-parcel sites with a common problem: an individual parcel is disaggregated from the rest of the site, producing a resulting configuration that would be difficult to develop. To illustrate, we point you to two sites in the inventory.

- Maybell Ave, APN 13274045 ([ECR Los Robles supplement, p. 1](#))

This parcel is owned by the auto dealership next door at 4180 El Camino Real (APN 13724045) and is used to store cars. The dealership is not in the site inventory. Converting this site to housing would leave the dealership with their showroom and sales office intact but limited room for the cars. We do not believe the owner would agree to build housing under these conditions.

- 2741 Middlefield, APN 12734095 ([South Middlefield, pp. 5–6](#))

The parcel shown is the back office to the retail establishments at 2741 Middlefield. That retail parcel is not in the site inventory. There is an adjoining wall between the two parcels. We do not see how the landowner could have housing built on the rear parcel under these circumstances.

There is also a leasing issue discussed in the detailed report.

- Other cases

We also note the following, which mostly involve dedicated parking lots for an adjoining parcel. We do not think the identified housing will be built if doing so would put the main entity in violation of its parking obligations.

Address	APN	Main Address / APN	Main Entity	Reported
Yale St	137-01-078	2345 Yale St /APN 137-01-086	Dentists and a small business	<a href="#">Cal Ave II</a> , p. 4
2137 El Camino Real	124-31-058	El Camino Real & College Ave	Spiritual/yoga center and school	<a href="#">Cal Ave II</a> , p. 5

<sup>20</sup> December 1, 2022 phone conversation between Michael Quinn (PAF volunteer) and Jay Runge (Sangeness Industries).

		124-31-081, -082, and -055		
Nita Ave	147-09-056	100 Mayfield Ave, Mountain View	Office	<a href="#">South PA extras</a> , pp. 1–2
3760 El Camino Real	137-11-079	3740 El Camino Real / 137-11-093	Restaurant	New
Lambert Ave	132-38-018 132-38-019	3295 El Camino Real / 132-38-019	Restaurant	New
527 Waverly Ave 515 Waverly Ave	120-15-080 120-15-081	400-408 University Ave / 120-15-066	Bank	New
El Camino Real	132-39-075	3375 EL CAMINO REAL / 132-39-088	Restaurant/bakery	New
El Camino Real	137-11-074	3850 El Camino Real / 137-11-074	Restaurant	New

**iii. City-owned parking lots**

This strategy covers six sites with a total of capacity of 212 units. We have previously reported a seventh site (CAMBRIDGE AV, APN 12432050), for which we expressed doubts about its economic feasibility for a predominantly lower-income site. ([Cal Ave Rpt. #1, p. 2](#)). That site is still in the inventory. As before, we suggest that this site be removed and its units distributed among the other six sites, which have been more thoroughly vetted by the HEWG.

**iv. Faith-based institutions**

We have previously shown the realistic capacity estimates at the faith-based institutions to be overly optimistic ([Groundtruthing Letter 2](#)). The six sites that remain in the inventory (the six largest ones) still show the same total capacities. We have also pointed out specific issues with three sites.

- 1140 Cowper St, APN 120-18-048: Non-contiguous area precludes qualification for the 0.5-acre minimum for identifying lower-income housing ([Groundtruthing Letter 2](#), pp. 3–4).
- 2890 Middlefield Rd, APN 132-03-193: Full weekday use by school, including the front parking lot ([South Middlefield Rd](#), p. 8).
- 3505 Middlefield Rd, APN 127-47-042: Recent playground expansion and offices (surrounded by parking) cast doubt on developable area. Parking lot nearly full every Sunday. ([South Middlefield Rd](#), p. 8).

Our groundtruthing has also found two sites for faith-based institutions that are not included in the faith-based institution strategy:

- 561 Vista Av / 137-37-004 ([South PA extras](#), p. 4) and 801 San Antonio Rd / 127-15-041 (new): The total units correspond to building out the entire site at its realistic capacity. Also, we do not believe these institutions will move as we understand they own their land. They will thus fall short of their realistic capacity.

**v. Incorrect counts in baseline data**

In several reports, we have identified small residential and mixed-use sites with incorrect count of existing units, which affects the validity of the site selection as well as the unit count. All of these have been resolved to our satisfaction except for the following sites.

- 4224 El Camino Real, APN 167-08-037, 20 units; [ECR Los Roble rpt.](#), p. 2

Baseline data missed two houses in the back of this lot. Neither the developable area nor total capacity calculations reflect this.

- 4045 Transport St , APN 147-01-070, 36 units; [Groundtruthing Low Income sites](#), p. 1

This site, which is shown in the City parcel maps at 60.0' × 175.6', is 0.24 acres, not the 0.54 acres shown in Housing Element Appendix D and is thus no longer eligible for special treatment as a low-income site. We have double-checked this in the County's parcel open data set.<sup>21</sup> It should also be adjusted down to 17 units to reflect the lower acreage.

**vi. Sites in the pipeline as non-residential uses**

The site inventory includes a large number of potential commercial-to-residential conversions. However, some owners may instead choose to expand their commercial use, often without a zoning change required. The City has removed or modified several such projects in the pipeline, sometimes in response to our groundtruthing reports. However, the following non-residential sites remain in the inventory.

Location	Use	Project link
2799/2801 Middlefield (12734052)	Daycare	<a href="https://aca-prod.accela.com/paloalto/Cap/CapDetail.aspx?Module=Planning&amp;TabName=Planning&amp;capID1=21PLN&amp;capID2=00000&amp;capID3=00345">https://aca-prod.accela.com/paloalto/Cap/CapDetail.aspx?Module=Planning&amp;TabName=Planning&amp;capID1=21PLN&amp;capID2=00000&amp;capID3=00345</a>
3300 EL CAMINO REAL (14220046)	Offices <sup>22</sup>	<a href="https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/3300-El-Camino-Real">https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/3300-El-Camino-Real</a>

<sup>21</sup> <https://data.sccgov.org/Government/Land-Polygon/24sy-ym6n>

<sup>22</sup> <https://sfyimby.com/2022/08/plans-for-new-offices-at-3300-el-camino-real-palo-alto-santa-clara-county.html>



The Stanford owned site at 3300 El Camino is notable because it was proposed as residential, but no formal application was submitted.<sup>23</sup> Despite being one of just three sites that received particular upzoning attention in the Programs section, the City's efforts were inadequate to keep the project residential. This supports our arguments in [Section 2](#) that the upzoning proposed in the programs section is generally inadequate.

#### **vii. Additional sites with expressed development interest (staff-suggested sites)**

According to the Housing Element, this strategy comprises 19 sites with a total capacity of 657 units. Using Figure 3-11, we have been able to verify 18 sites in Housing Element Appendix D for a total of 647 units. The one missing site is a pipeline site, 3001-3017 El Camino Real, which appears at 129 units in Figure 3-2. We also note that this number constitutes a substantial increase from the six sites and 183 units we had seen before in our groundtruthing (inventory published April 26, 2022).

We challenge the inclusion of the following sites.

- 875 Alma St , APN 12028045

The development interest here was expressed in 2008–09 as part of a larger affordable housing project featuring senior housing. [That project was scaled back in the face of strong community opposition](#). Given that history, it would be easier to support inclusion of this site in the inventory if there were a sign of renewed interest. We do not believe that to be the case. It is also a thriving business with no urgent need to redevelop.

- 760 San Antonio Rd, APN 14705091

This business had its lease renewed in 2021 ([Additional low-income sites](#), p. 1; note the business is an electronics equipment distributor).

- 3398, 3400, 3490 El Camino Real, APN 13708072 (APN corrected)

This PHZ site at Creekside Inn was [roundly disapproved of by the City Council at its PHZ hearing on October 17, 2022](#). The unit estimate is now reduced from 346 units to 116. It now lacks the requisite density to work as either a partially or fully affordable project (see analysis in [Section 3A](#)) or as a market rate mid-density project (see analysis in [Section 3B](#))

- 550 Hamilton Ave, APN 12004005

The development interest here [harkens back to 2016](#), but did not result in a housing project. We question whether interest can be regenerated quickly enough to complete the project within the eight-year cycle, particularly if the City's investigation discovers any outstanding leases.

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<https://www.paloaltoonline.com/news/2021/01/15/prime-for-housing-new-apartment-plan-targets-moderate-earners>



- 3997 Fabian Way, APN 12737003

This site had a PHZ pre-screening on February 8, 2021, [where City Council did not give it a favorable reception](#). The owner has since sought to lease out the properties ([Groundtruthing Letter 3](#), pp. 6–8). We thus think the associated lots should be removed from the inventory.

Address	APN	Total capacity
849 E CHARLESTON RD	12737001	14
E CHARLESTON RD	12737002	14
FABIAN WY	12737005	26
FABIAN WY	12737007	29
3997 FABIAN WAY	12737003	8

- 3300 El Camino Real, APN 14220046

This PHZ site had a prescreening on June 22, 2020, which did not lead to an application to build housing. Rather, the developer has filed an application to enhance the commercial use at this site. We have thus listed this site under “Sites in the pipeline as non-residential uses.”

- 3150 El Camino Real, APN 14220054

The applicant filed a request for a PHZ pre-screening on July 27, 2021. There has been no progress in the 17 months since then except for two canceled pre-screenings, and the site continues to operate as a restaurant. This site needs more evidence that the developer is really interested.

- 340 Portage Av (1 Acre Site &Da), APN 13238071

This is the main “former Fry’s site” or “Cannery site” that constitutes the hub of the North Ventura Coordinated Area Plan (NVCAP). It is listed with a capacity of 175 units. We encourage the City to keep this figure in line with the public record, which is currently a development agreement for 75 units and a stated policy, without a defined plan (our major concern right now), for a one-acre affordable housing site. There is also a second site at the northern end of this parcel, listed in Table 3-2 as a 91-unit pipeline site at 200 Portage Ave. The public record shows that this plan is currently suspended<sup>24</sup>, and we believe it should not be included as a pipeline site.

<sup>24</sup> ARB staff report 10/20/22, p. 3, “tolling agreement”.

Our groundtruthing reports ([CalAve lower income](#), p. 6) also show three lots in the parking lot between the Cannery and Olive Ave. They are not in the public record and have problems with lot shape, lot location, and possible double-counting. We maintain this challenge.

- 3040 PARK BL, APN 132-32-036
- PARK BL, APN 132-32-042
- PARK BL, APN 132-32-043

#### **viii. Sites with recent investments**

When businesses invest capital in their sites, it sends a signal that the current use is unlikely to cease.

- 843 El Camino Real - [Additional low-income sites](#) - 14 very low income
  - Permits pulled for new trellis and signage in 2022.
- 3901 & 3903 El Camino - [Groundtruthing Letter 4](#) - 36 very low income + 16 market
  - As noted earlier, this site underwent 7 months of major renovations 7 years ago. We think it might reasonably be excluded even under the City's methodology.

#### **ix. Sites currently for lease**

Sites currently being for lease indicate an intent by the owner to continue using the site without redevelopment. These low-income inventory sites were noted in previous letters as being for lease and are still on the inventory.

- 3903 El Camino Real - [Additional low-income sites](#) - 11 very low income

#### **x. Sites with recently-signed leases**

When a site has a recently-signed commercial lease its use is unlikely to discontinue during the planning period.

- 760 San Antonio Rd - [Additional low-income sites](#) - 14 very low income
  - Lease apparently signed in 2021 based on Loopnet data.

#### **xi. Double-counting sites across the 5th and 6th cycles**

The City is including numerous pipeline projects in the site inventory. However, these sites were already submitted to HCD for the 5th cycle RHNA ([see link](#)), and cannot be double-counted for the purposes of the 6th cycle RHNA. These sites include 788 San Antonio, 486 Hamilton, 3225 El Camino, 3265 El Camino, 2755 El Camino, 3001 El Camino, 4115 El Camino, 3705 El Camino, and 565 Hamilton. We raised this feedback to the City via email on September 3rd, 2021.

#### **xii. Other challenges**

These are all stable businesses with a use that is particularly unlikely to cease, as well as some other significant reason to believe the site is not likely to become housing or is otherwise unsuitable for inclusion in the Inventory.

- Bank of America downtown branch, 530 Lytton Av, APN 120-03-070

This includes not only a bank but a two-story office building to be replaced by only 21 units at a realistic capacity of 32 du/ac.

- Safeway, 2811 Middlefield Rd, APN 127-34-098 ([South Middlefield](#), p. 3)

This is the main grocery store serving central Palo Alto.

### **c. ADU Projections Do Not Account for Recently Imposed Constraints**

The City relies on ABAG’s technical guidance for estimating ADU production based on averaging production from 2019-2021.<sup>25</sup> But this guidance does not contemplate the possibility that a city might enact new policies that make ADU production more difficult in 2022 and that invalidate its baseline production figures. This is precisely what Palo Alto has done to such an exceptional degree that HCD should consider if they should be allowed to use this method unmodified.

First, the steep fees described in the [Fees and Other Costs section](#) also apply to ADU development. Perhaps even more so. As HCD recognizes,<sup>26</sup> one of the merits of ADUs as a housing production strategy is the low costs. This “lower denominator” means the fees will be an outsized percentage of costs for ADUs relative to other modes of housing production. Palo Alto increased impact fees effective in 2022<sup>27</sup>, so these fees are not reflected in 2019-2021 baseline production.<sup>28</sup>

Second, the new constraint described in the [Tree Ordinance section](#)<sup>29</sup> also applies to ADUs. It bears repeating that the City itself recognized that the ordinance may “*have the unintended effect of unduly restricting ADUs.*”<sup>30</sup> The arborists costs, delays, possible appeals, and other problems noted in that section and in [Appendix C - Tree Ordinance](#) will all also impact ADUs. The smaller rewards associated with ADU production may not be worth pursuing in light of these added costs for homeowners interested in building one. Because this ordinance was only adopted in 2022, none of its many impacts are reflected in the City’s baselines.

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<sup>25</sup> <https://abag.ca.gov/sites/default/files/documents/2022-03/ADUs-Projections-Memo-final.pdf>

<sup>26</sup> “ACCESSORY DWELLING UNIT HANDBOOK UPDATED JULY 2022” (“HCD 2022 ADU Handbook”)(<https://www.hcd.ca.gov/sites/default/files/2022-07/ADUHandbookUpdate.pdf>), p. 4.

<sup>27</sup> [Staff report for 4/20/2021 meeting](#), p. 8

<sup>28</sup>

<https://www.paloaltoonline.com/news/2021/04/15/palo-alto-hikes-development-impact-fees-for-first-time-in-20-years>

<sup>29</sup>

<https://www.paloaltoonline.com/news/2022/06/01/new-palo-alto-law-would-triple-number-of-protected-tree>

<sup>30</sup>

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220606/20220606pccsm-linked-amended-public-letters.pdf>

Finally, Palo Alto has not remedied the defects in its existing ADU ordinance adopted in late 2020, which were detailed by the HCD several months ago.<sup>31</sup> Until Palo Alto corrects those defects, ADU production is likely to be constrained by such defects, which are only partially reflected in the baseline numbers.

In the context of these extensive policy changes, Palo Alto's number of ADUs countable toward RHNA should be substantially reduced until at least six months of ADU production can be demonstrated under the new rules to establish a new baseline.

#### **d. Site Inventory Relies Too Heavily on ADUs for Lower-Income Units**

Table 3-4 on p. 158 proposes a 30-30-30-10 distribution of income categories (Very Low, Low, Moderate, Above Moderate). The City cites ABAG's technical memo to justify this distribution. Indeed, this distribution can be found in that document.<sup>32</sup> However, it is not the proper distribution for Palo Alto to use. ABAG has guidance on these distributions in another source that more directly applies to cities with fair housing concerns, such as Palo Alto.<sup>33</sup>

*“Although ADUs are often affordable, jurisdictions should be cautious about relying on them too heavily because of fair housing concerns. Many ADUs are affordable to lower and moderate income households because they are rented to family and friends of the homeowners. **If minorities are underrepresented among homeowners, the families and potentially friends of the homeowners will be primarily white. Therefore, relying too heavily on ADUs could inadvertently exacerbate patterns of segregation and exclusion.** Additionally, ADUs often do not serve large families, another important fair housing concern. Conversely, ADUs accomplish an important fair housing goal by adding new homes in parts of the city that are more likely to be areas of opportunity.*

*Jurisdictions with fair housing concerns may want to use more conservative assumptions based on open market rentals, excluding units made available to family and friends, as summarized below:*

*15% Above-Moderate Income  
50% Moderate  
30% LI  
5% ELI/VLI”*

Palo Alto is a jurisdiction with fair housing concerns based on the evidence and findings in Housing Element Appendix C. Furthermore, our members tell us that ADU production is

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<sup>31</sup> See review letter dated December 23, 2021 (<https://www.hcd.ca.gov/policy-research/docs/ordinance-review-letters/PaloAltoFirstADUOrdinance122321.pdf>).

<sup>32</sup> <https://abag.ca.gov/sites/default/files/documents/2022-03/ADUs-Projections-Memo-final.pdf>

<sup>33</sup> <http://21elements.com/documents-mainmenu-3/second-units/1315-draft-adu-affordability-report-sep-8-2021/file>

simply very expensive in Palo Alto, making it difficult for them to pencil out at affordable levels. There is reasonable concern this will get worse with the new policies outlined above. This is particularly true because of the additional "Housing Impact Fee - Residential" Palo Alto intends to levy on larger ADUs. Homeowners having to pay \$15,000-\$20,000 or more to rent an ADU will be more likely to charge rents consistent with Moderate and Above-Moderate income levels.

Palo Alto should thus be using the more conservative distribution for ADU projections.

## **Section 3: Governmental Constraints**

The City is under a statutory obligation to impose development standards that do not excessively constrain or render infeasible the production of housing. When developing its site inventory, the City is required to assess the “realistic development capacity” of each of the sites in the inventory.<sup>34</sup> As part of this analysis, HCD requires cities to consider past “development and/or redevelopment trends” and “housing market conditions.”<sup>35</sup> Additionally, the City has an additional requirement to identify and remove “potential and actual governmental constraints” upon the development of housing, including: “land use controls, building codes and their enforcement, site improvements, fees and other exactions required of developers, local processing and permit procedures, and any locally adopted ordinances that directly impact the cost and supply of residential development.”<sup>36</sup>

The City’s Housing Element falls short of meeting these statutory obligations. First, the City’s site inventory has unrealistic development standards, even after the City’s proposed rezoning. Second, the City has failed to adequately address governmental constraints such as its entitlement and permitting times, fees, and other policies. Much of this section is new feedback to the City, as we were only able to review the City’s constraints analysis after the City released the draft Housing Element on November 7th.<sup>37</sup>

### **a. City’s Zoning Constrains Larger, Denser Housing (e.g., Apartment Buildings)**

The City’s site inventory has unrealistic development standards for large, high-density housing developments such as apartment buildings, even after the City’s proposed rezoning. To briefly recap, the City has developed a RHNA site inventory with nine distinct strategies, most of which involve some type of upzoning:

- **Strategy 1: Multifamily Allowed** -- This strategy contributes to RHNA by identifying sites that can accommodate more housing under existing zoning.
- **Strategy 2: General Upzoning** -- This strategy contributes to RHNA by upzoning specific sites where multi-family development is currently allowed.
- **Strategy 3: Caltrain** -- This strategy contributes to RHNA by upzoning specific sites within ½ mile of the three Palo Alto Caltrain stations.
- **Strategy 4: Bus** -- This strategy contributes to RHNA by upzoning specific sites within ½ mile of frequent bus routes.
- **Strategy 5: City-Owned Parking Lots** -- This strategy contributes to RHNA by considering the development of several specific City-owned parking lots.
- **Strategy 6: Faith-Based Institutions** -- This strategy contributes to RHNA by upzoning vacant or underutilized space at specific faith-based institutions.

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<sup>34</sup> [Government Code section 65583.2\(c\)\(2\)](#).

<sup>35</sup> [HCD Guidebook at 25](#).

<sup>36</sup> [Government Code section 65583\(a\)\(5\)](#).

<sup>37</sup> Additional feedback in other sections is also motivated by our findings while analyzing constraints.

- **Strategy 7: GM and ROLM Zones** -- This strategy contributes to RHNA by upzoning an entire area of Palo Alto. It would upzone residential housing standards in the City's manufacturing and research areas.
- **Strategy 8: Stanford Sites** -- This strategy contributes to RHNA by upzoning three specific sites owned by Stanford University.
- **Strategy 9: Staff-Selected Sites** -- This strategy contributes to RHNA by identifying additional sites where there is existing developer interest.

These nine strategies are the core of the Housing Element, contributing 5,667 units to the RHNA goal, or 93% of the 6,086 units required. The remainder is met by pipeline sites and accessory dwelling units. Our analysis confirms that these nine strategies impose standards that excessively constrain the development of housing. This analysis is based on a review of actual housing proposals and development trends in Palo Alto, as the City is required to do by HCD.<sup>38</sup>

The first step of our analysis was to understand the new development standards proposed by each of the nine strategies. **Table 1** details each strategy and its proposed upzoning. For example, "Strategy 2: Upzoning" will increase the density of its sites to 30-40 du/acre, but make no changes to their maximum height, maximum FAR, or minimum parking requirement.

The second step of our analysis was to compare these development standards to those of actual housing proposals to confirm whether those development standards are likely to be financially feasible for developers. In Palo Alto, the best source of actual housing proposals is the City's Planned Home Zone (PHZ) process. Through the PHZ process, developers are invited to "request changes from the base zoning regulations" in exchange for providing 20% of units as deed-restricted affordable housing. The PHZ proposals are thus excellent indicators of what development standards are necessary to enable production of housing. **Table 2** details PHZ projects and their FAR, height, density, parking, and affordability characteristics.

The conclusion of this analysis is clear: **PHZ projects have consistently required more density, height, and floor-area-ratios, as well as lower minimum parking requirements, than the City is proposing in any of these nine strategies.** The City itself observes that PHZ projects "Projects submitted under this [PHZ] program tend to request higher residential density, in the 85-115 dwelling units per acre range, and a much higher FAR than allowed by the base zoning standards."<sup>39</sup> The City also notes that "Most applications have proposed heights that slightly exceeded (55-67 feet) the City's maximum allowed height of 50 feet." If anything, the City is understating the point, as Table 1 and Table 2 demonstrate below.

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<sup>38</sup> [HCD Guidebook at 25.](#)

<sup>39</sup> [Palo Alto Draft Housing Element at 174](#)

**Table 1: City’s Proposed Zoning Changes to Ensure Adequate RHNA Site Inventory<sup>40</sup>**

Firm commitment by City to change development standard

No firm commitment by City to change development standard

Program	Strategy	Units	Density	Height	FAR	Parking
1.1 Adequate Sites	Strategy 1: Multi-Family Allowed	285	Retain at 40-50 du/ac	<b>Retain at present levels:</b>  Typically 30’ to 40’ in residential areas; 35’ to 50’ in commercial areas	<b>Retain at present levels:</b>  Typically 0.5 to 0.6 in commercial areas and 0.5 to 1.0 in residential areas	<b>Retain at present levels:</b>  Typically 1 space per 1-bedroom and 2 spaces per 2-bedroom
	Strategy 2: Upzoning	1,017	Increase to 30-40 du/ac			
	Strategy 3: CalTrain	486	Increase to 40-50 du/ac			
	Strategy 4: Bus	179	Increase to 40 du/ac			
	Strategy 5: City Parking	212	Consider increasing to 50 du/ac			
	Strategy 6: Faith-based	121	Increase to 30 du/ac			
	Strategy 7: GM & ROLM	2,141	Increase to 90 du/ac			
	Strategy 9: Staff sites	457 <sup>41</sup>	Retain at 30-40 du/ac			
1.5 Stanford	Strategy 8: 1100 Welch Road	425	Increase to ~99 du/ac (425 units / 4.3 ac)			
	Strategy 8: 3128 El Camino Real	144	Increase to ~120 du/ac (144 units / 1.2 ac)			
	Strategy 9: 3300 El Camino Real	200	Increase to ~66 du/ac in addition to commercial (200 units / 3.0 ac)			

<sup>40</sup> Development standards for commercial zones (e.g., CD, CS, CN, and CC) can be found at [Municipal Code Chapter 18.16.060](#); development standards for multi-family residential districts (e.g., RM-20, RM-30, RM-40) can be found at [Municipal Code 18.13.040](#).

<sup>41</sup> We include 3300 El Camino Real separately in Program 1.5 (Stanford), where it is discussed and rezoned.



**Table 2: Actual Projects Proposed through PHZ Process<sup>42</sup>**

Address	660 Univ. Ave	955 Alma St.	2951 El Camino Real	3997 Fabian Way	3150 El Camino Real	3400 El Camino Real	70 Encina Ave	800 San Antonio Road	Average	Base Zoning in City's Housing Element (from Table 1)
FAR	2.3	2.7	2.5	2.8	3.0	2.5	2.4	3.0	2.7	Typically residential FAR of 0.5 to 0.6 in commercial areas; 0.5 to 1.0 in residential areas
<i>Res. FAR</i>	1.9	2.1	2.4	2.8	2.9	2.5	2.4	3.0	<b>2.5</b>	
<i>Com. FAR</i>	0.4	0.6	0.1	0.0	0.1	0.0	0.0	0.0	0.2	
Height	45'	50'	54'	67'	55'	61'	55'	60'	<b>56'</b>	Typically 30' to 40' in residential areas; 35' to 50' in commercial areas
Density	142 units per acre	150 units per acre	103 units per acre	135 units per acre	123 units per acre	106 units per acre	72 units per acre	86 units per acre	<b>115 units per acre</b>	Typically 30-50 units per acre; almost always <90 units per acre
Parking	0.9 spaces per unit <sup>43</sup>	0.7 spaces per unit <sup>44</sup>	1.2 space per unit <sup>45</sup>	1.3 spaces per unit	1.3 spaces per unit <sup>46</sup>	1.3 spaces per unit	1.4 spaces per unit	1.9 spaces per unit	<b>1.25 spaces per unit</b>	Typically 1 space per 1-bedroom and 2 spaces per 2-bedroom

<sup>42</sup> We exclude the project 2241 Wellesley St. for the sake of comparability, as it is the only PHZ project proposed in an R-1 neighborhood.

<sup>43</sup> Excludes commercial parking. The project did not detail exactly how many spaces would be allocated between the residential and office use. To isolate residential parking, we have assumed that the project provides 1 commercial parking space per 250 square feet, or 37 commercial spaces. The total parking is 103 spaces, so this leaves 66 spaces for residents, or 0.94 spaces per residential unit.

<sup>44</sup> Excludes commercial parking

<sup>45</sup> Excludes commercial parking

<sup>46</sup> Excludes commercial parking

Below, we detail the implications of this analysis for four key development standards.

## **Density**

- **Analysis:** PHZ projects have required high densities, with an average density of 115 du/acre. Yet not a single parcel in the draft Housing Element is zoned for anything close to that density. Many parcels remain zoned at a 30-50 du/ac, far below what the City knows is required to build housing in Palo Alto.<sup>47</sup>
- **Recommendation:** Eliminate density limits and rely on other planning tools, such as maximum FAR and height, to limit the physical dimensions of a building. This change would enable a greater diversity of homes and households without significantly changing the physical character of a neighborhood.<sup>48</sup> At a minimum, however, the City should bring any density limits in line with observed data on feasible residential development in Palo Alto (e.g., raising to 115+ units per acre).

## **Height**

- **Analysis:** We find that the majority of PHZ projects have required heights above 50 feet, with an average height of 56 feet. Yet the draft Housing Element rezones virtually no sites above 50 feet, and many sites are zoned substantially lower, such as 35 feet.<sup>49</sup> This is a serious constraint that functionally limits buildings in the City to four or fewer stories. The City's insistence on a 50 foot height limit is particularly odd given that many beloved Palo Alto properties are substantially taller than 50 feet (e.g., the Hotel President in downtown Palo Alto, which reaches 90 feet).<sup>50</sup>
  - Moreover, a height limit of 50 feet is likely a physical constraint (not merely a market constraint) at the City-proposed densities for many smaller sites, as it is often simply impossible to fit that many units under 50 feet.
- **Recommendation:** Generally increase height limits to 60 feet outside of downtown and up to 80 feet in specific downtown and transit rich areas. This would allow buildings in Palo Alto to take advantage of 5 to 7 stories, rather than merely 4 stories, and would encourage the type of transit-oriented development necessary to meet our climate goals. A base 60 foot height limit would also bring us in sync with the building code for Type V (wood-framed) construction, which is one of the most popular and affordable forms of

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<sup>47</sup> For example, the City Council's signature project in the last five years -- Wilton Court, a 58 unit, 100% affordable development -- was only possible because the Council permitted it to be built at 127 du/acre.

<sup>48</sup> Eliminating density limits would also minimize waste. Despite the state's housing crisis, many Californians live in housing that is simply too large for their needs. There are nearly 2.7 million spare bedrooms in the state, or 20 uninhabited bedrooms for every homeless individual. [Sightline Institute](#).

<sup>49</sup> The only exception is for extremely low-income housing that is eligible for the Affordable Housing Incentive Program, which we discuss in our review of Program 3.3.

<sup>50</sup> [Historic Resources Board Staff Report \(5/14/2020\)](#)

construction available today and which safely allows heights up to 60 feet.<sup>51</sup>

## **Parking**

- **Analysis:** The majority of PHZ projects required substantial parking concessions. Currently, Palo Alto requires 1 space per 1-bedroom unit and 2 spaces per 2-bedroom unit, but the average PHZ project penciled out at a lower 1.25 parking spaces per unit. This is an important data point given the extraordinary cost of parking construction in Palo Alto, which can cost more than \$80,000 per space<sup>52</sup>. These costs are often unnecessary, and the City itself has acknowledged that many required parking spaces sit vacant and unused.<sup>53</sup>
- **Recommendation:** Reduce parking minimums to 0.75 spaces per unit or below, which the City already allows for Affordable Housing Incentive Program-eligible projects, and stop prescribing below grade parking and side street or alley access. Those latter requirements often make it impossible to accommodate on-site parking at many of our downtown sites. We also urge Palo Alto to provide additional flexibility to accommodate parking off site or via other mechanisms, which could unlock much needed housing.

## **Floor-Area-Ratios (FAR)**

- **Analysis:** PHZ projects have required much higher floor-area-ratios (FARs), with an average floor-area-ratio of 2.7. Currently, Palo Alto limits FARs in most areas to 0.5 to 1.0, with a handful of areas zones for up to 2.0. Yet the draft Housing Element leaves FARs untouched across the City, despite the City's own acknowledgement that PHZ proposals universally required a "much higher FAR" to pencil out.
  - Moreover, current FAR is physically incompatible with the densities the City is contemplating, as it is often simply impossible to fit that many units on a site with such a restrictive FAR.<sup>54</sup>
- **Recommendation:** Increase maximum FARs to above 2.5 or higher, in line with the PHZ data and market trends. This would also address the concern that, in some cases, the City provides hotels with substantially more flexibility on FAR than it currently does with residential housing.<sup>55</sup>

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<sup>51</sup> [The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California](#) (March 2020), Turner Center for Housing Innovation ("Type I projects, which are typically over 5-7 stories and constructed with steel and concrete, cost an average of \$65 more per square foot than other types of construction, like Type V over I (i.e., wood frame floors over a concrete platform").

<sup>52</sup> [GreenTrip Parking Database - 801 Alma](#)

<sup>53</sup> See [Multifamily Residential Parking Requirements](#), City of Palo Alto, 5/30/2018, pg. 10 (noting that "for market rate units...the surveyed parking demand rate suggests that 0.75 spaces per studio and 1.5 spaces per 2-bedroom unit would be appropriate to meet demand.")

<sup>54</sup> [On 4/7/22 \(22:50\)](#) Scott O'Neil gave comment to the Working Group that they had to be sure zoning was not creating physical constraints and is encouraging development.

<sup>55</sup> See e.g., [CC Zoning at 18.16.060](#) (granting hotels a FAR of 2.0 but limiting residential FAR to 0.4).

The same conclusions emerge from an analysis of actual approved projects in Palo Alto. For example, the Alta Locale development at 2755 El Camino Real was approved in 2018 at a density of ~130 du/ac.<sup>56</sup> And the development at 788 San Antonio was approved in 2020 at a density of ~102 du/ac.<sup>57</sup> Neither of these projects, which constitute some of the only recent market-rate development in the City, would be permissible under any of the base zoning of the draft Housing Element. The fact that even *approved* residential projects exceed the base zoning confirms that developers are not overreaching in their PHZ proposals.

It is telling that the only sites that the City has zoned above 50 feet and 100 du/acre are those owned by Stanford University. The University was given two seats on the Housing Element Working Group, and the City directly consulted with Stanford about what development standards were necessary for the University to build housing on land that it already owns in Palo Alto. As a direct result of that collaboration, Stanford-owned sites have more realistic development standards than any other site in the inventory. But Stanford is not unique among developers and almost certainly faces the same development costs as others in the market. If anything, its costs are likely lower than other developers, as the University already owns the land on which it is building. It is indefensible to provide Stanford-owned sites with concessions on density and height but withhold those same concessions from every other site in the City. The development standards currently reserved for Stanford should be available to all.<sup>58</sup>

The proposed site inventory buffer of 871 units is not sufficient to cover any potential shortfall from excessively constraining development standards. As a preliminary matter, this buffer is quite small: about 14%, or 871 units against a total RHNA goal of 6,086. Other cities, like Emeryville, are planning with a larger 50% buffer.<sup>59</sup> The City's 14% buffer is also exceptionally small given that Palo Alto is currently on track to meet less than *half* of its 5th cycle RHNA goals, and virtually none of its goals for lower and moderate-income housing.<sup>60</sup> Based on past data, even a 50% buffer would be inadequate given the City's dismal performance in the 5th cycle. It is clear that the City's proposed 14% buffer cannot make up for a site inventory that is not adequately zoned to accommodate financially feasible housing.

The bottom line is this: the zoning changes under the nine strategies of the draft Housing Element are at odds with data from actual housing projects in Palo Alto. Not a single one of the studied PHZ proposals would come close to meeting the City's proposed development standards. And given that fact, it is hard to imagine more than 6,000 units of housing being feasible under these development standards. We strongly urge the City to remedy these issues prior to submitting this Housing Element.

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<sup>56</sup> [2755 El Camino Real Multi-Family Residential Project](#)

<sup>57</sup> [Housing Incentive Program Expansion and 788 San Antonio Road Mixed-Use Project](#)

<sup>58</sup> This point was made by Scott O'Neil in public comment to the Housing Element Working Group on 11/18/2021. [Link](#). (time:07m:30s) Also to [Planning & Transportation](#) on 02/09/2022 "feasibility arguments that were being found persuasive in particular cases were simply not applied to the rest of the inventory"

<sup>59</sup> [Emeryville Draft Housing Element \(August 2022\)](#)

<sup>60</sup> [Housing Element Implementation and APR Dashboard](#) ("Housing Needs" tab)

**b. City's Zoning Constrains Medium-Density Housing (e.g., 25-35 du/ac)**

In the previous section, we demonstrated that Palo Alto imposes development standards that make it impossible to build larger, dense residential projects such as apartment buildings. When reviewing City production history for market-rate mid-range units, we also discovered constraints at this scale. To illustrate, we consider data from recent market-rate projects with HCD APR data, supplemented with site-specific research. This data is included in Table 3 below and reveals patterns of development that challenge the lower densities claimed for many sites in the City's inventory.

**Table 3: Low-to-Moderate Density Residential Market-Rate Projects Approved in Palo Alto and Reported to HCD**

*Includes all 5+ unit dense multifamily market rate projects in HCD APR records.*

	Lower density				Higher density
<b>Name</b>	<b>3225 El Camino Real</b>	<b>2515 El Camino Real</b>	<b>3877 El Camino Real</b>	<b>No projects between 25 and 35 du/ac</b>	<b>565 Hamilton</b>
<b>Density</b>	11 du/ac	14 du/ac	23 du/ac		37 du/ac
<b>Type</b>	Mixed-use w/ large condos.	Mixed-use w/ large condos.	Mixed-use Townhomes +Condos		Mixed-use Studios
<b>Res. FAR</b>	0.6 <sup>61</sup>	0.5	0.6 <sup>62</sup>		1.0 <sup>63</sup>
<b>Height</b>	55' <sup>64</sup>	40'	38'		40'
<b>Details</b>	8 units +8,574 retail +1,826 office <sup>65</sup>	13 units +1022 retail +9835 office <sup>66</sup>	17 units +4027 retail <sup>67</sup>		19 units +7,450 office <sup>68</sup>

It concerns us that Palo Alto has no recent track record of producing housing at densities in the range 24-36 du/acre. Below 24 du/acre, townhome construction appears viable, as evidenced by 3877 El Camino Real and other recent projects incorporating townhomes. Heavily commercial projects (e.g., 3225 and 2515 El Camino Real) also work, at the expense of squeezing residential down to low densities. But the inventory isn't claiming as much development in these lower ranges below 24 du/acre<sup>69</sup> where it's easier to demonstrate feasibility with these projects.

<sup>61</sup> [3225 El Camino Real Mixed-Use Project - Mitigated Negative Declaration](#)

<sup>62</sup> [Architectural Review Board \(5/18/2017\)](#)

<sup>63</sup> [Architectural Review Board \(5/3/2018\)](#)

<sup>64</sup> The additional 5' are only to accommodate mechanical features, per PAMC 18.40.090.

<sup>65</sup> [Planning & Transportation Commission Staff Report \(4/25/2018\)](#)

<sup>66</sup> [2515 - 2585 ECR Site and Design Review \(2/10/16\)](#)

<sup>67</sup> [Planning & Transportation Commission Staff Report \(8/29/2018\)](#)

<sup>68</sup> [Architectural Review Board Regular Meeting Agenda \(7/18/19\)](#)

<sup>69</sup> There are 686 units below 24 du/acre, vs 1702 in the 25-35 du/acre range.

Meanwhile, our smallest project outside the above range is a high-density studio project with significant square footage of office space at 565 Hamilton. We think this is an excellent project for inferring what a minimal viable mixed-use condo might look like.

In parts of this range, constraints appear physical:

- RM-30 is mixed use with 30 du/acre and FAR of .6. Even with no commercial, units are restricted to around 700 square feet. Other zones also have restrictive FAR standards, prohibiting developers from using the full density if they are building for-sale units, which would normally be more than 1000 sq ft. This is not zoning for a variety of housing.<sup>70</sup>
- The 3225 and 2515 El Camino projects were clearly restricted from achieving higher densities by low residential FAR.<sup>71</sup>

We found these patterns looking at HCD APR data. We've verified they also hold for current pipeline projects. Palo Alto has parcels already zoned in this range and there's simply no evidence we can find that they are developed at the claimed density. Adding some margins to the boundaries we've established by looking at 565 Hamilton and 3877 El Camino Real to be conservative, we conclude that Palo Alto cannot produce market-rate housing in a range of 25-35 du/acre.

### **c. City Fails to Adequately Address Other Governmental Constraints**

The draft Housing Element also does not adequately address many other constraints on housing development in Palo Alto. The Housing Element fails to acknowledge several major constraints, and fails to show any meaningful action towards reforming other constraints, such as permitting and entitlement timelines. We detail our findings below.

#### **i. Permitting Timelines**

The City has not adequately acknowledged and mitigated its lengthy permitting times, which are a governmental constraint on housing. The City suggests that “[a]pplication processing timeframes in Palo Alto typically range from [90 to 180 days] for projects falling under the City’s Streamlined Housing Development Review process to [365 days] or more for projects requiring rezoning or tentative maps.” As a preliminary matter, some of these times may be worse than reported in the Housing Element. According to HCD data, permitting times for Palo Alto average 271 days and entitlement times average 300 days.<sup>72</sup> But whatever the precise entitlement and permit times are, they are indisputably long.<sup>73</sup>

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<sup>70</sup> On 4/7/22 (22:50) Scott O’Neil gave comment to the Working Group that they had to be sure zoning was not creating physical constraints and is encouraging development.

<sup>71</sup> Anne Paulson at The El Camino Institute provided much invaluable assistance and analysis in this section.

<sup>72</sup> [Housing Element Implementation and APR Dashboard](#) (“Construction” tab)

<sup>73</sup> Permitting procedures and timelines in Palo Alto affect and constrain ADU production as well. For example, in later review cycles, Palo Alto plan checkers have sometimes introduced new plan check comments not made in earlier review cycles, thus delaying or blocking ADU building permit applications. In addition, Palo Alto has recently required information relating to its new Tree Ordinance to be provided

The City defends its times by noting that they are “comparable to other jurisdictions in the Bay.” And it is true that there are other jurisdictions in the Bay Area with exceptionally long permitting timelines. But that hardly absolves the City of its responsibility to *improve* permitting times. It is useful to consider other jurisdictions. For example, our neighboring community of Redwood City has a permit timeline of 69 days, which is a full 202 days faster than Palo Alto. The comparison is even more striking because Redwood City and Palo Alto exist in the same development market along the 101 freeway and El Camino Real. And impressively, Redwood City handles far more projects than Palo Alto; it has historically permitted 3.92 projects per 10k residents,<sup>74</sup> which is nearly three times that of Palo Alto, which has historically permitted only 1.35 projects per 10k residents<sup>75</sup>. By any measure, Palo Alto is far slower to permit entitled projects that it could be, based on peer comparisons alone.

The City should adopt a program with a quantified objective to reduce permitting timelines by at least 120 days.

## ii. Entitlement Timelines

The City has not adequately acknowledged and mitigated its lengthy entitlement times, which are a governmental constraint on housing. According to HCD data, Palo Alto is the fifth slowest jurisdiction in California to issue entitlements; only San Francisco, Oceanside, South San Francisco, and Santa Maria are worse. This is particularly concerning because Palo Alto processes 44%<sup>76</sup> more requests for entitlements than permits. This suggests that Palo Alto’s baseline zoning is inadequate for feasible development (which is hardly inevitable, as cities like Oakland process 33% more permits than entitlement requests).<sup>77</sup>

And because HCD’s entitlement times and project counts do not include pre-applications, HCD data is understating the length of the entitlement process. As the City notes: “The applicant submits a prescreen application for a rezone proposal and the City Council generally hears the prescreen request within two months. If the Council response is favorable, then the formal application for a rezone process can begin.”<sup>78</sup> Adding the City’s claimed two month pre-application delay to the City’s official HCD entitlement time is sufficient to give Palo Alto the second-worst entitlement time in the state, behind only San Francisco. Additionally, Palo Alto’s pre-screening process allows projects to be killed (via negative feedback during pre-screening) without any formal application appearing in HCD data.

However, to fully appreciate the impact of prescreens on timelines, we must also consider the time applicants take to incorporate feedback. To that end, we consider timelines for

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during an initial “pre-application” submittal process, thus withholding from certain ADU applicants the benefits of the mandatory ADU permitting timelines established by the Government Code.

<sup>74</sup> [US Census Bureau data on Redwood City](#)

<sup>75</sup> [US Census Bureau data on Palo Alto](#)

<sup>76</sup> 13 entitlements, 9 permitting requests

<sup>77</sup> 172 entitlements, 230 permitting requests

<sup>78</sup> [Palo Alto Draft Housing Element at 262](#)



recent market-rate projects with APR data, supplemented with site-specific research. This data is included in Table 4 below.

**Table 4: Actual Projects Approved in Palo Alto and Reported to HCD**

*Includes all 5+ unit multifamily market rate projects in HCD APR records, including timelines.*

Name	2755 El Camino Real	788 San Antonio Rd.	565 Hamilton	3225 El Camino Real	3877 El Camino Real	2515 El Camino Real	Avg.
Type	Principally Residential		Mixed Use				
Details	57 units	102 units +1,800 retail	19 units +7,450 office <sup>79</sup>	8 units +8,574 retail +1,826 office <sup>80</sup>	17 units +4027 retail <sup>81</sup>	13 units +1022 retail +9835 office <sup>82</sup>	
Earliest Record	Aug 2015 Study Sn. <sup>83</sup>	Oct 2018 Prescreen <sup>84</sup>	May 2018 Study Sn <sup>85</sup>	Feb 2015 ARB <sup>86</sup>	Dec 2013 ARB prelim <sup>87</sup>	Nov 2014 ARB <sup>88</sup>	
Approval	June 2018	Feb 2021	Aug 2019	May 2016	Sep 2017	May 2016	
Time to Approval	<b>2 yr, 10 mo</b>	<b>2 yr, 4 mo</b>	<b>1 yr, 3 mo</b>	<b>1 yr, 3 mo</b>	<b>3 yr, 9 mo</b>	<b>1 yr, 6 mo</b>	<b>2 yr, 2mo</b>
Permit	Feb 2020	N/A <sup>89</sup>	Sep 2020	Feb 2020	Sep 2019	July 2019	
Total Time to Permit	<b>4 yr, 6 mo</b>	<b>&gt; 3 yr, 2 mo.</b> <sup>90</sup>	<b>2 yr, 4 mo</b>	<b>5 years</b>	<b>5 yr, 10 mo</b>	<b>4 yr, 7 mo</b>	<b>4 yr, 5 mo</b> <sup>91</sup>

The state of approval processes in Palo Alto is so dire that it was recently a subject of a Santa Clara County Civil Grand Jury, which was empaneled to assess why cities such as Palo Alto have been performing so poorly on the production of affordable housing. Among other findings, the Civil Grand Jury made the following observations:

*The City of Palo Alto's multiplicity of planning policies and documents creates lengthy processes and can lead to frustration for all parties, including neighborhoods as well as developers.*

...

<sup>79</sup> [Architectural Review Board Regular Meeting Agenda \(7/18/19\)](#)

<sup>80</sup> [Planning & Transportation Commission Staff Report \(4/25/2018\)](#)

<sup>81</sup> [Planning & Transportation Commission Staff Report \(8/29/2018\)](#)

<sup>82</sup> [2515 - 2585 ECR Site and Design Review \(2/10/16\)](#)

<sup>83</sup> [Application Narrative Surplus VTA Parking Lot Study Session Seeking PC Zone or CC \(2\) Zone District Designation \(8/21/2015\)](#)

<sup>84</sup> [Staff Presentation \(11/16/20\)](#) (p.4)

<sup>85</sup> [Architectural Review Board ARB Staff Report \(5/3/2018\)](#)

<sup>86</sup> [Architectural Review Board ARB Staff Report \(2/19/2015\)](#)

<sup>87</sup> [Architectural Review Board ARB Staff Report \(12/19/13\)](#)

<sup>88</sup> [Architectural Review Board ARB Staff Report \(10/20/2014\)](#)

<sup>89</sup> No information as of 2021 APR reporting window.

<sup>90</sup> Latest APR was March 2022.

<sup>91</sup> Excludes 788 San Antonio due to incomplete data.



*The length of time it takes developers to get their plans approved is significantly higher in the City of Palo Alto compared to the City of Mountain View. This discourages developers from proposing residential development in Palo Alto.<sup>92</sup>*

The Civil Grand Jury was correct that the byzantine structure of City approval processes is itself a constraint. For example, the City's description of its approval processes by project type, located in Table 4-10, is virtually unintelligible to those unfamiliar with City processes.<sup>93</sup>

*If the application is for a Planned Community rezoning, then the ARB will conduct a hearing after the Planning and Transportation Commission hearing, and prior to a second Planning and Transportation Commission meeting, followed by the Council hearing and action. Since this is a rezone request, a prescreen by the Council is required prior to the rezone request, which may also affect the processing timeframe. For all other rezoning projects, the Planning and Transportation Commission reviews the project twice, before and after the ARB recommendation, and prior to the City Council action. This adds considerably to the processing timeline. (p. 263.)*

This many hearings create an aggregate constraint worse than the sum of its parts because opponents can demand concessions at each stage, until the cumulative effects kill a project. Furthermore, informal surveys with developers show that the long and costly process keeps them from coming to Palo Alto. One recent public document confirming these frustrations is an April 2022 letter from Summerhill Homes raising HAA concerns about Palo Alto's handling of its townhome project:

*SummerHill has worked hard and in good faith to design a high-quality residential community that meets the City's standards, formally revising and resubmitting the project plans five times to address the City's comments.<sup>94</sup>*

For all of these reasons, we have supported the Civil Grand Jury's recommendation that the City develop clearer area plans to eliminate Council prescreens, and combine reviews by the Architectural Review Board and Planning and Transportation Commission into a single consolidated review. The Civil Grand Jury recommended taking action by June 30 2022. Unfortunately, the City Council largely dismissed the Civil Grand Jury's concerns,<sup>95</sup> and the draft Housing Element embraces not a single one of the Jury's recommendations. The Housing Element's only commitment on timelines is to limit projects to two meetings before the Architectural Review Board.

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<sup>92</sup> [Affordable Housing: A Tale of Two Cities \(2021 Civil Grand Jury of Santa Clara County\)](#)

<sup>93</sup> [Palo Alto Draft Housing Element at 263](#)

<sup>94</sup>

<https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/new-development-projects/2850-w-bayshore/attorney-letter-regarding-directors-decision.pdf>

<sup>95</sup> ["Palo Alto defies grand jury recommendations for more 'area plans' to boost affordable housing." Palo Alto Weekly. March 3rd 2022](#)

The City must recognize its complex and lengthy approval processes as constraints to housing, and adopt quantified program objectives to start including pre-screen/pre-application time in APR data, and to reduce entitlement timelines to under one year. We urge the City to look to the Civil Grand Jury's recommendations in developing these commitments.

### **iii. Excessive CEQA Review**

The City has not acknowledged that its policies and practices with regard to environmental review are a government constraint on housing. The City requires CEQA review beyond what should be required, and what is required for other cities. For example, an Environmental Impact Report (EIR) is being prepared for 660 University Avenue. This is a 70 unit project on an infill parcel that is surrounded by urban development with no history of excessive soil contamination or other potentially significant environmental issues. This can add a year of delay for preparation of the necessary documents and required review times.

In Palo Alto, for simple CEQA exemptions, a contract with a subconsultant must be implemented: excessive and often unnecessary technical reports prepared followed by several months of document preparation time for the exemption. Antiquated General Plan and zoning designations further complicate the CEQA issue by presenting impediments to use of categorical and ministerial exemptions created solely for the purpose of streamlining the permit process. One such impediment is that many projects must be consistent with land use designations to qualify for exemptions from CEQA. Even simple exemptions can take up to six months to prepare (including obtaining bids from environmental subconsultants to do the work and completing requisite contracts), review, and finalize.

Unless an applicant has a savvy land use attorney involved (e.g., SummerHill Home's 2850 West Bayshore development), projects are subjected to long CEQA processing times and unnecessary review. This is a constraint on housing development in Palo Alto.

To address this constraint for categorical and ministerial exemptions, the City should:

- As described in [Section 3A](#) and [Section 3B](#) of this document, immediately update the General Plan to designate and rezone properties to allow densities at or higher than the assumed Housing Element development potential for the site.
- The various CEQA processes (exemption, Negative Declaration [ND] or EIR) and timelines should be specifically outlined in the Housing Element given the depth and breadth of state regulations and policies supporting housing development.
- Begin outlining the necessary CEQA process in the 30-day completeness letter for a project.
- Commit to a 30-day timeline for completion of ministerial or categorical CEQA exemptions with a specific Housing Element-specified policy.
- Hire a staff member to process ministerial CEQA applications or create a list of approved environmental consultants and allow applicants to contract directly with a consultant when utilizing categorical and ministerial exemptions. This would save time and costs associated with contract administration.

- For more complicated projects requiring a ND or EIR, a consultant should be chosen by the City from the approved list and identified in the 30-day letter so CEQA processing can begin immediately.

#### **iv. City’s Opposition to Mixed-Use Cross-Subsidization**

The City has not acknowledged that its opposition to mixed-use cross-subsidization is a government constraint on affordable housing. As context, the City Council has sought to limit the amount of new commercial development in the City. However, the City’s caps on commercial development can have the unintended consequence of simultaneously constraining residential affordable housing development. That is because mixed-use development (i.e., both residential and commercial) has been one of the most successful strategies used by our peer cities to meet the affordable component of their RHNA obligations. For example, Redwood City’s downtown precise plan has successfully leveraged extensive mixed-use development to exceed its 5th cycle RHNA,<sup>96</sup> and in part for that reason, it has substantially outperformed Palo Alto in the production of lower-income housing.<sup>97</sup>

However, Palo Alto’s City Council has chosen to reject mixed-use development, on the theory that any new commercial development could worsen the City’s overall ratio of jobs to housing. As the City states in its response to the Santa Clara County Civil Grand Jury Affordable Housing<sup>98</sup> report:

*Palo Alto believes the economics of affordable housing in the Peninsula preclude most practical use of mixed-use development as an affordable housing tool, once “net-of-demand” housing is considered. (p.5)*

The City is entitled to reject Redwood City’s mixed-use strategy and disfavor new housing that is associated with new commercial development. But it must recognize that its preference is a constraint on affordable housing development in Palo Alto. The existence of that constraint emphasizes the need for the City to demonstrate that affordable housing can pencil out without any cross-subsidization from commercial development. The City can replace the economic value of mixed-use commercial development with new subsidy programs for housing, or with far bolder changes to zoning (e.g., height, density, FAR, and parking) that ensure that residential housing is independently financially feasible. But the City must acknowledge its present stance as a constraint and ensure that its programs adequately address it.

#### **v. Tree Protection Ordinance**

The City has not acknowledged that its newly revised Tree Ordinance is a government constraint on housing. Palo Alto’s original Tree Ordinance had a relatively limited impact on housing. But the City quantitatively and qualitatively transformed its prior tree policies on July

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<sup>96</sup> [Redwood City a Bay Area model in housing production](#), SF Chronicle, J.K. Dineen (May 2021)

<sup>97</sup> [Housing Element Implementation and APR Dashboard](#) (“Housing Needs” tab, “Progress” section)

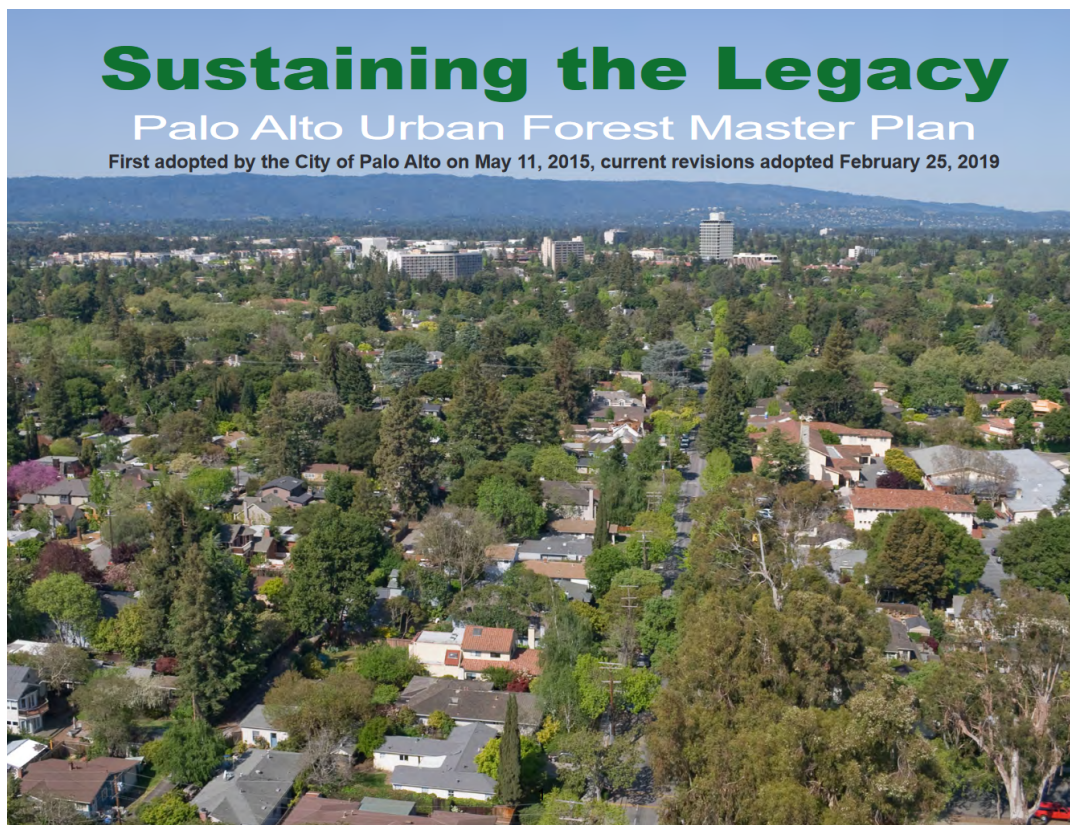
<sup>98</sup> [City of Palo Alto Response to the Civil Grand Jury Report](#)

21, 2022,<sup>99</sup> an action which we advised could jeopardize Housing Element certification.<sup>100</sup> The quantitative expansion tripled the number of protected trees to an estimated 600,000,<sup>101</sup> or roughly nine trees per Palo Alto resident (excluding trees in open space areas).<sup>102</sup>

For multifamily housing, removing a protected tree that is not dead, dying, or a nuisance could require proving to Urban Forestry that:<sup>103</sup>

“Retention of the tree would result in reduction of the otherwise-permissible buildable area of the lot by more than twenty-five percent, and ... retaining the tree would increase project cost by more than twice the reproduction cost of the tree or ten percent of the given project valuation, whichever is greater.”<sup>104</sup>

To help visualize the sheer number of trees in Palo Alto, virtually all species of which now are protected, consider this photo from the City’s Urban Forestry department:



<sup>99</sup> [“Tree Ordinance Update” webpage](#). Even after the July 21, 2022 effective date, the new tree ordinance did not apply to a certain “pipeline projects. See section 13 of the new tree ordinance.

<sup>100</sup> [Palo Alto Forward Letter - 6/18/22](#)

<sup>101</sup> [Proposed Palo Alto law would triple number of 'protected' trees, Palo Alto Weekly \(6/1/22\)](#)

<sup>102</sup> [U.S. Census - Palo Alto; City Council Staff Report \(6/6/22\)](#)

<sup>103</sup> See Appendix C for a detailed treatment of removal rules

<sup>104</sup> [PAMC 8.10.050\(d\)\(1\)](#)



The impact of these expanded protections will only grow over time. Any tree that reaches 15” in diameter will become a new protected tree, unless it is an invasive species or one of eight water-intensive ones.<sup>105</sup> And the City’s new objective standards will continuously tighten this constraint. These standards will require new tree plantings in the amount of 1 tree per 30 ft of facade in landscape screens, and 1 tree per 40 feet of facade in setbacks.<sup>106</sup>

In addition to the quantitative impacts, the City has qualitatively changed the procedures associated with complying with Tree Ordinance. These requirements will affect even housing projects that do not require the removal of a projected tree. For example, the expanded Tree Ordinance:

- Requires all permit applications changing an existing building footprint to include a statement by a City-approved arborist.<sup>107</sup>
- Implicitly gives owners of adjacent properties leverage over the permitting process by requiring access to trees on those properties.
- Creates new notice requirements and expands appeals for removals.

For more detailed analysis of these new requirements and their potential impact on new housing, see [Appendix C - Tree Ordinance Discussion](#).

We support protecting the urban canopy, and we believe that we can meet our housing goals while protecting natural resources. For example, if the City desires to protect this many trees while simultaneously meeting our RHNA goals, it can do so by more aggressively increasing the height and FAR limits for residential development, especially near downtown and transit-rich areas. But the Tree Ordinance as it stands is clearly a constraint on housing, and it must be analyzed and mitigated prior to submission to HCD.

#### **vi. City’s Strong Preference for R-1 Single Family Zoning**

The City acknowledges that its preference for single-family zoning is a governmental constraint on housing. We agree. Many vocal community members and some council members support policies that prevent development of multi-family housing. But the City does not adequately mitigate the constraint. As the draft Housing Element notes, “the majority of residentially zoned land in Palo Alto is planned and zoned for low residential use,” and “the single-family site development regulations are a constraint to the development of housing, particularly affordable housing that often occurs at higher densities.”<sup>108</sup> Unfortunately, the City’s proposed solutions are irrelevant to this identified constraint:

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<sup>105</sup>

<https://www.cityofpaloalto.org/Departments/Public-Works/Public-Services/Palo-Altos-Urban-Forest/Tree-Ordinance-Update-2022/Tree-Ordinance-Information>

<sup>106</sup> [ARB Recommendation on Objective Design Standards \(3/18/21\)](#)

<sup>107</sup> [PAMC 8.10.040\(b\)](#). The provisions show that the new ordinance’s objectives extend far beyond land use.

<sup>108</sup> [Palo Alto Draft Housing Element at 235](#).

“To combat this constraint, Program 6.1 Housing for Persons with Disabilities proposes amending the Zoning Code to create incentives that encourage development of various types of housing units, including units for persons with disabilities including seniors. In addition, Program 5.1 Preservation of at Risk Housing supports a Zoning Code that permits innovative housing types and flexible development standards while maintaining the character of the neighborhood.”

While these programs address worthwhile goals, it is not clear to us how “updating the City’s affordable housing guidelines to establish preferences for populations with special needs” does anything to address the constraint that single family zoning imposes on housing development. Similarly, it is unclear to us how notifying owners and tenants about the “termination of [] affordability restrictions” does anything to combat that constraint. Due to the exceptionally high cost of low-density housing in Palo Alto,<sup>109</sup> the only conceivable way to mitigate this identified constraint is to increase density in single-family neighborhoods. The City should make this commitment before submitting the draft Housing Element to HCD.

### **vii. Fees and Exactions**

The City has not adequately acknowledged and mitigated its fees and exactions, which are a governmental constraint on housing. The City correctly notes that its fees are exceptionally high:

*The Annual Report on City Services 2019-2020 conducted by the City of San Jose identifies Palo Alto as one of the highest impact/capacity fee charging cities for both single-family and multiple-family home construction. (p.274)*

For example, these impact fees dominate the total costs given in the examples on page 275, at 78% and 67% of total fees, respectively. The City justifies its fees in part by suggesting that they are proportional to the square footage of a building.

*A development fee was adopted for parks, community centers, and libraries based on the number of employees or residents generated by each residential or commercial project using square feet or number of units. [¶] The fees for parks, community centers and libraries add approximately \$64,503 to the price of a single-family dwelling unit less than 3,000 square feet in size and approximately \$47,707 to the price of a multifamily dwelling smaller or equal to 900 square feet. (p. 273)*

The phrases “using square feet” and “a single-family dwelling unit less than 3,000 square feet,” for example, suggest that the City’s Park Impact Fee and other “Development Impact Fees - Residential” for single-family housing vary based upon the square footage of the home being built. But the City’s own Table 4-14 (p. 269) suggests that this is not the case<sup>110</sup>:

<sup>109</sup> <https://www.mercurynews.com/2022/11/10/single-family-home-sells-in-palo-alto-for-3-5-million/>

<sup>110</sup> To be sure, the reference to “3,000 square feet” may have been a typographical error, but that phrase appears to occur only once in the Palo Alto Draft Housing Element. The belief that the City does charge such fees on a strict “per unit” basis is strengthened by the “Fiscal Year 2022 Adopted Municipal Fee

<b>TABLE 4-14 PALO ALTO IMPACT AND IN-LIEU FEES</b>		
	<b>Single Family</b>	<b>Multi-Family</b>
<b>Development Impact Fees - Residential</b>		
Community Center Impact Fee <i>Note: ADUs under 750 sq ft exempt.</i>	\$4,438.00 per unit	3,283.00 per unit.
General Government Facilities <i>Note: ADUs under 750 sq ft exempt.</i>	\$1,481.00 per unit	\$1,184.00 per unit
Housing Impact Fee - Residential	\$22.69 per sq. ft. apartments (rentals)	
Library Impact Fee	\$2,645.00 per unit	\$1,956.00 per unit
Park Impact Fee <i>Note: ADUs under 750 sq ft exempt.</i>	\$57,420.00 per unit	\$42,468.00 per unit
Public Safety Facilities <i>Note: ADUs under 750 sq ft exempt.</i>	\$1,175.00 per unit	\$940.00 per unit

Rather than charging fees proportional to the size of a home, the City has adopted a “per unit” approach to fees that acts as an implicit, regressive tax.<sup>111</sup> The City asserts: “The purpose of such fees is to minimize the impact of that new development on the City’s public services and public facilities to the greatest extent practicable” (p. 267). Such “per unit” pricing of fees for community centers, general government facilities, libraries, parks, and public safety facilities might make sense if one were to assume that as many people are likely to live in a 1,200 square foot house as in a 6,000 square foot house. But such an assumption is doubtful. Even if it were true, one cannot ignore the effects of such a “per unit” approach. The fees noted above for single-family houses — totalling over \$67,000 — act as implicit and regressive tax that subsidizes larger, more expensive homes and penalizes smaller, more affordable homes.

Furthermore, a comparison with Redwood City shows that the magnitude of some of these impact fees is astoundingly high. Palo Alto’s \$57,420.00 per unit Park Impact Fee (p. 269) is more than four times as great as Redwood City’s \$14,224.09 per unit Parks Impact Fee.<sup>112</sup> It is also noteworthy that, even for the largest single-family homes, the absolute amount of Palo Alto’s Park Impact Fee more than tripled (from about \$18,570 to \$57,420), while Redwood City’s Parks Impact Fee seems to have only increased by about 12% between roughly 2016 and 2022 (from \$12,733.38 to \$14,224.09).<sup>113</sup>

Schedule” whose “PLANNING AND DEVELOPMENT SERVICES” table (p. 70) appears to show the same fees assessed on a “per unit” basis.

<sup>111</sup> While “ADUs under 750 sq ft” are repeatedly noted as being exempt, this is a matter of state law.

<sup>112</sup> “Development Impact Fees” as of 2/18/22.

<sup>113</sup> See <https://www.redwoodcity.org/home/showpublisheddocument/24502/637776003710600000>, <https://www.redwoodcity.org/home/showpublisheddocument/5953/636084088997770000>, and <https://www.paloaltoonline.com/news/2021/04/15/palo-alto-hikes-development-impact-fees-for-first-time-in-20-years#:~:text=While%20park%20fees%20represent%20by,respectively%2C%20under%20the%20new%20schedule>. While it is true that Palo Alto’s impact fees had not been increased for some time prior to 2022, the period between 2000-2022 was generally one of very low increases in the CPI.

These points are largely missing from the Housing Element’s analysis of the City’s fee structure. The City should expand its analysis and add new programs to lower these fees before submitting the draft Housing Element to HCD.

### **viii. Historic Registry**

The City has not acknowledged that its historic registry is a government constraint on housing. The City has long maintained its own inventory of historic places which is often more expansive than the National Register of Historic Places.<sup>114</sup> This policy can significantly constrain the development of housing, since it triggers special application procedures and possible moratoria on the demolition of any historically significant building. PAMC [16.49.70](#).

The City has recently attempted to encourage historic designations of properties to “skirt” state laws, including SB 9.<sup>115</sup> For example, the City’s Historic Resources Board Workplan seeks to expand the inventory by among other things, reviewing and recommending “applications for Inventory category upgrades and support nominations to the City’s local inventory.”<sup>116</sup> At a retreat of the Historic Resources Board, it was noted that there are approximately 2,500-2,700 Eichler houses in Palo Alto, and there was apparently at least some discussion “about having Eichlers as an historic district...”<sup>117</sup> Such designations may be significant in terms of constraining housing production in Palo Alto, given the existing protections against the demolition of historically significant buildings.

The City should consider whether the City Council’s or the Historic Resources Board’s consideration of further actions aimed at increasing the number of structures on the City’s local inventory will act as a further constraint on housing production. This should occur prior to submission to HCD.

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<sup>114</sup>

<https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/historic-preservation/historic-inventory/city-historic-inventory-list.pdf>

<sup>115</sup> See “[Palo Alto looks to expand historic registry to prevent redevelopment](https://www.mercurynews.com/2022/03/19/palo-alto-council-could-use-historic-preservation-to-skirt-sb9-lot-splitting-law/),” and “Palo Alto council could use historic preservation to skirt SB9 lot-splitting law” (<https://www.mercurynews.com/2022/03/19/palo-alto-council-could-use-historic-preservation-to-skirt-sb9-lot-splitting-law/>).

<sup>116</sup>

<https://www.cityofpaloalto.org/files/assets/public/city-clerk/boards-and-commissions/historic-resources-board/fy22-bcc-workplan-hrb.pdf>

<sup>117</sup> “HISTORIC RESOURCES BOARD MEETING MINUTES: January 27, 2022” (<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/architectural-review-board/2022/hrb-03.10.2022-minutes-january-27-2022.pdf>), pgs 5-6, 6-7/14.



## **Section 4: Non-Governmental Constraints**

The City has failed to adequately assess and mitigate non-governmental constraints to housing as it is required to do under Government Code 65583(a)(6).

### **Community Opposition to Housing**

Palo Alto has had a well-documented history of community opposition becoming a constraint on housing development. This track record is so exceptional as to have garnered recognition in national news media such as the New York Times.<sup>118</sup> Some notable (but hardly exhaustive) examples of projects killed by community opposition include:

- **Killed by referenda:**
  - 2003: 800 High St - Killed with Measure C<sup>119</sup><sup>120</sup>
  - 2013: 567-595 Maybell - Killed with Measure D<sup>121</sup>
- **Killed by lawsuits or legal threats:**
  - 1987-1991: 660 University - Settlement prevented projects through 2023.<sup>122</sup>
- **Ended after opposition in public comment:**
  - 2021: 2239-2241 Wellesley St.<sup>123</sup> <sup>124</sup>
  - 2022: Matadero Creek<sup>125</sup>
  - Ongoing: North Ventura Coordinated Area Plan (NVCAP) delays, impacting up to 2,130 units.<sup>126</sup><sup>127</sup><sup>128</sup>

To illustrate how community opposition can impact housing development, consider the example of the North Ventura Coordinated Area Plan (NVCAP). The opportunity to build new housing in this 60-acre area adjacent to major transit and commercial corridors may be lost for generations due to community pushback. After a robust alternatives development process, consultants, City staff, and the Planning and Transportation Commission concluded that a development plan labeled “Alternative 3B” was the most, and possibly the only, financially

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<sup>118</sup> <https://www.youtube.com/watch?v=hNDqcjVGHlw>

<sup>119</sup> <https://www.sccgov.org/elections/results/nov2003/ElectionResult.htm>

<sup>120</sup> [https://www.paloaltoonline.com/weekly/morgue/2003/2003\\_10\\_15.trail15.html](https://www.paloaltoonline.com/weekly/morgue/2003/2003_10_15.trail15.html)

<sup>121</sup>

[https://ballotpedia.org/City\\_of\\_Palo\\_Alto\\_Rezoning\\_of\\_Maybell\\_Avenue,\\_Measure\\_D\\_\(November\\_2013\)](https://ballotpedia.org/City_of_Palo_Alto_Rezoning_of_Maybell_Avenue,_Measure_D_(November_2013))

<sup>122</sup>

<https://padailypost.com/2019/04/19/six-story-building-proposed-for-university-circle-traffic-problems-will-get-scrutiny/>

<sup>123</sup> <https://www.paloaltoonline.com/news/2021/05/18/council-rebuffs-apartment-plan-in-college-terrace>

<sup>124</sup> <https://paloaltoonline.com/news/2021/02/12/housing-plan-stirs-opposition-in-palo-altos-college-terrace>

<sup>125</sup> <https://www.paloaltoonline.com/news/2022/10/17/council-pans-housing-proposal-at-creekside-inn-site>

<sup>126</sup>

<https://www.paloaltoonline.com/print/story/2022/10/28/residents-activists-irked-by-evolving-ventura-plan>

<sup>127</sup>

<https://www.paloaltoonline.com/news/2021/06/15/facing-division-over-ventura-plan-palo-alto-delays-action>

<sup>128</sup> [Council Communications, Oct 24 2024, p. 74](#)

feasible alternative to redevelop the area.<sup>129</sup> That option would have created 1,490-2,130 housing units. However, after significant public opposition, the City Council chose not to endorse any of the available alternatives.<sup>130</sup> This example demonstrates how public opposition can often constrain Palo Alto's development plans, even beyond the constraints imposed by the City's own policies.

The City must recognize community opposition as a constraint to housing development in Palo Alto and explain in the Housing Element how it will overcome this constraint. One way the City could address this constraint is by removing rounds of discretionary review and reducing the number of veto points in the process. The Santa Clara County Grand Jury Report also includes findings around City electeds building community support for affordable housing through direct public leadership.<sup>131</sup> We encourage City officials to do more to educate the community about what it takes for affordable housing to be feasible in our community.

### **Strength of Market for New Office Development**

The City acknowledges that the strength of the market for new office development is a constraint on housing, but does not adequately mitigate the constraint. The Housing Element notes that developers are financially incentivized to build new office space, explaining that:<sup>132</sup>

“Due to lower construction costs per square foot for office space compared to housing developments, as well as the high lease rates for office spaces, developers are choosing to build office over residential in zones that allow both. This is considered a constraint to the development of housing.”

We agree, but note that the Housing Element does not go far enough to advantage residential development over new office space. The only program that addresses this constraint is Program 6.3(b), which reduces commercial FAR in strategic locations.<sup>133</sup> But the program does not provide any specifics as to the extent of these reductions or their location. Nor does the Housing Element provide any analysis to prove that these reductions alone will be sufficient to put the economics of residential development on par with office space development. Indeed, it is possible the City's proposed mitigation will **hinder** residential mixed-use development by reducing profitability below feasibility. Relaxing residential development standards, in contrast, is guaranteed to make housing more feasible.

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<sup>129</sup>[https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/north-ventura-cap/nvcap-alternatives-cc-06-14-21\\_final.pdf](https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/north-ventura-cap/nvcap-alternatives-cc-06-14-21_final.pdf)

<sup>130</sup><https://www.paloaltoonline.com/news/2021/06/15/facing-division-over-ventura-plan-palo-alto-delays-acti-on>

<sup>131</sup> [https://www.scsccourt.org/court\\_divisions/civil/cgj/2021/Affordable%20Housing%20Final%20Report.pdf](https://www.scsccourt.org/court_divisions/civil/cgj/2021/Affordable%20Housing%20Final%20Report.pdf)

<sup>132</sup> [Palo Alto Draft Housing Element at 221](#)

<sup>133</sup> [Palo Alto Draft Housing Element at 323](#)

This acknowledged constraint should be adequately addressed in the Housing Element by increasing residential height and FAR to at least 140% of commercial in all mixed-use zones.

## **Section 5: Affirmatively Furthering Fair Housing**

### **Community Engagement and Outreach**

We believe that Palo Alto failed to conduct adequate outreach under HCD's guidance on Affirmatively Furthering Fair Housing (AFFH). The City's principal vehicle for community engagement was the Housing Element Working Group, a citizen body comprising 15 members and 2 alternates. As formed, the Working Group body disproportionately excluded the renters and underrepresented applicants who applied to serve on the Working Group. Some facts about those who were chosen:

- The Working Group was ~13%<sup>134</sup> renters, in a city with ~44% renters<sup>135</sup>.
  - The applicant pool was more than half renters.
- Six seats went to neighborhood associations, generally representing single-family homeowner interests. This bloc was just two votes shy of a majority.
  - Add a stridently anti-housing HOA President: one vote shy of majority.
  - Add a long-serving Planning Commissioner: a majority.
  - None of these 8 members were alternates.
- The Council selected: 0/3 pro-housing former City Council candidates, 0/2 young adults, 0/1 senior service providers, 0/1 housing economists, 0/1 tenant organizers.

Reviewing Housing Element Appendix B: Public Outreach reveals few signs of the sort of targeted ongoing stakeholder outreach that is required for a city to meet its AFFH obligations.<sup>136</sup> This is not because City staff did not try. As we explain in Appendix D of this letter, staff did an outstanding job of recruiting an extraordinarily qualified slate of about 80 applicants. In spite of this, the Council Ad Hoc Committee formed to do initial processing of applications largely chose to stack the slate with experienced, known-anti-housing voices drawn from HOAs and neighborhood associations.

Even to the inadequate extent they sought inclusion, the Ad Hoc typically passed over candidates with policy-relevant expertise or experience in public service, getting it instead from newcomers with neither. The resulting process functioned as designed: the slow-growth voices were firmly in the driver's seat, while less-experienced newcomers were often frustrated by being unable to influence the process toward the goals that motivated them to apply<sup>137</sup>.

The City's flagship AFFH outreach effort violated state law because it deliberately bent to exclude voices the City had a legal duty to bring into the process. HCD should require that Palo

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<sup>134</sup> 18% including alternates, but only until the renting alternate dropped.

<sup>135</sup> <https://www.point2homes.com/US/Average-Rent/CA/Santa-Clara-County/Palo-Alto.html>

<sup>136</sup> On 02/09/2022, Kelsey Banes pointed out to Planning & Transportation that targeted outreach was not occurring even after Council seated the working group, as constituted.

<sup>137</sup> Some examples: the member in affordable housing was concerned that single-family ownership options for people in her income bracket are unavailable in Palo Alto. Another wanted to reverse racial segregation. Neither could identify or propose policies the body might pursue to achieve these goals, and the body's exploration of them ended with their respective comments on those matters.

Alto redo its stakeholder outreach in a manner that does comply with AFFH outreach requirements.

### **Proposed Rezoning Does Not Further Racial and Economic Integration**

As we've seen, Palo Alto's planned rezoning is largely to infeasible levels for actual development. See [Section 3: Governmental Constraints](#). The only place the City seems serious about housing production is the GM/ROLM areas, where it comes closest to committing to zoning consistent with past exclusively-residential development.

However, it is impossible to address racial, ethnic, and economic segregation using this strategy. Palo Alto may change the City's **aggregate** racial, ethnic, and economic demographics of residents with this approach, but to whatever extent it does so, it will also create a segregated pocket in the newly-opened residential area. The City simply cannot integrate its current neighborhoods by adding new ones.

This is especially true given the location of this rezoning: the sites are disproportionately in the southeast corner of the City bordering Mountain View and the Bayshore Freeway, with major surface corridors segregating them from pre-existing communities. Fabian, Charleston, and San Antonio Road are all 4-lane roadways, which partition much of this area from every school,<sup>138</sup> library and park in Palo Alto or even Mountain View. San Antonio and Charleston is at a major freeway onramp, focusing intense vehicle traffic to this nexus. It's an island.<sup>139</sup>

The RHNA allocation to Palo Alto from ABAG included an above-average number of units for low-and-moderate income residents because Palo Alto is considered as both a high opportunity area and a high job proximity area. What is a High Opportunity Area? Here is the explanation from an ABAG Methodology Committee packet.

"The Opportunity Map stems from HCD's policy goals to avoid further segregation and concentration of poverty and to encourage access to opportunity through affordable housing programs. The map uses publicly available data sources to identify areas in the state whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families and their children. The Access to High Opportunity Areas factor directly addresses the RHNA objective to affirmatively further fair housing by increasing access to opportunity and replacing segregated living patterns."<sup>140</sup>

What is a High Job Proximity Area? Here is the explanation from the ABAG packet:

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<sup>138</sup>

<https://www.mercurynews.com/2022/08/26/palo-alto-focusing-future-housing-at-edge-of-town-near-highway-not-caltrain-corridor/>

<sup>139</sup> The area is also a transit desert, and some sites have toxic waste concerns.

<sup>140</sup> [https://abag.ca.gov/sites/default/files/rhna\\_methodology\\_report\\_2023-2031\\_finalposting.pdf](https://abag.ca.gov/sites/default/files/rhna_methodology_report_2023-2031_finalposting.pdf)

“The two factors based on job proximity (Job Proximity – Auto and Job Proximity – Transit) consider the relationship between jobs and transportation. Job Proximity – Auto is based on jobs that can be accessed from a jurisdiction by a 30-minute auto commute, while Job Proximity – Transit is based on jobs that can be accessed from a jurisdiction within a 45-minute transit commute. These factors encourage more housing in jurisdictions with easier access to the region’s job centers. Additionally, these factors use a commute shed to measure job access rather than solely considering the jobs present within a jurisdiction’s boundaries. Using a commute shed intends to better capture the lived experience of accessing jobs irrespective of jurisdiction boundaries. Housing and job markets extend beyond jurisdiction boundaries—in most cities, a majority of workers work outside their jurisdiction of residence, and demand for housing in a particular jurisdiction is substantially influenced by its proximity and accessibility to jobs in another community.”

Cities with good public transit access got an extra allocation of low-and-moderate income units from ABAG. Palo Alto has many neighborhoods with excellent access to CalTrain and express buses. Unfortunately the GM/ROLM neighborhood is not one of them. For these reasons, reliance on the GM/ROLM neighborhood for a high share of the City’s low-and-moderate income goal undercuts the very reason Palo Alto was chosen as a great place to increase the number of residents and, unintentionally, weakens rather than strengthens the City’s racial/ethnic and economic integration.

The inventory and RHNA understate how much of Palo Alto’s future development will come from this area under the Housing Element, because it is the only place in the City where Palo Alto is planning on a broad upzoning. Everywhere else is site-specific upzoning. This is of enormous significance for anticipating the patterns of future development in Palo Alto, because in the 5th Cycle the probability of development for inventory sites was 2.8%. Units permitted on inventory sites as a share of all permitted units was 5.3%.<sup>141</sup> These suggest the Opportunity Sites Maps in Section 3 of the Housing Element will not accurately predict future development trends.

For the purpose of evaluating AFFH concerns, we analyzed the city-wide impacts of upzoning as measured by newly-legalized units based on allowed density. From this analysis, we produced the heat map below to convey the relative impact of where newly legalized housing units are located throughout the City. As can readily be seen, almost all of the impact is on the eastern corner of the City.

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<sup>141</sup> [Kapur, Damerdji, Elmendorf, Christopher. 2021: “What Gets Built on Sites that Cities” Make...”](#)





Quantitative unit totals support the impression: of the 10,895 potential new units from upzoning we project<sup>142</sup>, 8,104 units (74%) are in the clusters on the eastern side of the map where broad upzoning is performed. Such a distribution of newly legalized housing units would have a heightened risk of exacerbating segregation, and it should be analyzed as a factor contributing to segregation in Housing Element Appendix C: Fair Housing.

The area could also be at risk of becoming a Racially or Ethnically Concentrated Area of Poverty (R/ECAP). It is certainly the case that if the first residential project completed there is a 100% low-income affordable project, then it will become a R/ECAP, at least for a time.

We do support housing in this “fixer upper” of an area. However, to mitigate the segregation and R/ECAP concerns above, the City should:

1. Reduce its RHNA reliance on GM/ROLM upzoning somewhat, down to no more than 25% for all income levels<sup>143</sup>.
2. Be required to upzone to economically feasible levels on all inventory sites.
3. Be required to consistently use uniform (non-site-specific) zoning around inventory sites even outside GM/ROLM areas.

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<sup>142</sup> Excludes MFA Strategy due to lack of upzoning. Outside GM/ROLM and inventory, we take units counted. Within GM/ROLM zones we take upzoned 90 du/acre w/ 80% realistic capacity adjustment. By manually selecting all GM/ROLM sites subject to broad upzoning, we apply this density and unit count to all upzoned sites, even ones not in the Housing Element inventory.

<sup>143</sup> Currently it is about a third.

4. Commit to transit and environmental improvements in the GM/ROLM areas in a specific program.

### **ADU Fees and Fair Housing**

The Housing Element only contemplates one modality for introducing new housing in R-1 zones in Palo Alto: ADU production. It is therefore of concern that Palo Alto increased fees on ADUs considerably in 2021.<sup>144</sup> As described earlier, the revised Tree Ordinance will also increase costs for ADU development by requiring retention of an arborist and preparation of reports, as well as by expanding the number of protected trees in the City.

These factors probably cannot change the production projections beyond what we call for in the ADU sections in the site inventory. However, this is still a fair housing concern which will tend to exacerbate patterns of racial and economic segregation in Palo Alto and should be recognized as such.

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<https://www.paloaltoonline.com/news/2021/04/15/palo-alto-hikes-development-impact-fees-for-first-time-in-20-years>



## **Section 6: Programs and Policies**

Specific programs are critical components of a Housing Element that will bring forth feasible housing proposals and ensure compliance to avoid loss of local control and other penalties. Based on our review of the existing programs and HCD's review letters to neighboring cities, we expect that HCD will ask for additional program specificity and additional programs. We also understand that staff have ongoing consultant work related to sites and programs that will almost certainly result in changes to programs. With that said, we are including our feedback on the specificity and commitments of the existing programs.

Under Government Code Section 65583(c), each program in the Housing Element must have “a timeline for implementation,” identify “the agencies and officials responsible for the implementation,” and identify “the means by which consistency will be achieved with other general plan elements.” In addition to meeting statutory requirements, HCD’s guidance indicates that effective programs should include:<sup>145</sup>

- description of the specific action steps to implement programs
- description of the local government’s specific role in program implementation
- measurable outcomes (e.g., number of units created)
- demonstration of a firm commitment to implementation, and
- identification of specific funding sources.

HCD has increased its enforcement efforts with respect to cities’ proposed programs.<sup>146</sup> As the Association of Bay Area Governments (ABAG) recently observed:

“[M]any jurisdictions received comments asking for more specificity in their policies and programs section. Generally, a program to study an issue will receive a comment asking for more concrete actions. Vague language will likely be rejected, especially if a program is tied to a constraint.”

To avoid a similar outcome in Palo Alto, we encourage the City to consider the revisions proposed below, as well as to consider whether other programs could benefit from additional specificity, commitments to action, and/or measurable targets.

### **Program 1.1: Adequate Sites Program**

The City must commit to changing development constraints such as density, height, and floor area ratio to allow both physical and market feasibility for all sites in the inventory, consistent with market conditions as analyzed in [Section 3A](#) and [Section 3B](#). Furthermore, this must be fully specified in Program 1.1, with exact numbers. The applicant must be able to know what they are permitted to build in base zoning, and they must be permitted to build buildings

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<sup>145</sup> HCD *Building Blocks*, “Program Overview and Quantified Objectives”

<sup>146</sup> August 22, 2022 City Council Meeting Packet, p. 217

that will generate the capacity claimed in the site inventory, without relying on discretionary programs such as Housing Incentive Program (discussed in Program 3.4), which also precludes using the state’s density bonus.

#### **Program 1.4: City Owned Land**

This is one of the most important strategies in the Housing Element. We know that providing free or low-cost land is a proven strategy to encourage housing production. For example, many local cities and Santa Clara County already have successful programs underway to develop 100% affordable housing on City- or County-owned lots.

At its meeting in September 2021, the Housing Element Working Group heard a presentation from Peter Baltay and David Hirsch, who are local architects and commissioners on the City’s Architectural Review Board. They presented an extensive analysis demonstrating that the City had the capacity to add over 1,000 housing units by building on City-owned lots. In particular, the City had 29 parking lots in the University Avenue and the California Avenue Business Districts that could be developed into housing.<sup>147</sup> These lots range in size from 10,000 to 34,000 square feet.<sup>148</sup> The report also included a concept plan for building 83 units and 130 parking spaces at 375 Hamilton Avenue (Hamilton/Waverly Parking Lot), which is approximately 29k square feet. As a result of this report, the Housing Element Working Group and Planning & Transportation Committee supported having two parking lot projects that could lead to the creation of 168 housing units.<sup>149</sup>

Unfortunately, the commitment to this important program is too vague. In particular, Implementing Objective A does not provide specific, measurable outcomes beyond selecting a development partner, and only provides one completion deadline. The City should commit to a number of units it anticipates developing on City-owned parking lots, and provide a more detailed program timeline. Given the community’s interest in larger housing units, it may also be worthwhile to add an incentive to have these units serve large families. The City should also remove the phrase “subject to available funding,” as it has indicated that the program will be financed through the General Fund. Because the City has authority over its own finances, keeping a financing caveat risks HCD concluding that the City is not committed to the program.

#### **Program 1.5: Stanford University Lands**

As one of the largest landowners and employers in Palo Alto, Stanford University provides the opportunity to build housing close to jobs. Two representatives from Stanford University participated in the Housing Element Working Group and suggested three sites that are available to redevelop. Two of these sites were included in the site inventory. However, 27 University was not included in the final site inventory. We believe that there should be a program and timeline to redevelop this large 4.3 acre site, where Stanford suggested that between 180

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<sup>147</sup> HEWG Meeting, Sept 2, 2021

<sup>148</sup> [https://paloaltohousingelement.com/wp-content/uploads/2021/08/September-2\\_Memo\\_FINAL.pdf](https://paloaltohousingelement.com/wp-content/uploads/2021/08/September-2_Memo_FINAL.pdf)

<sup>149</sup> [https://paloaltohousingelement.com/wp-content/uploads/2022/01/Jan-13-PPT\\_Final.pdf](https://paloaltohousingelement.com/wp-content/uploads/2022/01/Jan-13-PPT_Final.pdf)

and 530 units of multi-family housing could be developed. This parcel is next to the University Avenue Train Station and within walking distance of the University and shops and restaurants in Downtown Palo Alto. The Housing Element Working Group and the Planning & Transportation Commission were supportive of seeing housing units built at this site. Yet this program is nowhere to be found in the Housing Element.<sup>150</sup>

Objective D commits to discussing future development on Stanford-owned sites, especially those in Stanford Research Park. But these will require a long time horizon, since they will constitute new neighborhoods or “areas.” For context, the City has a track record of taking five years to develop new area plans.<sup>151</sup> We urge the City to commit to start this process in 2023 and impose a 3-year deadline on the process.

Finally, given Palo Alto’s record of robust community engagement and long negotiation cycles, we encourage the City to add an objective of meeting with Stanford University by Dec. 31, 2025 to discuss finding sites for additional housing sites for the 7th cycle RHNA process. This will give the City at least five years so that identified sites can easily be included in the 7th cycle. The City should also commit financial resources to this process.

### **Program 2.1: Affordable Housing Development**

We ask the City to add a new objective of securing new funding sources for affordable housing. While we applaud the passage of Measure K (a business tax), which will help provide funds for 100% affordable housing projects, this funding will be insufficient to meet our housing goals. The City has spent \$54 million on affordable housing projects in the past five years. Of these, the City contributed \$20.5 million to 59 units of housing at Wilton Court (\$340k subsidy per unit built). Projections from Measure K estimate that it will contribute \$20 million over the next eight years which would support the development of 55 units of affordable housing. For comparison, the City has a RNHA goal of 2,452 affordable housing units. Given this gap, we believe that the City should strongly pursue other funding sources.

Objective C focuses on establishing relationships with housing developers rather than providing specific, measurable outcomes for residential development (i.e., impact on housing stock). The City should identify a specific number of units to be approved and built under this partnership strategy.

### **Program 3.1: Fee Waivers and Adjustments**

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<sup>150</sup>

<https://www.paloaltoonline.com/news/2021/11/24/housing-near-caltrain-stanfords-proposal-nets-mixed-reaction>

<sup>151</sup> As an example, consider the City’s current work on North Ventura Coordinated Area Plan. The goals and objectives of the plan were approved by the City Council on March 5, 2018. After five years of meetings including: 17 working group meetings, 10 PTC or City Council meetings and numerous meetings with Sobrato Organization, the largest landowner in North Ventura, the plan is expected to be finished in 2023. [See link.](#)

Objective A proposes reducing processing fees by \$20k for affordable housing applications. But the application processing fees are a small fraction of the total amount spent on permits and fees. Wilton Court Apartments, which just finished construction, paid a total of \$535k in local permits and fees. This is approximately \$9k per unit. We encourage the City to examine other permitting-related costs with the goal of reducing them further –and to zero in the case of affordable housing.

Objective B proposes conducting an economic feasibility study to evaluate development impact fees in October 2025. In 2021, development impact fees increased for the first time in twenty years from \$5,557/unit to \$47,707/unit -- that is over 750%.<sup>152</sup> These fees are some of the highest in Santa Clara County. Given this sharp increase in fees, we believe that these are a new constraint. We encourage the City to monitor the response to these higher impact fees and report findings to PTC and CC.

### **Program 3.2: Monitor Constraints to Housing**

We agree that the City should always be monitoring constraints to housing production. However, this program does not indicate how the City's observations of such constraints will be shared with the City Council, PTC, and members of the public. At a minimum, the City should commit to publishing an annual report with observations of constraints and analysis of housing applications and concessions requested during the previous 12 months.

### **Programs 3.3 to 3.5: AH Development Incentives, HIP, and PTOD**

While stressing that these programs cannot be used to remedy the inadequacies of the City's base zoning, we do applaud the City's interest in expanding the Affordable Housing Incentive Program,<sup>153</sup> the Housing Incentive Program (HIP),<sup>154</sup> and the Pedestrian and Transit Oriented Development (PTOD) program.<sup>155</sup> These changes are detailed below. Unfortunately, in many cases, the City's commitment is not a commitment at all: rather, in many cases, the City is merely *considering* or *studying* changes to the scope and design of these programs.<sup>156</sup>

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<sup>152</sup>

<https://www.paloaltoonline.com/news/2021/04/15/palo-alto-hikes-development-impact-fees-for-first-time-in-20-years>

<sup>153</sup> Chapter 18.32 of the Palo Alto Municipal Code (promoting the development of 100% affordable, transit-oriented housing in certain commercial zones by providing unlimited density, increased FAR of 2.0, and reduced parking minimums of 0.75 per unit).

<sup>154</sup> Chapter 18.18.060(I) of the Palo Alto Municipal Code (authorizing the Planning Director to modify residential certain development standards in downtown Palo Alto).

<sup>155</sup> Chapter 18.34 of the Palo Alto Municipal Code (providing density of 40 du/ac and a FAR of 1.0 to certain developments within walking distance to the California Ave. Caltrain station).

<sup>156</sup> On 2/9/2022, PAF Board Member Steve Levy recommended to Planning and Transportation that the City commission a feasibility study.

Firm commitment by City to change development standard

No firm commitment by City to change development standard

Program	Overlay	Coverage	Density	Height	FAR	Parking
3.3 Affordable Housing Development Incentives	Affordable Housing Incentive Program	Expand overlay to most RHNA sites; also consider expanding to faith based sites	N/A; already unlimited density for affordable housing	No changes, except for extremely low income affordable housing, which will get 60 feet	Increase from 2.0 to 2.4 for affordable housing	Updated to comply w/ state density bonus
3.4 Housing Incentive Program	Housing Incentive Program	Expand overlay to GM/ROLM zones; consider expanding to other multi-family districts	Consider relaxing standards			
3.5 Ped. and Transit Oriented Dev.	PTOD	No changes	Consider relaxing standards			

For example, in Program 3.5, the City does not commit to a single change to the PTOD, which makes it impossible to evaluate as a contribution in the Housing Element. Similarly, Program 3.4 gestures at relaxing development standards under the Housing Incentive Program, but makes no firm commitments regarding any of those development standards. We understand that the City is waiting on consultant reports that may inform these commitments. If so, we look forward to reviewing these updated policies and programs before the City submits to HCD.

One change that should be made is increasing the height limit for the Affordable Housing Incentive Program, which is a significant constraint on affordable housing. This height limit often burdens 100% affordable projects with expensive architectural changes (e.g., undergrounding parking garages to fit the building under the height limit). That's why many affordable housing proposals in Palo Alto come in at above 50' in height. For example, the proposal by Santa Clara County to build affordable housing at 231 Grant Ave. will require a height of 55' to pencil out, and the proposal by Charities Housing to build housing at 3001-3017 El Camino Real will require 59' to pencil out. The cost of complying with a 50' height limit is significant. The only recent affordable housing to be built in Palo Alto is Wilton Court, which was required to meet a

50' height limit. But to ensure that Wilton Court was financially feasible within the City's development constraints, the City had to contribute more than \$20 million to the project.<sup>157</sup>

The City recognizes this fact because the Housing Element now provides for a narrow height exemption for extremely low income housing projects. Such projects now have a maximum height of 60 feet. This change should be applauded, and more importantly, it should be extended to all projects. There is no meaningful difference in the cost to construct a project for extremely-low-income residents versus a project for merely low-income residents. Moreover, as we have explained elsewhere in this letter, a 60 foot height limit allows projects to take full advantage of Type V (wood-framed) construction, which is one of the most popular and affordable forms of construction available today and which safely allows heights up to 60 feet.<sup>158</sup> We urge the City to remove this constraint before submitting the Housing Element to HCD.

While we support the Affordable Housing Incentive Program, it is important to note that its relaxed development standards should not be allowed to count as "base zoning" for the purpose of meeting low-income RHNA. It requires 100% affordable projects to qualify, and Palo Alto does not have adequate affordable housing funding to produce subsidized units at scale sufficient to meet RHNA. Per HCD's Site Inventory Guidebook<sup>159</sup>:

"If the overlay has conditions such as an affordability requirement, incentives should be sufficient and available to make development feasible and more profitable than the underlying zoning. ... For example, a 100 percent affordability requirement may act as a constraint to using the overlay depending on the level of subsidy required per unit and the availability of funding to support the level of affordability or available incentives."

Another step in the right direction would be committing in Program 3.4 to expand the HIP to all zones (not just sites) currently represented in the Housing inventory. The program currently contemplates only studying the issue for GM/ROLM, and "multifamily" zones. Taking this broadly throughout all zones suitable for housing would be a step in the right direction. However, the City may find that once base zoning is updated to support feasibility, the HIP zoning parameters (e.g., height, FAR) are insufficient to attract interest to the program. Similarly, the City may find the requirement of waiving state density bonuses to qualify for HIP becomes a limit on attracting HIP applications. Finally, we stress that because HIP only grants waivers at the discretion of the Planning Director,<sup>160</sup> it cannot be used to satisfy RHNA.<sup>161</sup> Per HCD Guidance, overlays used to meet RHNA for lower-income RHNA must demonstrate:

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<sup>157</sup> Gennady Sheyner, [Palo Alto boosts affordable-housing project with \\$10.5 million loan](#) (Jan 19 2020), Palo Alto Weekly

<sup>158</sup> [The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California](#) (March 2020), Turner Center for Housing Innovation ("Type I projects, which are typically over 5-7 stories and constructed with steel and concrete, cost an average of \$65 more per square foot than other types of construction, like Type V over I (i.e., wood frame floors over a concrete platform").

<sup>159</sup> [Site inventory guidebook](#), p. 15

<sup>160</sup> "The Director **may** waive the...", [PAMC 18.16.060\(k\)\(1\)](#)

<sup>161</sup> "[local government may not ... require a ... locally imposed discretionary permit](#)" 65583.2(h) and (i)

“There is no additional discretionary action needed above what is required in the base zone (i.e., a conditional use permit or other review) for a developer to take advantage of overlay.

... [and] ...

The developer can access State Density Bonus Law in addition to using the densities allowed in the overlay.”<sup>162</sup>

### **Program 3.7: Expedited Project Review**

Palo Alto’s Streamlined Approval process uses objective standards to accelerate project applications. While this can be a promising approach to improving timelines and limiting delays, Palo Alto’s implementation falls short. The most serious deficiency is that only zoning-compliant changes can comply with these standards. As we’ve seen in other sections, Palo Alto’s baseline zoning is inadequate, so few projects will be able to take advantage of objective standards. Entitlement will still dominate project timelines.

The Housing Element commits to expanding applicability of expedited project review, but only to projects which qualify for the Housing Incentive Plan.<sup>163</sup> Qualifying for the Housing Incentive Plan is a discretionary process. When you need discretionary approval to qualify for using objective standards, you do not have objective standards.<sup>164</sup>

Furthermore, the objective standards process remains discretionary once it passes the Architectural Review Board. It’s not clear if the Director can reject projects for nonobjective reasons, and it further seems that appeals to the City Council can result in the project being killed for any reason whatsoever. To fix the streamlined appeals process so that it is actually streamlined and objective, the City should:

- Expand expedited review to projects qualifying under base zoning, and update base zoning to feasible levels.
- Specify that when the Director takes action on a project to deny it, the decision must specify which objective standard was violated as basis for the denial.
- Specify a fixed number of days for an appeal to be filed so the applicant knows when an appeal is no longer possible.
- Require a reasonable fee to deter nuisance appeals.
- Require appeals of approvals to specify the objective standard violated.
- Require that the City Council hear the appeal in the next scheduled meeting, or meeting after that, if the next meeting is within the next week.
- Require that the Council can only consider what was brought up in the appeal (i.e., violations of objective standards).

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<sup>162</sup> Site Inventory Guidebook, p. 15.

<sup>163</sup> Program 3.4(b)

<sup>164</sup> Exception: for 100% affordable projects, it is possible to use the objective standards.



We also have some concerns with the objective standards themselves. For example, the limitations on road space usable for vehicle ingress and egress as a percentage of road-adjacent length could be prohibitive for some projects, especially in the smaller lots in and around the downtowns.

Before submitting the draft Housing Element to HCD, Palo Alto should address these issues. At a minimum, the objective standards should be made truly objective, in recognition of the community opposition constraint (see [Section 4: Non-Governmental Constraints](#)) and the zoning needs to be updated to make the program salient.

#### **Program 4.2: Housing and Neighborhood Preservation**

Objective C's target of reaching five new houses annually through fair housing workshops is not consistent in magnitude with the City's ambitious fair housing goals.<sup>165</sup> The City should substantially increase its target. We also ask the City to clarify what it means to "reach" a household.

#### **Program 5.2: Funding Partnerships**

Objective A provides an option for the City to consider participating in the California Community Housing Agency (CalCHA) program, but does not commit the City to seeking funding from CalCHA. As discussed above, HCD requires that programs make commitments, along with specific timelines and numerical targets. The City should commit to applying for or participating in particular funding partnerships, on specified timelines.

#### **Program 6.1: Housing for Persons with Special Needs**

Objective A does not indicate what preferences the City will provide in its affordable housing guidelines for persons with special needs. The City should identify more specific updates to its affordable housing guidelines to comply with HCD's requirement to provide particular policy commitments.

#### **Program 6.2: Multi-Family Housing and Large Households Units**

Given the economics of developing multi-family housing in Palo Alto, it is more advantageous for developers to build housing targeting smaller households (studios and one-bedroom apartments). Both Alta Locale (completed in 2021) and Wilton Court (completed in 2022) have only one-bedroom and studio apartments. Unfortunately, Objectives A, B, and C do not identify specific actions which the City will take to remedy this trend. The City should commit to establishing particular incentives for larger units, rather than indicating that it will "explore" such incentives, and provide measurable objectives by which to measure success (e.g., a target number of new large-household units constructed). Incentives for such large housing units could include reduced parking, additional FAR, and reduced impact fees.

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<sup>165</sup> August 22, 2022 City Council Meeting Packet, p. 237



### **Program 6.3: Mixed-Use Development**

Objectives A and B do not specify the changes the City expects to make to commercial floor area allowances. Similarly, Objectives C and D require only that the City “examine” or “consider” amendments after review by the City Council. The City should commit to particular code amendments and policy changes. These changes to Objectives A through D are necessary to comply with HCD’s requirement that “programs must have specific commitment (beyond considering) to housing outcomes, discrete timing (e.g., at least annually) and where appropriate numerical targets.”<sup>166</sup> We also ask that, in order to achieve its stated goal of shifting “the economic benefit of redevelopment toward home building,” the City increase residential floor area allowances in addition to any change it may make to commercial allowances.

### **Program 6.4: Homelessness Program**

Objective A allows the City to only “consider” using City parking lots for the Safe Parking Program. We ask that the City commit to using City parking lots for the program.

### **Program 6.5: Alternative Housing**

Objectives A and B neither specify any changes the City expects to make to local zoning regulations, nor connect its alternative housing policies to measurable outcomes (e.g., number of units built). The City should commit to particular policy changes to encourage house sharing, micro-unit housing, intergenerational housing, and other innovative housing models, and should connect each of these policies to measurable housing objectives. The City’s current commitment to initiate conversations in 2024 and 2027 is unlikely to meet HCD standards.

### **Program 6.6: Fair Housing**

This program is one of the most important topics in the entire Housing Element, since over 40% of our community rent their homes. Unfortunately, the City provides no specific information about its commitment to expanding tenant protections.

- **Relocation Assistance:** The relocation assistance threshold was already lowered to buildings with 10 or more units in January 2022 in response to a pending eviction.<sup>167</sup> If the City intends to further lower the relocation assistance threshold, it should commit to a specific change.
- **Eviction Reduction Program:** The City mentions that it plans to institute an “eviction reduction program.” We applaud efforts to reduce evictions, but the City provides no details about the content of this new program. The City must share more information

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<sup>166</sup> See above; July 8, 2022 HCD letter to the City of Redwood City

<sup>167</sup> [Ordinance of the Council of the City of Palo Alto Amending Chapter 9.68 \(Rental Housing Stabilization\) of Title 9 \(Public Peace, Morals, and Safety\) of the Palo Alto Municipal Code to Extend Relocation Assistant Requirements](#)

about the program, its design, and its goals before submitting to HCD.

- **Rental Survey Program:** We have strongly supported the rental registry, which has been a part of the municipal code for 20 years,<sup>168</sup> but has not been fully implemented during that time. The City should specify how it intends to fully enforce this policy.
- **Security Deposit Limit:** The City voted to move forward with a security deposit limit ordinance in November 2021, but it has still not yet been finalized by Council. The City should commit to implementing a security deposit limit by a specific date, as well as share the design of that security deposit limit.
- **Fair Chance Ordinance and Right to Counsel:** Both of these tools are exceptionally important to address tenant displacement issues. We applaud their inclusion in the Housing Element. However, they are notoriously difficult and expensive to set up. The City should share specific details about how it intends to structure these programs, including timelines and intended funding structures.

In addition to the policies above, we recommend that the City consider additional programs that can protect vulnerable communities. For example, we ask that the City consider adding a program modeled after East Palo Alto's rent stabilization program.<sup>169</sup> As a majority of complaints that the Palo Alto Renters' Association has seen in the last year are of tenants experiencing harassment, we also recommend the City consider adding a Anti-Tenant Harassment program modeled after Los Angeles's program.<sup>170</sup> For all of these programs, we encourage the City to continually study and evaluate their effectiveness.

Finally, we want to address the City's quantified objective in this section. The City states that it intends to educate 20 tenants and landlords a year. In other words, the City's goal amounts to educating 1-2 people per month. But there are more than 10,000 renter households and more than 20,000 renters in Palo Alto. Indeed, over the eight year planning cycle, the City is only committing to educating 160 renters and landlords about fair housing over the course of the next housing cycle. The City should commit to reaching, at a minimum, a majority of renter households in the first two years of the planning period.

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<sup>168</sup> See [Chapter 9.72.050 of the Palo Alto Municipal Code](#).

<sup>169</sup> <https://www.ci.east-palo-alto.ca.us/rent-stabilization/page/rent-stabilization-program>

<sup>170</sup> <https://housing.lacity.org/residents/tenant-anti-harassment>

## **Appendix A - Previous Letters to the City**

[Letter to City on Nonvacant Sites \(2/22/22\) - Chun](#)  
[Letter to City on Nonvacant Sites \(2/28/22\) - Chun](#)  
[Letter to City on Government Constraints \(4/21/22\) - Chun](#)  
[Letter to City on Programs \(10/13/22\) - Faucher](#)  
[Groundtruthing Letter 1 \(3/19/22\) - Chun/O'Neil](#)  
[Groundtruthing Letter 2 \(3/30/22\) - O'Neil](#)  
[Groundtruthing Letter 3 \(3/30/22\) - O'Neil](#)  
[Groundtruthing Letter 4 \(11/1/22\) - O'Neil](#)  
[Small Residential \(03/01/22\) - Nielsen](#)  
[Duplicate Sites \(03/13/22\) - Nielsen](#)  
[South El Camino Real \(3/20/22\) - Nielsen](#)  
[South El Camino Real, Supplement \(3/21/22\) - Nielsen](#)  
[South Middlefield \(4/20/22\) Nielsen](#)  
[S. Palo Alto Supplement \(4/20/22\) - Nielsen](#)  
[South Middlefield Supplement \(5/13/22\) - Nielsen](#)  
[S. Palo Alto Supplement 2 \(5/13/22\) - Nielsen](#)  
[California Ave / College Terrace II \(5/27/22\) - Nielsen](#)  
[North Middlefield \(6/13/22\) - Nielsen](#)  
[Additional low-income sites \(10/23/22\) - Ashton](#)  
[Opposing Tree Ordinance \(6/28/22\) - PAF Board](#)  
[Deny Palo Alto's Wasteful RHNA Appeal \(8/31/2022\) - PAF Board](#)

# **Appendix B - Form Letter to Owners of Site Inventory Parcels**



PLANNING & DEVELOPMENT SERVICES

CITY OF  
**PALO  
ALTO** 250 Hamilton Avenue, 5<sup>th</sup> Floor  
Palo Alto, CA 94301  
(650) 329-2441

July 13, 2022

**RE: Planning for Future Housing in Palo Alto  
Housing Inventory Site Address: [insert]**

Dear Property Owner:

The City of Palo Alto is updating its Housing Element, a state-mandated document establishing the City's long-term housing plan. The new Housing Element covers the planning period from 2023-2031. This effort requires the City to identify suitable land for the future development of new homes to meet the State's forecasted growth, which is anticipated at over 6,000 units over the eight-year planning period.

This notice is being sent to property owners of sites that have been identified as a potential Housing Element site for the 2023-2031 Housing Element cycle. Please note that multifamily residential development is generally already allowed on your property, and based on certain factors, the City identified your property as appropriate for future housing development.

Being included on the Housing Element sites list does not obligate you to redevelop your property and build new housing units. The existing use and development can remain and continue based on existing City code requirements. But to help spur housing production, the City is in the process of developing incentives (e.g. greater height, more density, adjusted parking standards) to make residential development more feasible and attractive on identified Housing Element sites.

If you do not wish to include your property in the Housing Element sites list, please send your response to [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org) as early as possible but no later than Friday, August 19, 2022.

If you have any questions or would like to discuss further about your property, please contact me via email at [tim.wong@cityofpaloalto.org](mailto:tim.wong@cityofpaloalto.org). For more information about the City's Housing Element Update process, please visit the City's website at [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com).

Sincerely,

Tim Wong  
Senior Planner

## **Appendix C - Tree Ordinance Detailed Discussion**

### **Tree Ordinance Impact**

The City is likely underestimating how the new tree ordinance will constrain housing production. The City's new tree ordinance provides, among other things:

- **Extremely Broad Fiscal Impact:** Every building or demolition permit application that alters building footprints must be “accompanied by a statement by a designated arborist...”<sup>171</sup> Since nearly all homeowners and developers building new housing must now hire an expert arborist simply to submit a permit application for a project of any size, all such permit applications are fiscally affected by the revised ordinance.
- **Project Scope Expands to Adjacent Properties:** The arborist's report must now address “trees located on adjacent property within thirty feet of the proposed building footprint,” whether or not such trees have “canopies overhanging the project site.”<sup>172</sup> In other words, even if the property on which a new home may be built does not contain any protected trees, an expert arborist must still gain access to and survey trees on adjacent parcels that are within 30 feet of the “proposed building footprint.” Because side setbacks in Palo Alto are often 6-8 feet<sup>173</sup> (or less in the case of ADUs), this means that such reports will often require gaining access to and surveying trees on two neighboring properties and, in some circumstances, perhaps as many as five or more.<sup>174</sup>
- **Neighboring Property Owners Gain Leverage Over Project:** As a practical matter, arborists must often opine about trees on adjacent properties. Neighboring property owners may use this to impede, delay, or even deny permitting, or to seek to obtain other concessions from people seeking to build more housing.
- **Expanded Notice & Appeals:** The new ordinance also expands notice and appeal provisions greatly. “The [original] ordinance only allow[ed] for appeals by an applicant and [did] not include notification requirements.”<sup>175</sup> In contrast, under the new ordinance, (a) people seeking to remove a protected tree must give written notice to “all owners and residents of property within 300 feet of the exterior boundary of the property containing

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<sup>171</sup> 2022 Tree Protection Staff Report

(<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220606/20220606pccsm-linked-amended-public-letters.pdf>), Attachment A, at p. 13, 128/173 in Council packet; see also PAMC [8.10.040\(a\)](#).

<sup>172</sup> 2022 Tree Protection Staff Report, Attachment A, at pgs. 13-14, 128-29/173 in Council packet; see also PAMC [8.10.040\(b\)](#).

<sup>173</sup> See, e.g., PAMC 18.12.040(a) Table 2.

<sup>174</sup> 2022 Tree Protection Staff Report, Attachment A, at p. 13, 128/173 in Council packet; see also PAMC [8.10.040\(a\)](#). Five adjacent properties might be involved if, for example, one were building a home that extended towards the rear setback and equal-sized parcels in the neighborhood were arranged in a grid. (Consider, for example, a property whose front faces a street to the south. Such adjacent properties might include those to the east and west, due north, north-east, and north-west. Still greater numbers are possible if one supposes non-equal-sized properties or non-rectilinear neighborhood configurations.)

<sup>175</sup> 2022 Tree Protection Staff Report, at p. 2, 98/173 in Council packet. See also PAMC 8.10.140.

the protected tree, and to all principal urban forestry partner organizations,” and (b) appeals (i) may also be brought by “any owner or resident of property within 600 feet of the exterior boundary of the property containing the protected tree” and (ii) appellants gain the procedural rights to both (A) “request a public hearing by the director of public works to review the urban forester’s decision,” and (B) “appeal the director of public works’ determination to the City Council.”

- It is unclear from the new ordinance itself how long such sequential appeals may take, or whether multiple, sequential appeals by multiple appellants are countenanced by these new remedies.

Furthermore, the new tree ordinance imposes development penalties on homeowners who remove protected trees in non-development contexts that are dead or hazardous or that create a nuisance. Even when such removal is sanctioned by the City’s urban forester, the homeowner may incur a 36-month development moratorium on the property.<sup>176</sup> In this regard, if a homeowner lawfully removes larger trees that may constitute fire hazards, the homeowner may be precluded from further developing housing on the property for years.

In addition, the City has adopted an explicit economic metric for assessing whether a protected tree may be removed in a development context: “financially feasible means an alternative that preserves the tree unless retaining the tree would increase project cost by more than twice the reproduction cost of the tree or ten percent of the given project valuation, whichever is greater.”<sup>177</sup> These provisions, among others, suggest much of the animus behind the new tree ordinance. In evaluating the extent to which the new tree ordinance constrains housing production, one should also consider the practical implementation of such measures:

- It is unclear what type of showing must be made to prove that “there is no financially feasible design alternative.” (For example, what counts as a “design alternative,” and who is to decide what is feasible or infeasible from a design perspective?)
- It is unknown when such a determination would be made, or, once made, whether it is actually binding on the City. (For example, it is unlikely that the City would grant the non-existence of such a “financially feasible design alternative” until after several plan check cycles, when homeowners have already paid considerable sums to architects, engineers, arborists, and others, not to mention plan check fees.) Furthermore, as noted above, appeals of determinations by members of the City staff remain possible.
- It is difficult to establish how many property owners seeking to build additional housing would be willing to incur the transaction costs necessary to establish “the replacement value of the tree” or more precise estimates of “project valuation” in the hope that

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<sup>176</sup> 2022 Tree Protection Staff Report, Attachment A, at p. 14, 129/173 in Council packet; see also PAMC [8.10.050\(a\)\(2\)](#).

<sup>177</sup> 2022 Tree Protection Staff Report, Attachment A, at p. 15, 130/173 in Council packet; see also PAMC [8.10.050\(b\)\(1\)](#).

members of City staff are willing to accept such data. However, the new ordinance grants substantial discretion to the City's urban forester with regard to several matters associated with tree replacement in PAMC [8.10.55](#).

Such practical considerations suggest that (a) only applicants with access to considerable capital will be in a position to contest initial determinations by members of City staff, and (b) applicants will incur substantially greater transaction costs in obtaining building permits under the new tree ordinance. It is important also to note that these marginally greater tree-ordinance-related transaction costs are *in addition* to the City's greater enhanced impact fees. See the discussion of "Fees and Exactions," above.

### **Tree Removal Conditions**

Under the new Tree Ordinance, the precise limitations on removing trees in connection with new housing or other developments vary based upon whether a project occurs in R-1 or low-density zones, in association with a lot split, or in other situations "requiring planning approval under Title 18."<sup>178</sup>

The most stifling new arboreal regulations apply to removing a protected tree as part of a multifamily project requiring such Title 18 approval. In that case, (a) if the tree is dead, hazardous, or a nuisance, the removed tree's dripline area or an equivalent space on the site must not be developed, or (b) if the tree is vibrant and not a nuisance, an applicant must convince the City's urban forester that both:

(1) "[R]etention of the tree would result in reduction of the otherwise-permissible buildable area of the lot by more than twenty-five percent," and

(2) "[T]here is no financially feasible design alternative that would permit preservation of the tree, where financially feasible means an alternative that preserves the tree unless retaining the tree would increase project cost by more than twice the reproduction cost of the tree or ten percent of the given project valuation, whichever is greater."<sup>179</sup>

This two-part standard is a particularly insidious governmental constraint on new multifamily developments in Palo Alto. Under the PAMC, a tree's

"Dripline area" means the area defined by the projection to the ground of the outer edge of the canopy or a circle with a radius ten times the diameter of the trunk as measured four and one-half feet (fifty-four inches) above natural grade, whichever is greater.<sup>180</sup>

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<sup>178</sup> Compare sub-sections (b), (c), and (d) of [PAMC 8.10.050\(b\)\(1\)](#). For sub-sections (b) and (c), these are in addition to the general removal conditions, *e.g.*, that the tree is dead, hazardous, or a nuisance, detailed in PAMC 8.10.050(a)(1).

<sup>179</sup> [PAMC 8.10.050\(d\)](#).

<sup>180</sup> [PAMC 8.10.020\(i\)](#).



Consequently, one modestly sized tree, particularly near the center of a parcel may cut the heart out of the buildable area and greatly delay the permitting process for a multifamily project (especially given the appeal processes incorporated in the new Tree Ordinance discussed in Appendix C). Furthermore, on its face, this language does not appear to allow an applicant to aggregate the effects of multiple trees to reach the 25% threshold. Even if that threshold is reached, in most cases an applicant must still demonstrate to the satisfaction of the City’s urban forester that all possible design alternatives would increase project costs by at least 10%. Developing multiple design alternatives increases “soft costs.” More importantly, because multifamily project “hard costs” often include expensive parking and common space amenities, total project expenses include far more than just the costs of building habitable units. As a result, satisfying the strictures of the new tree ordinance may increase per unit costs in multifamily developments by much more than 10%, making at least some projects at the margin economically unviable. Finally, if such governmental constraints on multifamily housing production are accepted, there is nothing to prevent the City Council from increasing either the diameter of the protected area around a tree or the 25% cost threshold.

### **Conflicts with State ADU Law**

The following tree ordinance provisions are in tension with State ADU law. State law is designed to streamline and encourage ADU production, so these issues may constrain ADU production:

- **Illegal Basis for Denial or Delay:** The new tree ordinance is difficult to reconcile with the limitation on local agency action in state ADU law: *“No other local ordinance, policy, or regulation shall be the basis for the delay or denial of a building permit or a use permit under this subdivision.”*<sup>181</sup>
  - If there were no such tension, then the City could effectively ban construction of all or nearly all ADUs by increasing the size of its “tree protection zones,” and making other changes.
- **Appeal Durations:** Appeal procedures are not compliant with the 60-day time limits<sup>182</sup>.
- **City Has Indirect Discretion:** The City requires an arborist report for an ADU building permit application, but also controls which arborists can submit reports<sup>183</sup>. No objective ministerial review is possible because the City has control over which expert opinions are allowed.

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<sup>181</sup> Gov. C. 65852.2(a)(5)

<sup>182</sup> Gov. C. 65852.2(a)(3)

<sup>183</sup> 2022 Tree Protection Staff Report

(<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220606/20220606pccsm-linked-amended-public-letters.pdf>), Attachment A, at p. 11, 126/173 in Council packet; see also PAMC 8.10.020(d).



## Appendix D - Council Ad Hoc Activity

The City’s public outreach centered on the “Housing Element Working Group,” a citizen body comprising 15 individuals with 2 alternates that advised on the development of the Housing Element. In the packet presenting the applicants to the Council, staff included language mirroring AFFH outreach and stakeholder requirements.<sup>184</sup>

**Stakeholder Engagement:**  
Outreach was conducted to encourage as many persons/organizations to apply to serve on the Working Group, including the follow effort:

- City Social Media blast
- Email Distribution to:
  - Neighborhood Associations
  - Service Providers
  - Housing Developers
  - Ethnic Groups
  - Past and Present Commission members
  - Representatives of Different demographic groups
  - Housing Groups
  - Faith Organizations
- Presentations
  - Commissions (ARB, PTC, HRC)
  - Housing Webinar
- Website
  - Online applications in English, Spanish and Chinese
- Targeted Outreach
  - Personal contact with underrepresented populations
  - Palo Alto Unified School District
  - Stanford University
  - Stanford Research Park
  - Downtown Streets and LifeMoves
  - Representatives of the African-American, Spanish-speaking and Chinese communities.
- Newspaper Display Ads (Electronic and Physical)
  - Palo Alto Online
  - Daily Post

The outreach was extraordinarily successful. The City received 81 applications to serve on the body. The staff report organized the applicant pool into tables to help the Council sort through this bounty of talent. It is notable which tables the Council favored.<sup>185</sup>

- Table 1: “Housing Developers and Academic Stakeholders”: **1/4** were selected.
  - Plus one additional, as an alternate.
- Table 2: “Stakeholders Typically Underrepresented”: **1/10** selected
  - Plus one additional, as an alternate.
- Table 3: “Stakeholders with 4 or more self-selected categories”: **1/10** selected.
- Table 4: Everyone else. **12/57** selected.

About 71% of the body could not be categorized in Tables 1, 2 or 3, which align with necessary expertise (Table 1) and AFFH goals (Tables 2 and 3). Candidates were twice as likely to be selected if they were not on Tables 2 or 3 (21% accepted) than if they were (10%).<sup>186</sup>

<sup>184</sup>

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12030.pdf>

<sup>185</sup>

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12030.pdf>

<sup>186</sup> 23% and 15%, if we include alternates.

The three Councilmembers who put this slate together comprised an “Ad Hoc committee,” which was given direction by full Council on representation to seek.<sup>187</sup> The Ad Hoc produced a spreadsheet which illustrates how lopsided the body was toward neighborhood associations (6), how thinly it included staff-identified stakeholder groups (2), and hints at how systematically they processed the staff material.<sup>188</sup> (See spreadsheet tabs.) A Public Records Act request for all documents relating to the work of the Ad Hoc produced no response.<sup>189</sup> However, we have this screen capture from the council meeting:<sup>190</sup>

**Representation sought by Council ("Propose")  
vs. Representation chosen ("Group 1.0")**

	A	B	C	D	E
1					
2	<b>Category</b>	<b>Propose</b>	<b>Group 1.0</b>		
3	Affordable Housing Developer	1	1		
4	Affordable Housing resident	1	1		
5	Interest/Stakeholder groups	2	2		
6	Market-Rate Developer	1	2		
7	Neighborhood Associations	3	6	←	
8	Renter	2	3 *		
9	Special-Needs	3	1		
10	Stanford	2	1 *		
11	Unhoused or formerly unhoused	1	0 *	←	
12	Underrepresented populations	2	3		
13	Environmental	1	3		
14	Parent/PTA	1	6?		
15	PAUSD Rep	1	0		
16	Senior Org	1	0	←	
17					
18	Female	N/A	9		
19	Diverse	N/A	7		
20					
21	Violet text = Council Feb 1 changes from original				
22	* Alternates add 1 to category				

**Neighborhood Associations over-represented at expense of unhoused, senior orgs, and other stakeholders; against direction given by full Council.**

↑ At least six tabs of sorting ↑

<sup>187</sup> Council's guidance was already excluding youths, and underrepresenting renters.

<sup>188</sup> We only saw one tab in the meeting, but the labels for three other tabs are visible, as well as a '...' button indicating more unseen tabs.

<sup>189</sup> W003456-021922

<sup>190</sup> [https://www.youtube.com/watch?v=q53LQ\\_g2d-k&t=20277s](https://www.youtube.com/watch?v=q53LQ_g2d-k&t=20277s)

Much of the City Council also felt excluded. In an article titled “*City Council clashes over appointments to new housing panel*”<sup>191</sup>, Palo Alto Online reported:

*With the council's recently empowered "residentialist" wing pitted against the rest of their colleagues, the elected leaders appointed the new Housing Element Working Group by a 4-3 vote*

...

*For those in dissent, the biggest problem was the appointment process. ... Any substantive discussion of the group's roster was curtailed, however, when three council members — Mayor Tom Dubois and council members Eric Filseth and Greer Stone — presented a list of their preferred appointments that they had put together over the weekend. Council member Lydia Kou, who frequently aligns with DuBois, Filseth and Stone on the council's slow-growth wing, added her vote to their list, giving them the majority that they needed to advance it.*

...

*"You weren't given the mandate and yet you acted that way and it's coming to the council," Burt told DuBois, Filseth and Stone*<sup>192</sup>

What all this shows is an Ad Hoc that excluded youth representation, excluded senior representation, excluded renters, and skewed stakeholder representation to only Stanford and one homeless services provider (in alternate seats).<sup>193</sup> But moreover, it shows that this was done carefully and deliberately against the flow of guidance coming from City staff, while exceeding their mandate.

---

<sup>191</sup>

<https://www.paloaltoonline.com/news/2021/04/06/city-council-clashes-over-appointments-to-new-housing-panel>

<sup>192</sup> <https://www.paloaltoonline.com/news/2021/04/06/city-council-clashes-over-appointments-to-new-housing-panel>

<sup>193</sup> Two members of the ad-hoc, [Dubois](#) and [Filseth](#) became active in local politics at least in part through organizing a successful referendum to kill an affordable housing project for seniors in 2013.

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**STAFF**

Regina Celestin Williams  
Executive Director

*Submitted via email*

Mayor Burt and City Councilmembers  
City of Palo Alto  
250 Hamilton St  
Palo Alto, CA 94301

Dear Mayor Burt, Palo Alto City Council, and Palo Alto City Staff:

**RE: Comments on the 6th Cycle Draft Housing Element**

The 6th Cycle Housing Element Update process is a unique opportunity to fully assess housing needs in Palo Alto and to identify new tools to address these needs and constraints on developing housing. This process is also an opportunity to engage deliberately with the full community, especially those who are represented from populations that have been historically excluded and are at risk of displacement, to share their housing needs. This unique opportunity is one that is required to adhere to the clear legal guidance outlined by HCD in multiple documents interpreting state law.

This is not a simple process, and we appreciate the work that Palo Alto staff, elected and appointed representatives, and members of the community have done over the last year. As you know, the expectations for this process are high, and jurisdictions throughout the state have struggled to generate compliant housing elements. We are submitting these comments on the Draft Housing Element Update for the City of Palo Alto. We hope they provide additional clarity to the comments we provided in previous letters to [clarify HCD's expectations for the housing element under state law](#) and to [suggest anti-displacement policies to affirmatively further fair housing](#). These comments will also be forwarded directly to the HCD reviewer assigned to review your draft.

SV@Home would also like to take this opportunity to elevate the thoughtful and thorough comment letters from **Palo Alto Forward**, which includes requests to mitigate governmental constraints to development, better realize the requirement to affirmatively further fair housing across multiple sections of the plan, further analyze the likelihood of development of nonvacant parcels, and develop objective and quantifiable programs and policies; and **Palo Alto Renters' Association**, which highlights the importance of clear timelines for the tenant protection and anti-displacement policies.

**Anti-Displacement Programs to Affirmatively Further Housing**

SV@home was proud to be a community partner for the Partnership for the Bay's Future grant for the last two years, where together we undertook significant work on exploring tenant protections that meet the needs of Palo Altans.

This work is referenced on page 5-37 or Program 6.6: Fair Housing - section G. We are pleased that this section is included in the Housing Element, however, we believe the city has a real opportunity to provide a more concrete timeline for these policies as the city has

December 7, 2022

**RE: Comments on the 6th Cycle Draft Housing Element**

Page 2 of 3

already started on building the policy details. We recommend breaking out section G into the component policy pieces each individual program/policy, having a plan for adoption and implementation and making a commitment to design these policies with the input of the communities it serves.

**G(1). Rental Survey program**

Time Frame: Adopt an updated rent registry ordinance and program regulations by March 2023. Have a fully functional database platform in place by December 2023.

Quantified Objective: Retrieve up to date rental rates, tenant turnover, and eviction information from 75% of all rental units in the city.

**G(2). Full Implementation of the newly adopted tenant relocation assistance ordinance**

Time frame: Complete public education of tenants of the relocation benefits they are entitled to in the case or no-fault evictions in all covered units by December 2023

Quantified Objective: 100% of tenants qualifying for relocation benefits receive them.

**G(3). Eviction reduction program**

Time frame: Adopt a local just-cause ordinance modeled after state law (AB1482), with extended application to rental units built within the last 15 years by the end of 2024. Implement a public education campaign to landlords and tenants explaining these new protections by the middle of 2025.

Quantified Objective: Expanded protections will be evident in “reasons for eviction” collected through the rent registry program.

**G(4). Security Deposit Limit**

Time frame: Adopt security deposit limit ordinance by 2024.

Quantified Objective: Adopted Ordinance

**G(5). Fair Chance Ordinance**

Time frame: Adopt Fair Chance Ordinance by 2024.

Quantified Objective: Adopted ordinance.

**G(6). Right to Counsel**

Time frame: Open a partnership, and advocate, with Santa Clara County to have a Right to Legal Counsel program by 2024.

Quantified Objective: Countywide Right to Council is being developed in coordination with local jurisdictions.

As new programs and policies are adopted and implemented by the city, they build on each other to provide a more comprehensive system of protections for their residents. Additional programs to help implement and enforce these programs, which should be considered include:

**Housing Help Center**

Time Frame: Pilot a housing help center program once other programs are adopted by 2025

Quantified Objective: At least one mailer to all tenants and landlords after the passage of each ordinance adopted.

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**RE: Comments on the 6th Cycle Draft Housing Element**

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**Tenant and Landlord Rights and Responsibilities Education Campaign**

Time Frame: Continuous as new programs are implemented through 2030

Quantified Objective: 75% compliance with the rent survey.

**Affirmatively Furthering Fair Housing: Investment in Underresourced Communities**

Jurisdictions are required to affirmatively further fair housing (AFFH), including meaningfully addressing disparities in access to opportunity and replacing segregated living patterns with integrated and balanced communities. However, the City has isolated the majority of lower-income housing sites in a manufacturing and industrial area in the northeast portion of the City nearest the Bayshore Freeway, rather than near public transit, jobs, schools, and amenities near downtown. Absent programs to ensure that this area offers commensurate opportunities, the City's plan clearly violates AFFH guidance. The City must disperse lower-income housing geographically, and address segregation and historic disinvestment through programs with specific commitments, metrics, and milestones, with geographic targeting as appropriate, and with place-based strategies for community revitalization and displacement protection.

**SV@Home recommends that the City incorporate a scoring system to prioritize Capital Improvement Program investment in neighborhoods where incomes are low proportionate to the city's median and where residents have relatively low access to economic opportunities. This must include the underserved, predominantly industrial areas where new lower-income homes are planned, and where new residents would have relatively low access to economic opportunities.**

**Infrastructure Prioritization Process**

Establish an infrastructure prioritization process for the City's Capital Improvement Program (CIP) that can be used as a factor to efficiently and equitably deliver infrastructure across the City. The new prioritization process will grant additional points to projects in tracts where median income falls below that of the city, in order to increase opportunities in low-income areas, while continuing to take into account public safety, state mandates and protecting the environment. Projects undertaken will include, but not be limited to, a new library branch, park facilities, and school site.

Timeline: Prioritization process will be developed with public input by the end of 2023 and implemented during the 2024 CIP process. Progress will be evaluated during each year's subsequent review of the CIP.

Quantified Objective: 50% of the City's new recreational, active transportation, and transit infrastructure projects located in disadvantaged communities

We appreciate the significant investment that has been made by city staff, and many members of the Palo Alto community, in developing this Draft Housing Element Update. We look forward to continued opportunities to engage and support this process in the future.







December 15, 2022

To Whom It May Concern:

My name is Steve Pierce and I represent an organization that owns over 20 properties in the GM area bounded by Bayshore Freeway (101), San Antonio Rd, and Charleston Rd.

We support the Council actions to introduce residential uses in the GM zone with a density of 90 or more dwelling units per acre. While it is not possible to conduct a full analysis until the specifics are fleshed out, the proposed density appears to sufficient for financial feasibility. We look forward to following the City's process to revise the City Housing Incentive Program (HIP), as outlined in proposed Housing Element Program 3.4, to allow for relaxation of current development standards as well as the other proposed Housing Element programs that encourage housing production in Palo Alto.

With these proposed zoning changes, we are very interested in pursuing residential development opportunities on our properties. We will continue to engage with City staff and stay abreast of Housing Element update process.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Steve Pierce', is written over a light blue horizontal line.

Steve Pierce  
Principal  
Greenheart Land Company

# 2023-2031 Housing Element City of Palo Alto



Appendix C: Assessment of Fair Housing  
December 2022  
*Draft*





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# APPENDIX C: ASSESSMENT OF FAIR HOUSING

# C

## C.1 INTRODUCTION AND OVERVIEW OF AB 686

In 2017, California Government Code §8899.50 was amended to establish an obligation to affirmatively further fair housing (AFFH). State law defines “affirmatively further fair housing” as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity” for persons of color, persons with disabilities, and other protected classes. State law requires Housing Elements to include an assessment of fair housing that addresses the following components:

- A summary of fair housing issues and assessment of the jurisdiction’s fair housing enforcement and outreach capacity
- An analysis of segregation patterns and disparities in access to opportunities
- An assessment of contributing factors
- An identification of fair housing priorities and goals
- Strategies and actions to implement fair housing priorities and goals

### METHODOLOGY

The California Government Code Section 65583 (10)(A)(ii) requires that City of Palo Alto analyze areas of segregation, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs, including displacement risk. This Assessment of Fair Housing (AFH) evaluates fair housing issues on the following topics:

- Fair Housing Enforcement and Outreach Capacity

- Integration and Segregation Patterns and Trends
- Racially and Ethnically Concentrated Areas of Poverty
- Disparities in Access to Opportunity
- Disproportionate Housing Needs
- Other Relevant Factors, including historical disinvestment, lack of infrastructure improvements, and presence of older affordable housing units that may be at risk of conversion to market-rate housing

For each topic, trends are presented at the regional scale and locally at the city scale. Contributing factors that affect fair housing issues in Palo Alto are identified for each topic. Fair housing priority goals and actions are also provided specific to Palo Alto to address as implementation actions for the Housing Element. The goals and actions address the contributing factors for each theme itemized above.

The housing element must demonstrate that there are adequate sites zoned for the development of housing for households at each income level sufficient to accommodate the number of new housing units needed at each income level as identified in the RHNA. In the context of AFFH, the site identification requirement involves not only an analysis of site capacity to accommodate the RHNA, but also whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

## RESOURCES

This AFH has been prepared consistent with the California Department of Housing and Community Development (HCD) Affirmatively Furthering Fair Housing Guidance for All Public Entities and for Housing Elements (AFFH Guidance Memo). To conduct this analysis, the City utilized data from a variety of sources, including the Department of Housing and Community Development's (HCD) AFFH Viewer, the Urban Displacement Project (UDP), CalEnviroScreen, and the California Tax Credit Allocation Committee (TCAC).

### HOUSING AND COMMUNITY DEVELOPMENT'S AFFH VIEWER

The AFFH Data Viewer is a tool developed by HCD that features census block group- and tract-level data from an expansive collection of sources including the American Community Survey (ACS), US Department of Housing and Urban Development (HUD), TCAC, UDP, and Comprehensive Housing Affordability Strategy (CHAS). The Data Viewer serves as a resource for local and regional governments and provides the ability to explore spatial data patterns concerning fair housing enforcement, segregation, and integration, racially and ethnically concentrated areas of poverty, and disparities in access to opportunities and housing. The Data Viewer is intended to assist in the creation of policies that alleviate disparities, combat discrimination, and increase access to safe and affordable homes.

### URBAN DISPLACEMENT PROJECT (UDP)

The UDP was developed as a research initiative by the University of California, Berkeley in partnership with the University of California, Los Angeles. The tool was developed to track neighborhood change and identify areas that are vulnerable to gentrification and displacement in California. Indicators of gentrification and displacement are measured at the census tract level based on data from the 2020ACS. UDP indicators examine census tracts to identify areas that qualify as disadvantaged neighborhoods. Additionally, census tracts qualifying as disadvantaged neighborhoods per UDP's criteria are further analyzed to explore changes in the percentage of college educated residents, non-Hispanic white population, median household income and median gross rents over time to determine levels of gentrification and displacement risk.

### CALENVIROSCREEN 4.0

The California Office of Environmental Health Hazard Assessment (OEHHA) developed a screening methodology to help identify California communities disproportionately burdened by multiple sources of pollution. This tool is called the California Communities Environmental Health Screening Tool (CalEnviroScreen). CalEnviroScreen utilizes existing environmental, health, and socioeconomic data to rank census tracts based on 20 distinct indicators. In general, the higher the score, the more

impacted a community is by pollution burdens and population vulnerabilities. Designated disadvantaged communities are those communities that scored within the highest 25 percent of census tracts across California (CalEnviroScreen percentile scores of 75 or higher).

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE (TCAC)

To assist in the analysis of integration and segregation in the context of race and income status, HCD and TCAC convened the California Fair Housing Task Force to “provide research, evidence-based policy recommendations, and other strategic recommendations to HCD and other related state agencies/departments to further the fair housing goals (as defined by HCD).” The Task Force created Opportunity Maps to identify resource levels across the state to accompany new policies aimed at increasing access to high opportunity areas. These opportunity maps are made from composite scores of three different domains (economic, environmental and education) with each including a set of indicators. Table C-1 shows the full list of indicators. The opportunity maps include a measure or “filter” to identify areas with poverty and racial segregation. To identify these areas, census tracts were first filtered by poverty and then by a measure of racial segregation. The criteria for these filters were:

- Poverty: Tracts with at least 30 percent of population under federal poverty line
- Racial Segregation: Tracts with location quotient higher than 1.25 for Black, Hispanic, Asian, or all people of color in comparison to the County

TABLE C-1 DOMAINS AND LIST OF INDICATORS FOR OPPORTUNITY MAPS	
Domain	Indicator
Economic	Poverty, Adult Education, Employment, Job Proximity, Median Home Value
Environmental	CalEnviroScreen 3.0 pollution Indicators and Values
Education	Math proficiency, Reading proficiency, High school Graduation Rates, Student Poverty Rates

Source: California Fair Housing Task Force, Methodology for the 2020 TCAC/HCD Opportunity Maps, December 2020



## COMMUNITY ENGAGEMENT AND OUTREACH

Chapter 1 *Introduction*, and Appendix B summarizes the various methods of community engagement the City used as part of this Housing Element Update.

## DRAFT SANTA CLARA COUNTY ASSESSMENT OF FAIR HOUSING

The County of Santa Clara and several cities, including Palo Alto, are currently drafting the Santa Clara County Assessment of Fair Housing (hereinafter referred to as the “Countywide AFH”).<sup>1</sup> The Countywide AFH was prepared to comply with HUD funding requirements on behalf of the jurisdictions that receive entitlement funding as the HUD-designated Santa Clara Urban County (Santa Clara County and the cities of Cupertino, Gilroy, Mountain View, Palo Alto, San Jose, Santa Clara, and Sunnyvale).

As of the date of publishing the City’s Assessment of Fair Housing, the most recent draft of the Countywide AFH is dated November 17, 2020. The City of Palo Alto received a draft copy of the Countywide AFH, but it has not yet been made available publicly. A few of the findings relevant to the analysis are summarized in this analysis, the City’s Assessment of Fair Housing.

### COUNTYWIDE AFH COMMUNITY PARTICIPATION PROCESS

A broad array of outreach was conducted during a four-month community engagement process for the preparation of the AFH through print and social media engagement, community meetings, focus groups, surveys, and the establishment of a county-wide Santa Clara AFH Advisory Committee.

In preparing the Countywide AFH, the Lawyers’ Committee for Civil Rights Under Law held numerous in-person stakeholder meetings with hundreds of stakeholders, including tenants, landlords, homeowners, public housing residents, fair housing organizations, civil rights and advocacy organizations, legal services providers, social services providers, housing developers, local housing and planning staff, and industry groups

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<sup>1</sup> County of Santa Clara Office of Supportive Housing, 2020-2025 Consolidated Plan (Con Plan) and Assessment of Fair Housing (AFH). <https://osh.sccgov.org/housing-and-community-development/urban-county-program/2020-2025-consolidated-plan-con-plan-and>

to hear directly about fair housing issues affecting residents of Santa Clara County. Multiple meetings were co-hosted by the Housing Authority and advertised directly to voucher holders and residents of project-based voucher developments.

All community meetings had translation services available if requested. Multiple meetings had Spanish translators and another had Vietnamese translators. Flyers promoting meetings were in Spanish in areas with high concentrations of Spanish-speaking residents. In addition, all meetings were held in locations accessible to people with mobility issues. The Executive Summary of the AFH will be translated into Spanish and Vietnamese.

Geographically specific community meetings were held across Santa Clara County, including Urban County, South County, Central County (including Palo Alto and Mountain View), and the cities of San José and Santa Clara. In addition, several focus groups were established to focus on specific fair housing issues. They include formerly incarcerated individuals, homeless individuals and families, nonprofit affordable housing developers, domestic violence survivors, seniors, Health Trust for HIV/AIDS, the Vietnamese community, geographically oriented focus groups, the Hispanic community, the Filipino community, and students and educators.

In December of 2019, the Santa Clara AFH Advisory Committee, comprised of 13 members and representing several community and stakeholder groups, was established to provide ongoing input during the AFH process. In addition to helping shape goals and recommendations in the AFH, the AFH Advisory Committee will continue its work beyond submission of the AFH to ensure that these goals and strategies are included in the Consolidated Planning Process and implemented over the next several years. Below is a list of Countywide AFH meetings to date (See Table C-2).

See Chapter 1 for a summary of comments and how the comments were considered and incorporated into this housing element.

<b>TABLE C-2 COUNTYWIDE AFH COMMUNITY MEETINGS</b>			
<b>Public Community Meetings</b>			
San José Evening Community Meeting	November 13, 2019	Cupertino Meeting	December 19, 2019
City of Santa Clara Community Meeting	November 14, 2019	Central County	January 14, 2020
San José Daytime Community Meeting	November 16, 2019	South County	January 15, 2020
Urban County Community Meeting	December 11, 2019	City of Palo Alto Community Meeting	December 9, 2019
<b>Focus Groups</b>			
Formerly Incarcerated Individuals	December 12, 2019	Vietnamese Community	January 15, 2020
Homeless Individuals and Families	December 12, 2019	South County	January 15, 2020
Non-Profit Affordable Housing Developers	December 13, 2019	Filipino Community	January 26, 2020
Women	December 13, 2019	Schools/Educators	January 27, 2020
Seniors	January 13, 2020	Seniors	January 29, 2020
Central County	January 13, 2020	Hispanic Community	January 29, 2020
Health Trust for HIV/AIDS	January 14, 2020		
<b>Stakeholder Meetings</b>			
Project Sentinel	October 1, 2019	Senior Adults Legal Assistance	October 22, 2019
San José NAACP	October 1, 2019	Day Worker Center of Mountain View	October 22, 2019
Asian Law Alliance	October 2, 2019	Santa Clara County Association of Realtors	October 23, 2019
Law Foundation of Silicon Valley	October 2, 2019	City of Santa Clara	October 23, 2019
Latinos United for a New America	October 21, 2019	City of Sunnyvale	October 23, 2019
California Apartment Association	October 21, 2019	Silicon Valley at Home	October 23, 2019
The Silicon Valley Organization	October 21, 2019	Bay Area Homeowners Network	October 23, 2019
Catalyze SV	October 21, 2019	Sunnyvale Community Services	November 12, 2019
Santa Clara County Housing Authority	October 21, 2019	SOMOS Mayfair	November 14, 2019
International Children Assistance Network	October 21, 2019	Amigos de Guadalupe	November 15, 2019
Bay Area Legal Aid	October 22, 2019	West Valley Community Services	November 15, 2019
Housing Trust Silicon Valley	October 22, 2019	Habitat for Humanity	December 10, 2019
Gilroy Compassion Center	October 22, 2019	Working Partnerships USA	December 11, 2019
City of Gilroy	October 22, 2019		

## PALO ALTO AND COUNTYWIDE TRENDS

The Countywide AFH includes a discussion and analysis of fair housing issues, informed by community outreach, that identified the following contributing factors to countywide fair housing issues, which are also applicable to Palo Alto:

- Access to publicly supported housing for persons with disabilities: Data from HUD shows that, across jurisdictions, including Palo Alto, persons with disabilities are underrepresented in Project-Based Section 8 developments in relation to their proportion of the income-eligible populations.
- Availability of affordable units in a range of sizes: A lack of affordable units in a range of sizes can cause overcrowding as families are forced to share smaller units. Overcrowding is already an issue in Santa Clara County, especially among Hispanic households. In Palo Alto, as in much of the County, the vast majority of Project-Based Voucher units are studios and one-bedrooms.
- Community opposition: News reports and resident interviews demonstrate that community opposition remains a barrier to fair housing in the County. Conversations with Santa Clara County residents confirm that many County residents actively oppose affordable housing. At one focus group, residents argued that Cupertino and Palo Alto were the most anti-housing cities in the Bay Area.<sup>2</sup> At a different meeting with residents in Palo Alto, participants cited strong “Not In My Backyard” (“NIMBY”) sentiments as rationale for limited affordable housing construction in the area.<sup>3</sup> Overall, while some affordable housing is able to be approved in Santa Clara County, opposition from community members remains a significant obstacle to improved fair housing in the County.
- Displacement of residents due to economic pressures: There are high levels of displacement of low-income residents in Santa Clara

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<sup>2</sup> Affordable Housing Focus Group by Lawyers’ Committee for Civil Rights Under Law (Dec. 13, 2019).

<sup>3</sup> Affordable Housing Focus Group by Lawyers’ Committee for Civil Rights Under Law, in Palo Alto, Ca. (Nov. 13, 2019).

County, who are disproportionately likely to be Black or Hispanic, at a countywide level and in specific cities throughout Santa Clara County. Rising housing costs that have outpaced income growth among low-income workers have contributed to this trend. Studies have determined that there is no risk of displacement in Palo Alto neighborhoods according to research from the University of California, Berkeley (Chapter 2).

- Lack of affordable in-home or community-based supportive services: There is a large overall shortage of affordable housing that is particularly severe in Cupertino, Palo Alto, and affluent West Valley cities that are part of the Urban County. Without more affordable housing in general, it is impossible to provide more affordable, integrated housing for individuals who need supportive services. Due to the absence of any waiting list for Home and Community-Based Services for persons with developmental disabilities, this issue primarily affects people with psychiatric disabilities. A robust array of services, including the most intensive models of community-based services like Assertive Community Treatment, are available. Nonetheless, many people have trouble accessing needed services, and service providers are not always able to reach vulnerable populations through street outreach.
- Lack of assistance for housing accessibility modifications: Jurisdictions in Santa Clara County generally provide funding for accessibility modifications through sub-grants of federal funds to Rebuilding Together or Habitat for Humanity. These programs have a demonstrated track record of success, but they are also over-subscribed. There are more persons with disabilities needing accessibility modifications (and other low-income people needing home repair and rehabilitation) than there is funding available. Additionally, these programs generally target low-income homeowners, which means that there is a gap relating to accessibility modifications for low-income renters in structures that are not covered by Section 504's requirement that the housing provider pay for the cost of modifications.

- Lack of private investment in specific neighborhoods: Santa Clara County receives a high level of private investment overall in its neighborhoods, but levels of investment are inconsistent across the County. Many major tech companies in the County dedicate significant funding to investing in and improving opportunities for housing for their employees, but this does not necessarily translate into the development of more affordable housing, either for their employees or the greater community.
- Land use and zoning laws: The vast majority of residential land in Palo Alto is categorized as Single Family Residential. There is comparatively little land designated for Multi-Family Residential, however, multi-family residential development is allowed in most commercial districts. Multi-Family zoned properties are concentrated along El Camino Real, along West Bayshore Road, Alma Street, and San Antonio Road, and along Palo Alto's northern border with Menlo Park. The northeastern portion of the city, in particular, has limited multi-family zoned properties. Areas to the southwest of El Camino Real that are zoned for Multi-Family Residential have slightly higher concentrations of Hispanic residents than the rest of the city, but that difference is relatively modest. Several multi-family residential communities are located along West Bayshore Road and East Meadow Circle in the southeastern portion of the city, within the ROLM zone. There is limited multi-family residential housing along San Antonio Road, Middlefield Road, and Alma Street; however, recent housing development proposals have been approved and constructed.

## C.2 FAIR HOUSING ENFORCEMENT AND OUTREACH

Fair housing enforcement and outreach capacity relates to the ability of a local jurisdiction and fair housing entities to disseminate information related to fair housing and provide outreach and education to assure community members are informed of fair housing laws and tenants' rights. In addition, enforcement and outreach capacity includes the ability to address compliance with fair housing laws, such as investigating complaints, obtaining remedies, and engaging in fair housing testing.

### REGIONAL TRENDS

Fair Housing enforcement in Santa Clara County is very reliant on private fair housing organizations, which contract with various municipalities to provide housing mediation and arbitration, while also pursuing private fair housing enforcement actions and providing outreach to Santa Clara residents. The fair housing organizations operating in Santa Clara County include Bay Area Legal Aid, Project Sentinel, Law Foundation of Silicon Valley, Senior Adults Legal Assistance, Legal Aid Society of Santa Clara County, and Asian Law Alliance (see Table C-3). The City contracts with Project Sentinel. These groups provide legal advice and/or representation on housing matters to low-income individuals, with additional exceptions restricting clientele to seniors, etc., based on the organizations' missions.

There may be a gap in this network of organizations when it comes to people with disabilities experiencing housing issues. Participants in AFH community engagement sessions have reported widespread issues regarding reasonable accommodations for people with disabilities. For people with disabilities who are not income-eligible, it can be difficult to gain representation or legal advice regarding their reasonable accommodation – because although these cases may be fee generating, they are not especially complex. Therefore, people who are not income-eligible may have difficulty finding representation to pursue this issue.

According to the California Department of Fair Employment and Housing (DFEH) Annual Report, there were 623 complaints in Santa Clara County



in 2017.<sup>4</sup> Broken down by category, there were 191 employment complaints, 33 housing complaints, 4 under the Ralph Civil Rights Act, and 22 under the Unruh Civil Rights Act. 373 of the complaints were investigated and determined actionable.

Project Sentinel, which receives housing complaints in Santa Clara County, reported during the community engagement process that since 2016, they have received 598 complaints. Of those, 332 were based on disability, 121 on familial status, 71 on national origin, 33 on race, 40 on sex (including harassment, domestic violence, and lease break/eviction), 4 on source of income, 1 on gender identify, 3 on sexual orientation, 3 on marital status, 3 were “arbitrary” under the Uhruh Civil Rights Act, 1 was based on immigration status, and 2 were “other.” Project Sentinel also reported changes in discrimination regarding immigration status – with a marked increase in this type of discrimination following the 2016 election. Project Sentinel reported more fear amongst immigrant communities in bringing housing complaints. In the past, immigrant communities were more likely to fear landlord retaliation or loss of housing, but more recently landlords have threatened to call U.S. Immigration & Customs Enforcement, even when residents are not undocumented.

With regard to disability-based complaints, Project Sentinel reports that most are related to requests for reasonable accommodations (animals, economic reasons, tenancy extensions, caregivers, etc.). However, some involve evictions and/or harassment. In Project Sentinel’s last Private Enforcement Initiative (PEI), they conducted family status testing based on UC Berkeley opportunity mapping. After 43 tests, roughly half resulted in a complaint or a landlord education letter. Occupancy limits and stated preferences for single professionals often appear in discriminatory housing advertisements. The rampant nature of familial status discrimination is backed up by stakeholder meetings, which noted that familial status discrimination is often cloaked by pretexts.

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<sup>4</sup> <https://www.dfeh.ca.gov/wp-content/uploads/sites/32/2018/08/DFEH-AnnualReport-2017.pdf>

<b>TABLE C-3 FAIR HOUSING ORGANIZATIONS IN SANTA CLARA COUNTY</b>	
<b>Organization</b>	<b>Capacity</b>
Bay Area Legal Aid (BALA)	BALA represents low and very low-income residents within their seven county service area, which includes Santa Clara County. Their housing practice provides legal assistance regarding public, subsidized (including Section 8 and other HUD subsidized projects) and private housing, fair housing and housing discrimination, housing conditions, rent control, eviction defense, lock-outs and utility shut-offs, residential hotels, and training advocates and community organizations. It is important to note that Legal Aid is restricted from representing undocumented clients.
Project Sentinel	Project Sentinel is a non-profit organization focused on assisting in housing discrimination matters, dispute resolution, and housing counseling. Project Sentinel's housing practice assists individuals with housing problems such as discrimination, mortgage foreclosure and delinquency, rental issues including repairs, deposits, privacy, dispute resolution, home buyer education, post purchase education, and reverse mortgages. Additionally, their Fair Housing Center provides education and counseling to community members, housing providers, and tenants about fair housing laws, and investigate complaints and advocate for those who have experienced housing discrimination.
Law Foundation of Silicon Valley	The Law Foundation of Silicon Valley provides free legal advice and representation to low-income individuals in Santa Clara County. In their housing practice, they assist with defending eviction lawsuits, housing discrimination issues such as reasonable accommodation requests for individuals with disabilities, enforcing the San José Tenant Protection Ordinance, legal outreach and support for renter organizing/campaigns, help with housing authority hearings, Section 8 and other low-income housing issues like terminations and eligibility determinations, legal advice and information to tenants regarding notices, and advice and information about foreclosure prevention.
Senior Adults Legal Assistance (SALA)	SALA is a nonprofit elder law office, providing free legal services to residents of Santa Clara County who are age 60 and older. SALA provides legal services across multiple, non-housing contexts, and in the housing context SALA provides legal assistance in landlord-tenant matters, subsidized/senior housing matters, and mobile home residency matters.
Asian Law Alliance	The Asian law Alliance provides services at a free or low-cost basis to Asian/Pacific and low-income people, and offers services in Mandarin, Cantonese, Spanish, Vietnamese, Tagalog, Korean, and other languages as needed. In the housing realm, their mission is to ensure access to decent housing, and prevent and combat against illegal and discriminatory housing practices.
Affordable Housing Network of Santa Clara County (AFH)	AFH is a nonprofit organization dedicated to preserving and expanding the supply of affordable housing through education, empowerment, coordination, and support. Its activities include educating and organizing the general public and public officials about the need for affordable housing, and empowering low-income people to advocate for their housing needs.
Silicon Valley Renters Rights Coalition + Latinos United for a new America (LUNA)	These two groups have been working together to advocate for renters' rights and to move leadership to pass a Just Cause policy that will protect renters from unjust rent hikes.
Amigos de Guadalupe	Amigos de Guadalupe is a nonprofit organization focused specifically on serving the Mayfair community in San José. Their housing resources include housing coaching sessions, one-time security deposit assistance, temporary "Winter Faith Collaborative" shelter, and case management.
Department of Fair Employment and Housing (DFEH)	The California DFEH is a state agency dedicated to enforcing California's civil rights laws. Its mission targets unlawful discrimination in employment, housing, and public accommodations, hate violence, and human trafficking. Victims of discrimination can submit complaints directly to the department.

## LOCAL TRENDS

The City of Palo Alto is served by the Legal Aid Society of Santa Clara County (LAS) and Project Sentinel. Using CDBG funds, the City of Palo Alto has contracted services with Project Sentinel. As identified in the 2020-2025 Consolidated Plan, the City of Palo Alto will provide \$37,480 in FY21 in CDBG funds to Project Sentinel to resolve fair housing complaints via investigation, mediation, education and outreach to both property owners and tenants about fair housing policies.<sup>5</sup>

The following actions have been identified by the City as key ongoing actions which foster and maintain affordable and fair housing:

- Provide tenant/landlord counseling and mediation services for Palo Alto residents through the Palo Alto Mediation Program (Project Sentinel).
- Support the Human Relations Commission in their monitoring of hate crimes and incidents in the community and their work toward greater public education and inclusivity to support diversity and affordable housing issues.
- Strengthen local renter protections, including expansion of relocation assistance, expansion of AB 1482 protections, and adoption of a rental registry.
- Monitor the provision of fair housing services to ensure that adequate services are being provided and are cost effective.
- Participate in the Santa Clara County Fair Housing Task Force.
- Provide funding to Project Sentinel to reduce discrimination in housing by:
  - Investigate cases of housing discrimination in Palo Alto
  - Consult with persons who believe they have been discriminated against

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<sup>5</sup> <https://www.cityofpaloalto.org/files/assets/public/planning-and-development-services/cdbg-general-information/plans-and-reports/consolidated-plans/draft-palo-alto-2020-2025-consolidated-plan-and-draft-2020-21-annual-action-plan.pdf?t=68967.94>

- Maintain a pool of trained testers for investigations and conducting trainings
- Maintain a panel of participating attorneys for referral
- Run fair housing ads in the Palo Alto Weekly, San José Mercury News, and other media outlets
- Distribute fair housing brochures
- Run public service announcements for local radio/TV broadcasters
- Make educational presentations to the community
- Monitor and test rental housing sites for fair housing compliance
- Organize an event for National Fair Housing Month

As discussed in Regional Trends discussion above, Project Sentinel is the primary organization that offers fair housing services in Santa Clara County. The City of Palo Alto works with Project Sentinel to provide community education and outreach regarding fair housing law and practices, and investigation, counseling, and legal referral for victims of housing discrimination. The anticipated impact of these outreach efforts is 15 individuals.

In the 2020-2025 Consolidated Plan, the City of Palo Alto has committed to promoting fair housing laws including the federal Fair Housing Act and California Fair Employment and Housing Act of 1959 which protects individuals from discrimination on the basis of ancestry, age, sexual orientation, gender identity, marital status, familial status, and source of income. Palo Alto places a priority on promoting and ensuring an atmosphere of non-discrimination in housing choice. Additionally, the City has a Rent Stabilization Ordinance (PAMC 9.68) which outlines requirements for lease agreements and relocation payments due to no-fault evictions, and mediation procedures (PAMC 9.72) and support to help resolve landlord-tenant disputes.

### C.3 INTEGRATION AND SEGREGATION PATTERNS AND TRENDS

To inform priorities, policies, and actions, the housing element must include an analysis of integration and segregation, including patterns and trends, related to people with protected characteristics. Integration generally means a condition in which there is not a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a particular type of disability when compared to a broader geographic area. Segregation generally means a condition in which there is a high concentration of persons of a particular race, color, religion, sex, familial status, national origin, or having a disability or a type of disability in a particular geographic area when compared to a broader geographic area. Segregation can exist wholly within a particular city, between municipalities, and even across County boundaries within a broader metropolitan area.

To adequately assess the patterns of integration and segregation, this section identifies trends at the regional scale (Santa Clara County) and at the local scale (Palo Alto). To identify socio-economic and demographic spatial trends across these jurisdictions, this analysis utilizes HCD's AFFH Data Viewer, which provides an expansive collection of data from sources including the 2016-2020 ACS, HCD, HUD, UDP, the Center for Disease Control and Prevention (CDC), and other regional and federal agencies. In its AFFH guidance document published in April 2021, HCD described the importance of segregation and integration analysis in relation to fair housing:

“Residential segregation and exclusion, whether by race, ethnicity, disability, or income, is a result of numerous housing policies, practices, and procedures—both public and private—that have had enduring and pervasive negative impacts. Overt and covert housing discrimination through land use policy, shifting housing markets, and patterns of investment and disinvestment, have restricted meaningful fair housing choice and equitable access to opportunity, particularly for communities of color. Historic patterns of segregation persist in California despite the long-standing federal mandate, established by the Fair Housing Act of 1968 (FHA), that federal

agencies and federal grantees affirmatively further the purposes of the FHA.”

“Past and present discriminatory policies and practices, including long-term disinvestment, have resulted in neighborhoods with concentrated poverty and poor housing stock, limited access to opportunity, unsafe environmental conditions, underfunded schools, dilapidated infrastructure, and other disproportionately experienced problems. In addition, governmental policies have subsidized the development of segregated, high-resourced suburbs in metropolitan areas by constructing new highway systems—often through lower income communities of color— to ensure access to job opportunities in urban centers. This physical and policy infrastructure supports patterns of discrimination and high levels of segregation that continue to persist in California and across the country. All of these conditions persist despite the over 50-year-old obligation to prohibit discrimination and affirmatively further fair housing.”<sup>6</sup>

As the passage of the Fair Housing Act by Congress in 1968 was, in large measure, a response to pervasive patterns of residential segregation to which government action contributed significantly, segregation and integration are essential topics in any fair housing planning process.

## RACE AND ETHNICITY

The ethnic<sup>7</sup> and racial<sup>8</sup> composition of a region relates to fair housing concerns such as household size, locational preferences, and economic opportunity. Historic exclusionary governmental policies, biased mortgage lending practices, and other tactics have caused racial and ethnic segregation and spatial inequities. The existence of concentrations

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<sup>6</sup> HCD 2021. [https://www.hcd.ca.gov/community-development/affh/docs/affh\\_document\\_final\\_4-27-2021.pdf](https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf)

<sup>7</sup> According to the Census Bureau, ethnicity determines whether a person is of Hispanic origin or not. For this reason, ethnicity is broken out in two categories, Hispanic or Latino and Not Hispanic or Latino. Hispanic individuals may report as any race.

<sup>8</sup> Race is defined by the Census Bureau as a person’s self-identification with one or more social groups. An individual can report as white, Black or African American, Asian, American Indian and Alaska Native, Native Hawaiian and Other Pacific Islander, or some other race. Survey respondents may report multiple races.

of minorities living in one location may be an indicator that some minority groups regionally and in Palo Alto do not have as many housing choices as nonminority individuals.

### REGIONAL TRENDS

According to 2016-2020 American Community Surveys (ACS) estimates, white<sup>9</sup> residents comprised the largest racial group in Santa Clara County, followed by Asian residents and Latinx residents. Within Santa Clara County, segregation exists both within individual cities (intra-city segregation) and between cities (inter-city segregation). The City of San José is an example of intra-city segregation. Latinx residents predominantly live centrally, while Asian residents live on the eastern and north side of the city, and white residents live on the south and western side. Alternatively, the City of Cupertino and the City of Los Altos are an example of inter-city segregation. Cupertino is predominantly comprised of Asian residents, while the adjacent city of Los Altos is predominantly comprised of white residents.<sup>10</sup>

As shown in Figure C-1, the southern and central area of Santa Clara County have lower percentages of white residents. Monte Sereno city, Los Gatos, Los Altos, Los Altos Hills, Campbell, and Palo Alto are the most heavily white cities in the county, with populations that range from 55 to 78 percent white, 0 to 2 percent black, 2 to 18 percent Latino, and 14 to 33 percent Asian.

Figure C-2 shows neighborhood segregation by census tract in Santa Clara County. Higher levels of diversity are concentrated in San José, Santa Clara, and particularly in regions of cities adjacent to the San Francisco Bay. Concentrations of Asian and White communities are located in Cupertino, Los Altos, and Palo Alto. Figure C-3 shows the concentration

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<sup>9</sup> The data sets used in this report include slightly varying definitions for racial and ethnic categories. This report uses the following definitions:

White: Non-Hispanic White

Latinx: Ethnically Hispanic or Latino of any race

Black: Non-Hispanic Black or African American

Asian: Non-Hispanic Asian

People of Color (POC): All who are not non-Hispanic White (including people who identify as “some other race” or “two or more races”)

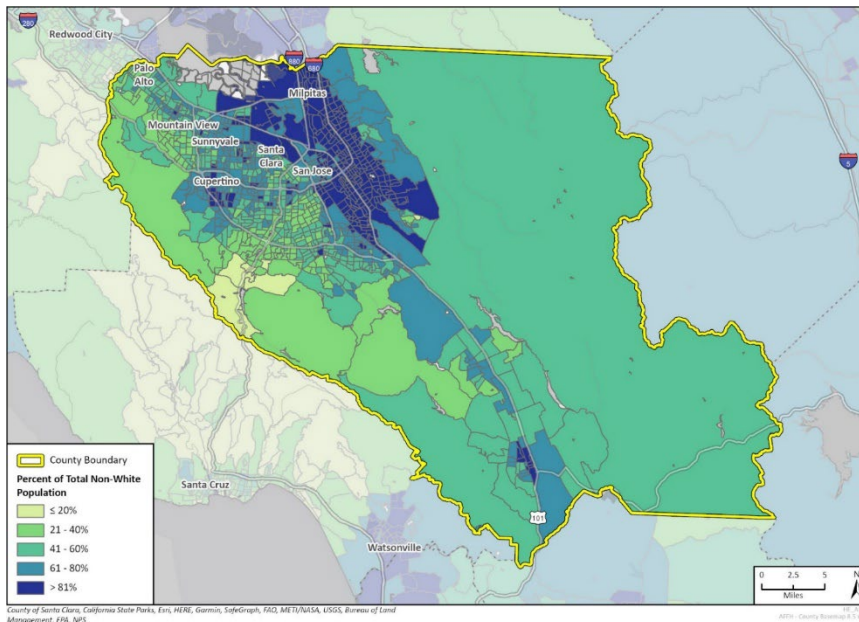
<sup>10</sup> <https://belonging.berkeley.edu/racial-segregation-san-francisco-bay-area-part-1>

of the Asian population present in Palo Alto. Figure C-4 shows the concentration of the Hispanic population throughout Palo Alto. Figure C-5 shows the concentration of the White population throughout Palo Alto.

*DISSIMILARITY, ISOLATION, AND EXPOSURE INDICES*

The Dissimilarity Index measures whether one particular group is distributed across census tracts in the metropolitan area in the same way as another group.<sup>11</sup> Dissimilarity ranges from 0 to 100. A high value indicates that the two groups tend to live in different tracts. A value of 60 (or above) is considered very high. It means that 60 percent (or more) of the members of one group would need to move to a different tract in order for the two groups to be equally distributed. Values of 40 or 50 are usually considered a moderate level of segregation, and values of 30 or below are considered to be fairly low. Figure C-6 shows the dissimilarity index for the San José-Sunnyvale-Santa Clara region.

**Figure C-1 Racial Demographics – Block Group (Santa Clara County)**

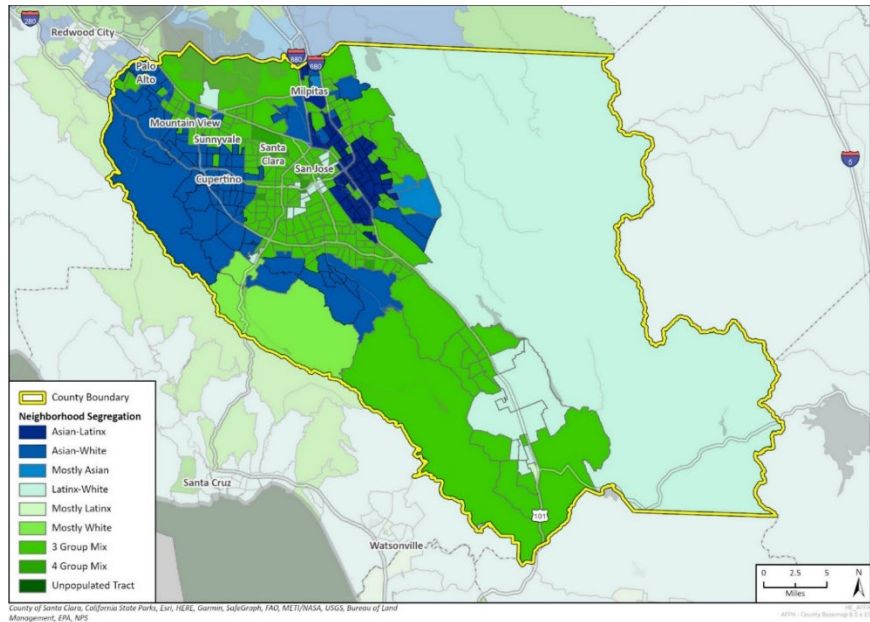


Source: AFFH Data Viewer, 2021

<sup>11</sup> Unlike the majority of this report, the Dissimilarity, Isolation, and Exposure Indices data sets uses regional data that encompasses the metropolitan area, which is a census defined grouping of cities. The majority of this report uses County level data to discuss regional trends.

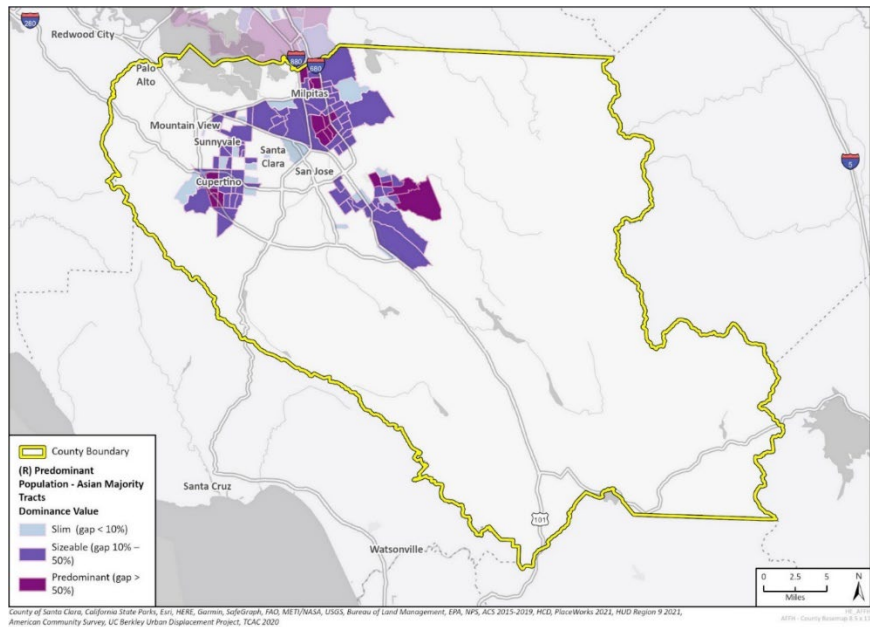


**Figure C-2 Neighborhood Segregation by Census Tract (Santa Clara County)**



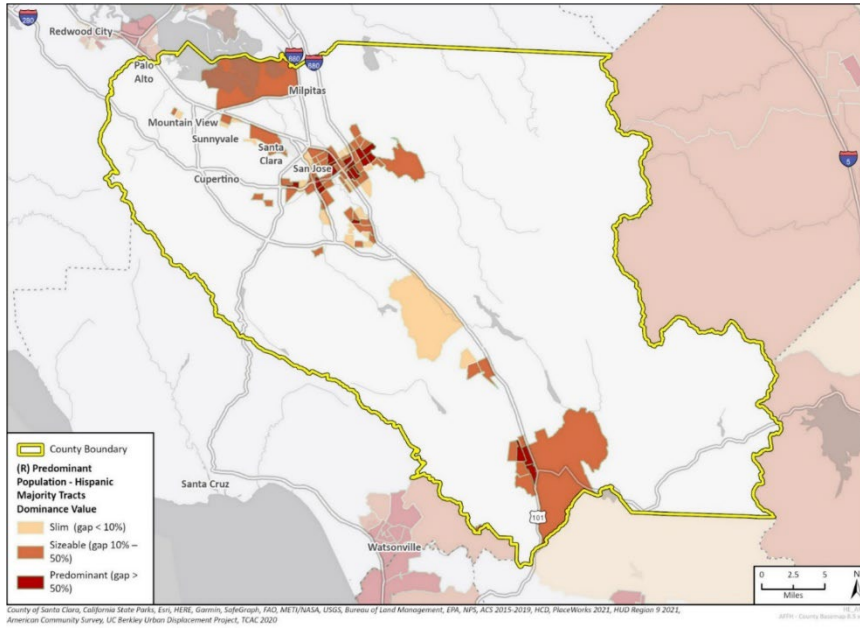
Source: AFFH Data Viewer, 2021

**Figure C-3 Asian Population (Santa Clara County)**



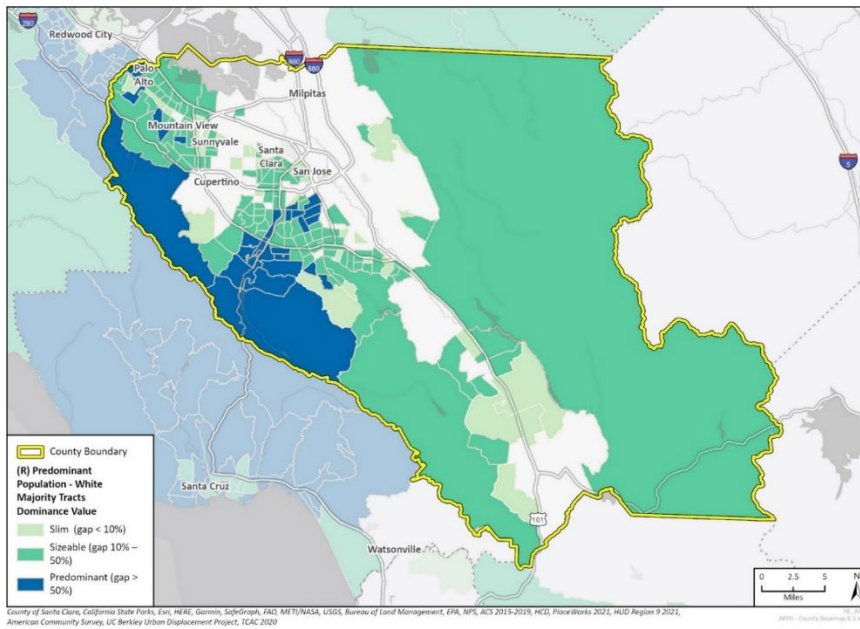
Source: AFFH Data Viewer, 2021

Figure C-4 Hispanic Population (Santa Clara County)



Source: AFFH Data Viewer, 2021

Figure C-5 White Population (Santa Clara County)



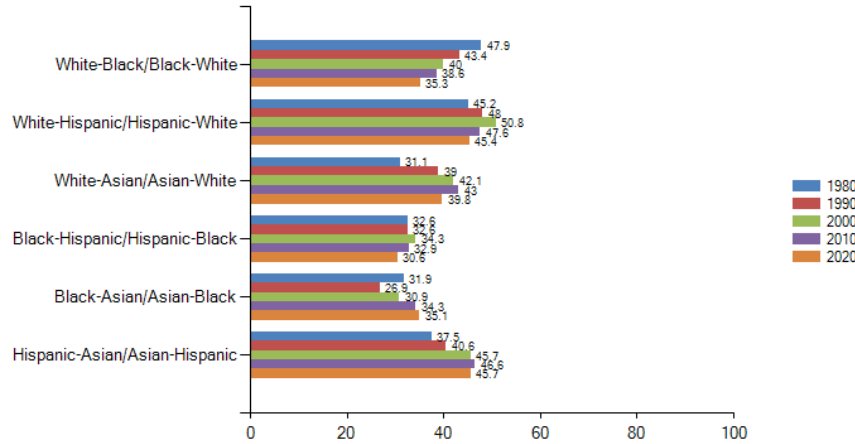
Source: AFFH Data Viewer, 2021

In the San José-Sunnyvale-Santa Clara region, the vast majority of which consists of Santa Clara County, Dissimilarity Index data shows low levels of segregation for Black residents in relation to White residents and moderate levels of segregation for Hispanic and Asian or Pacific Islander residents. Although segregation of Black residents is low, it is at the high end of the low range and nearly qualifies as moderate. When Black population centers in East Palo Alto and Oakland are excluded, the segregation of Black residents appears to be a more significant problem. Segregation has increased in Hispanic/Asian communities from 37.5 in 1990 to 45.7 in 2020, suggesting a growing trend.

As shown in Figure C-7 below, in the San José-Sunnyvale-Santa Clara region, isolation has decreased substantially amongst white community members, has stayed relatively the same for Black community members, and has increased amongst Hispanic and Asian community members. White, Hispanic, and Asian residents all experience similar levels of isolation.

Those trends are largely a factor of relative rates of population growth among those groups rather than increasing levels of segregation. In order for isolation not to increase when the proportion of the total population comprised of a particular group roughly doubles, as Asian and Pacific Islander population in the region has since 1990, that group would have to have been hyper-segregated at the earlier point in time. It is not possible to gauge the precise extent to which individual choice fuels patterns of segregation, but it is clear that the explanatory power of choice does not explain all segregation.

**Figure C-6 Dissimilarity Index, San José-Sunnyvale-Santa Clara, California<sup>12</sup>**



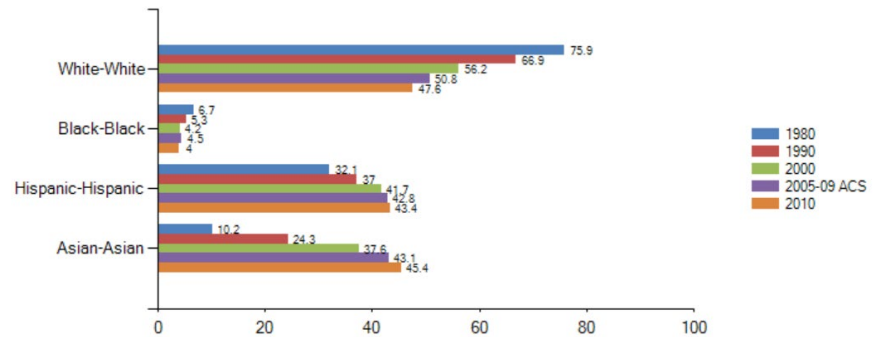
Source: *Dissimilarity Index, Brown University (San José-Sunnyvale-Santa Clara), 2021*

Since 1990, the Dissimilarity Index for Asian or Pacific Islander residents in relation to White residents has increased, suggesting greater segregation, while indices for Black and Hispanic residents are largely unchanged. A likely explanation for the juxtaposition between increased segregation of Asian or Pacific Islander residents and unchanged segregation of Hispanic residents, despite increasing both groups’ growth, is that Hispanic residents were much more segregated in 1990. Improved enforcement of the Fair Housing Act likely helped reduce what was a greater barrier for Hispanic residents not too long ago.

Since 1990, Isolation scores have decreased within white communities and Black communities. However, scores have increased within Hispanic and Asian communities. The Isolation Index scores are only available from 1990 to 2010, as opposed to 2020 like the Dissimilarity Index.

<sup>12</sup> <https://s4.ad.brown.edu/projects/diversity/segregation2020/msa.aspx?metroid=41940>

**Figure C-7 Isolation Index, San José-Sunnyvale-Santa Clara, California**



Source: *Isolation Index, Brown University (San José-Sunnyvale-Santa Clara). 2021*

LOCAL TRENDS

According to 2016-2020 ACS estimates, non-Hispanic white residents comprised the largest racial group in Palo Alto, at 53 percent of the population (Table C-4). This is 22 percentage points higher than the percentage of non-Hispanic white residents in Santa Clara County as a whole. Asian residents make up the second-largest racial and ethnic group; however, they comprise a smaller percentage of the population in the city compared to the County population. Since 2010, the share of non-Hispanic white residents has decreased, and the share of Asian residents has grown (2010 ACS Five-Year Estimates). Figure C-8 shows the percent of the non-white population in the City.

Latinx residents make up a significantly smaller percentage of the Palo Alto population at 7 percent of the population, which is 19 percentage points lower than the County as a whole. This indicates the possibility of higher levels of exclusion in the city of Palo Alto.

Figure C-9 below shows neighborhood segregation by census tract. Out of 21 census tracts within or partially within the city, seven are classified as a three-group mix of races and ethnicities, and the remaining are classified as Asian-White mix.<sup>13</sup> The census tracts categorized as three-group mix are not concentrated in a particular region of the city.

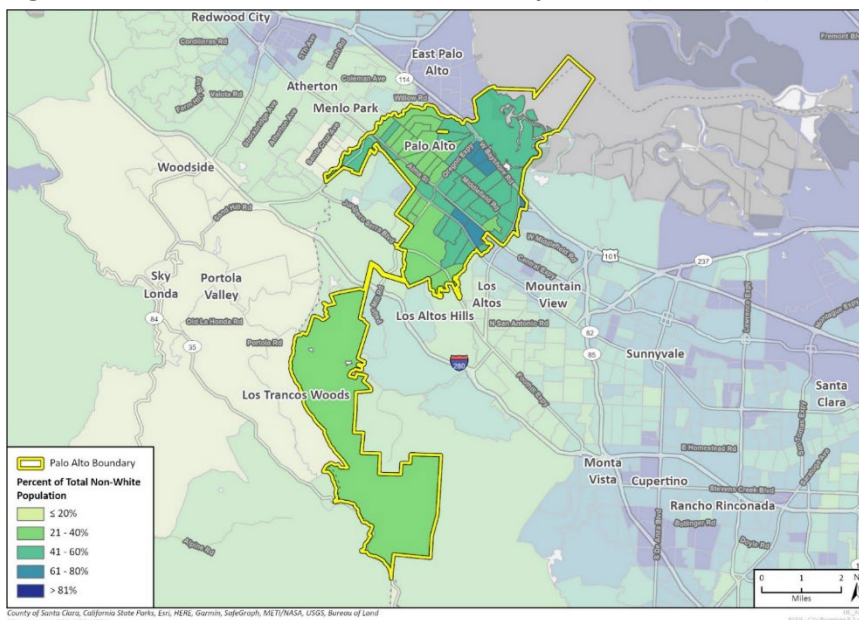
<sup>13</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/human-relations-commission/2020/november-12-2020-hrc-agenda-demographics-powerpoint.pdf>

Figure C-10 breaks down segregation of the Asian population throughout the City. Figure C-11 breaks down segregation of the Hispanic population throughout Palo Alto. Figure C-12 shows the concentration of the White population in certain areas of the City. The most racial and ethnically diverse neighborhoods include areas around Stanford University, which draws a diverse student and staff population, and in the Ventura neighborhood, which has historically been one of the city’s most diverse neighborhoods.

TABLE C-4 2016-2020 AMERICAN COMMUNITY SURVEYS RACE AND ETHNICITY		
Category	Santa Clara County	Palo Alto
<b>Total households</b>	<b>1,924,379</b>	<b>67,973</b>
White (Non-Hispanic)	31%	53%
Black or African American	2%	2%
American Indian and Alaskan Native	0.5%	0.4%
Asian	38%	33%
Native Hawaiian and Other Pacific Islander	0.4%	0.1%
Two or More Races	7%	7%
Hispanic or Latino (of any race)	25%	6%

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B03002

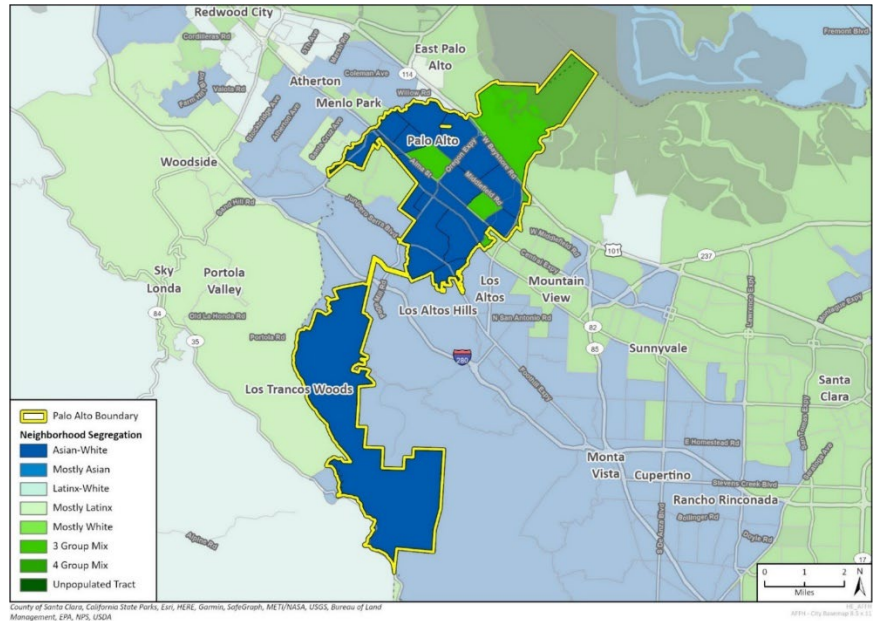
**Figure C-8 Percent of Total Non-White Population (Palo Alto)**



Source: AFFH Data Viewer, 2021

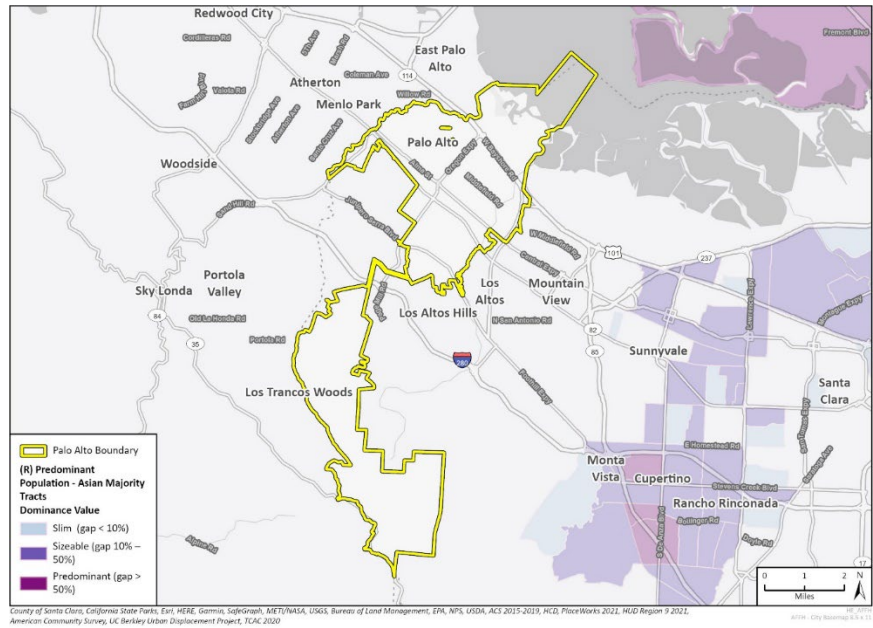


**Figure C-9 Neighborhood Segregation by Census Tract (Palo Alto)**



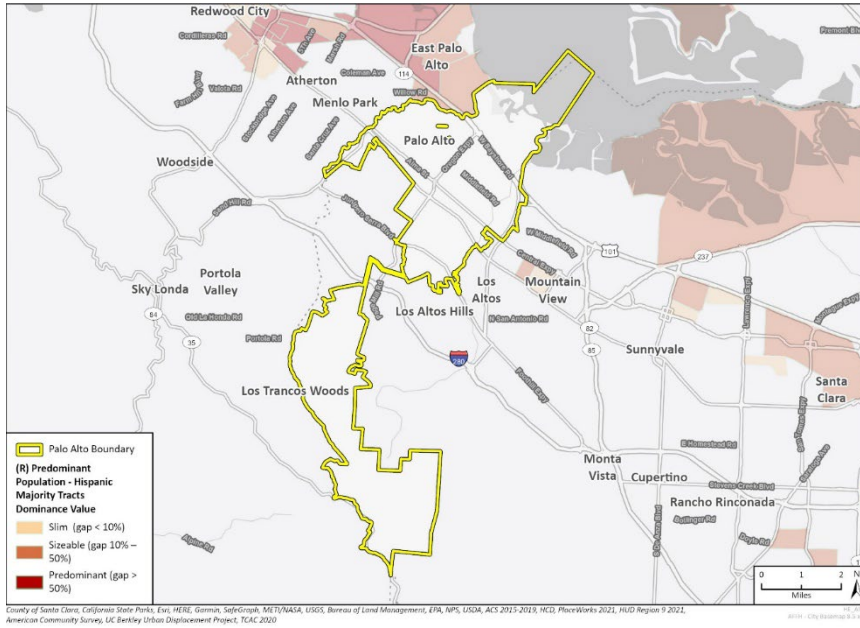
Source: AFFH Data Viewer, 2021

**Figure C-10 Asian Population (Palo Alto)**



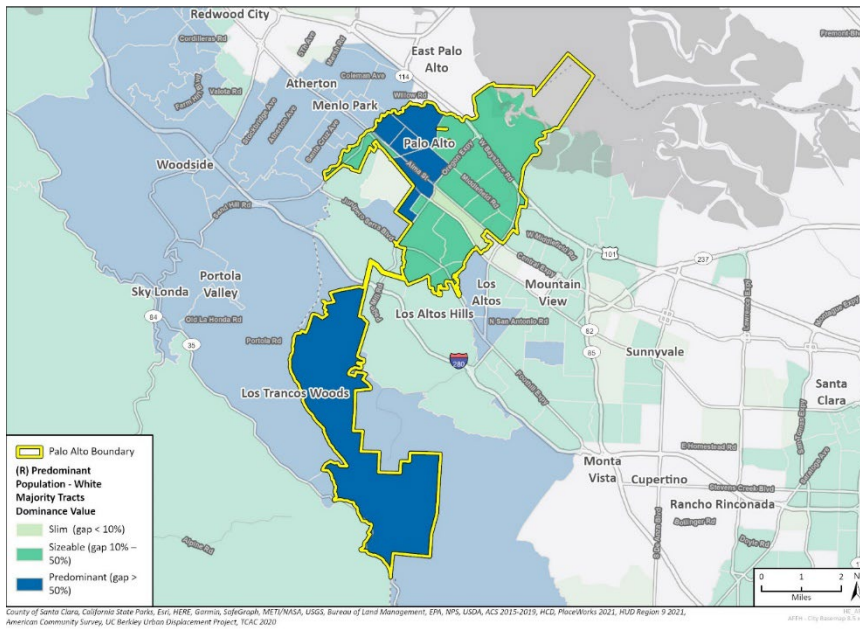
Source: AFFH Data Viewer, 2021

**Figure C-11 Hispanic Population (Palo Alto)**



Source: AFFH Data Viewer, 2021

**Figure C-12 White Population (Palo Alto)**



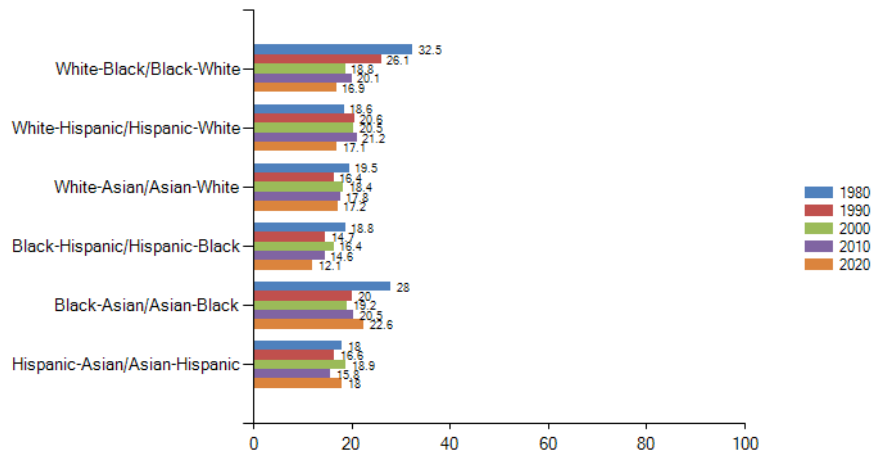
Source: AFFH Data Viewer, 2021



*DISSIMILARITY, ISOLATION, AND EXPOSURE INDICES*

Figure C-13 below visually represents the Dissimilarity Index from 1980 to 2020 in ten-year increments. Generally, the dissimilarity index score has decreased over time amongst most groups. There are no groups that received a “high segregation” score.<sup>14</sup> Palo Alto scores significantly lower on the dissimilarity index in all categories compared to the San José-Sunnyvale-Santa Clara region. Segregation in Palo Alto is primarily a phenomenon of segregation between Palo Alto and other parts of the region rather than segregation between neighborhoods. Palo Alto has disproportionately low Hispanic and Black populations in comparison to the region.

**Figure C-13 Dissimilarity Index, Palo Alto, California**



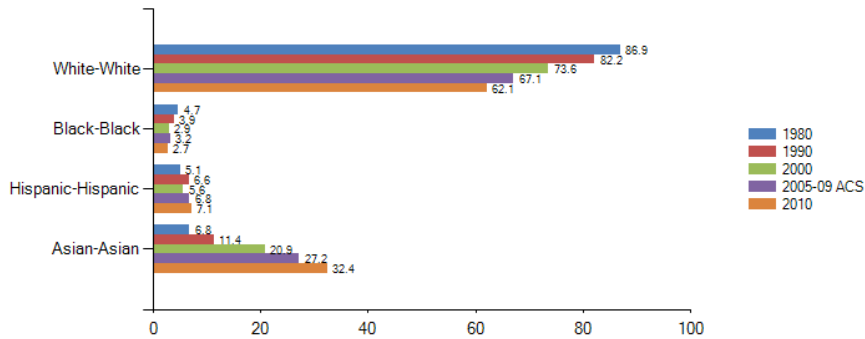
Source: Dissimilarity Index, Brown University (Palo Alto), 2021

Figure C-14 below shows the isolation trends in Palo Alto from 1980 to 2010. In this timeframe, isolation decreased amongst white community members, stayed relatively the same for Black and Hispanic community members, and increased for Asian community members. White community members received the highest isolation score, at 62.1 in 2010. White community members are more isolated in Palo Alto than in the broader region, with a score difference of 14.5 in 2010. Additionally, Hispanic community members are less isolated in Palo Alto, with a score

<sup>14</sup> <https://s4.ad.brown.edu/projects/diversity/segregation2020/city.aspx?cityid=655282>

difference of 36.2 in 2010. As stated above, these numbers are influenced by the size of the group.<sup>15</sup>

**Figure C-14 Isolation Index, Palo Alto, California**



Source: Isolation Index, Brown University (Palo Alto), 2021

## PERSONS WITH DISABILITIES

Physical, mental, and/or developmental disabilities may prevent a person from working, restrict one’s mobility, or make it difficult to care of oneself. Disabled persons often have special housing needs related to limited earning capacity, a lack of accessible and affordable housing, and higher health costs associated with a disability. The living arrangement of persons with disabilities depends on the severity of the disabilities and the available resources. Many persons live at home in an independent arrangement or with other family members. To maintain independent living, persons living with disabilities may need assistance. Four factors – affordability, design, location, and discrimination – significantly limit the supply of housing available to households of persons with disabilities.

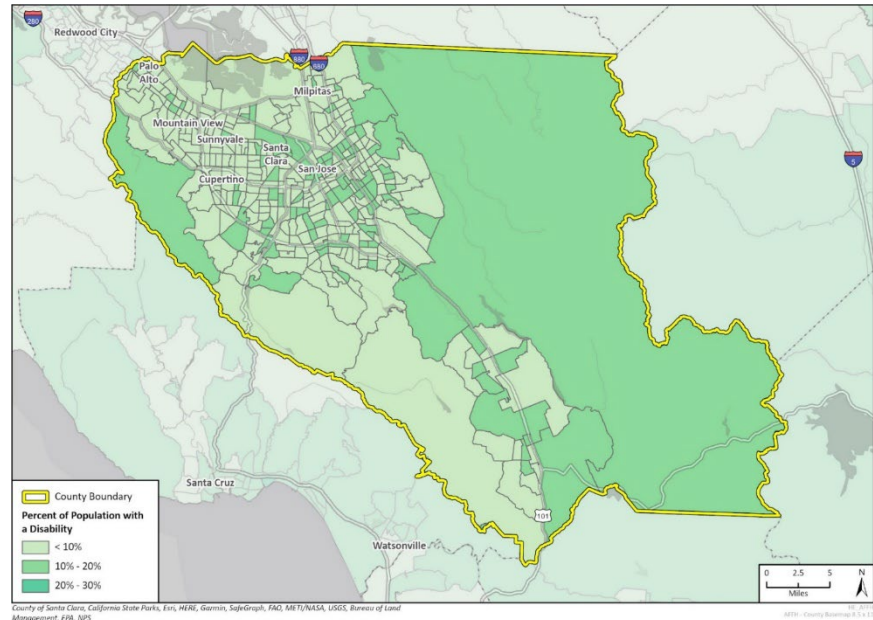
## REGIONAL TRENDS

According to 2016-2020 ACS estimates, approximately 8 percent of Santa Clara County residents live with one or more disabilities. Of the total population living with a disability, 7 percent are 18 years or younger, 42 percent are between the ages of 18 and 64, and 52 percent are 65 years and older. Figure C-15 shows the percentage of the population living with disabilities in Santa Clara County. The percentage of individuals living with one or more disabilities ranges from 0 to 10 and 10 to 20 percent,

<sup>15</sup> <https://s4.ad.brown.edu/projects/diversity/segregation2020/city.aspx?cityid=655282>

with higher percentages concentrated in the cities of San José and Santa Clara.

**Figure C-15 Population with a Disability (Santa Clara County)**



Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

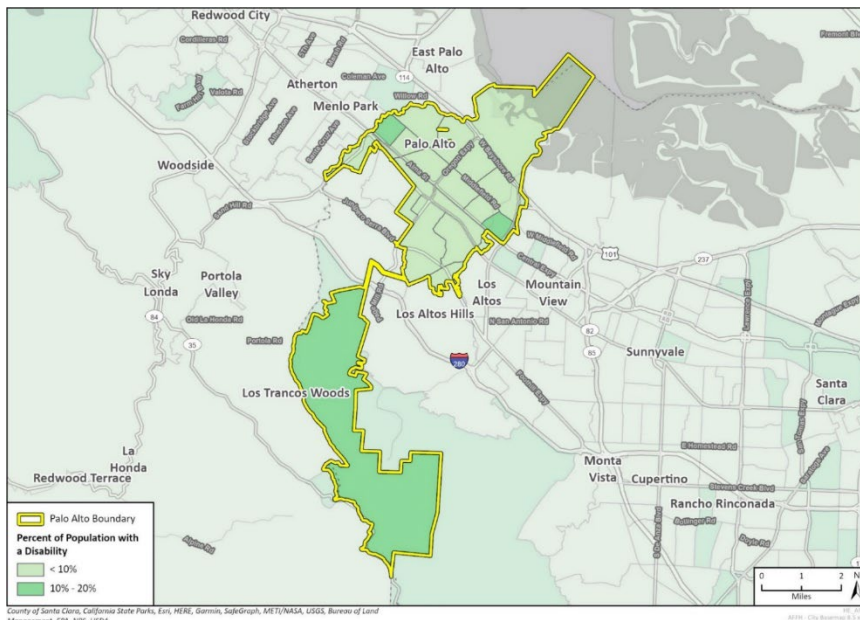
According to 2016-2020 ACS estimates, 7.7 percent of the Palo Alto population has a disability, similar to the regional rate. The vast majority of people living with disabilities are senior citizens. Of the total population living with a disability, 7 percent are 18 years or younger, 24 percent are between the ages of 18 and 64, and 69 percent are 65 years and older. Figure C-16 depicts the percentage of the population in Palo Alto with disabilities by census tract. With the exception of two census tracts, the majority of Palo Alto has low concentrations (less than 10 percent) of individuals with a disability. There has been very little change in the percentage of Palo Alto's population living with a disability since 2016 (2016 ACS Five-Year Estimates).

In Palo Alto, the racial and ethnic group with the highest rates of disability (17 percent) is American Indian / Alaskan Native. Black, white, and Native Hawaiian residents also had high rates of disability (between 14 and 11

percent). The lowest rates of disability are among the City’s Asian population.<sup>16</sup>

With a low percentage of the population living with a disability, and rates similar to the region, there is not a disproportionate need among this population in Palo Alto. The City recognizes that the population is aging therefore there may be more demand for housing for the persons with disabilities. Wilton Ct., a 59-unit affordable development, has 21 units for persons with developmental disabilities and is about to be occupied. Also, the City recently approved Mitchell Park Place, a 50 unit affordable housing development with 25 units set aside for persons with disabilities.

**Figure C-16 Population with a Disability (Palo Alto)**



Source: AFFH Data Viewer, 2021

## FAMILIAL STATUS

The FHA prohibits discrimination based on "familial status," which refers to the presence of at least one child under 18 years old. HUD provides examples of familial discrimination as (a) refusing to rent to families with children; (b) evicting families once a child joins the family through, e.g.,

<sup>16</sup> ACS Five-Year Estimates, 2020, Table S1810. [https://data.census.gov/table?q=S1810:+DISABILITY+CHARACTERISTICS&g=0100000U\\_1600000U\\_S0655282&tid=ACSST5Y2020.S1810](https://data.census.gov/table?q=S1810:+DISABILITY+CHARACTERISTICS&g=0100000U_1600000U_S0655282&tid=ACSST5Y2020.S1810)

birth, adoption, custody; (c) requiring families with children to live on specific floors or in specific buildings or areas; (d) imposing overly restrictive rules about children's use of the common areas (e.g., pools, hallways, open spaces); and (e) advertising that prohibits children. Familial status discrimination can occur when a landlord, property manager, real estate agent, or property owner treats someone differently because of the presence of one or more children under 18 years of age. All families with children are protected by the FHA against familial status discrimination, including single-parent households and same-sex couples with children.

Single-parent households are protected by fair housing law (Government Code Section 65583(a)(7)). Female-headed households with children require special consideration and assistance because of their greater need for affordable housing and accessible day care, health care, and other supportive services. Because of their relatively lower incomes and higher living expenses, single-parent households can have limited options for affordable, decent, and safe housing. As a result, single parents are considered to be among the groups most at risk of experiencing poverty.

In addition to barriers to fair housing for single-parent households, large families can also experience housing discrimination. HUD data shows that familial status discrimination ranks third in discrimination of protected classes, behind discrimination due to disability and race. While the language in federal law about familial status discrimination is clear, the guidelines landlords can use to establish occupancy can be vague. Landlords can create occupancy guidelines based on the physical limitations of the housing unit; therefore, landlords often impose occupancy limitations that can preclude large families with children.

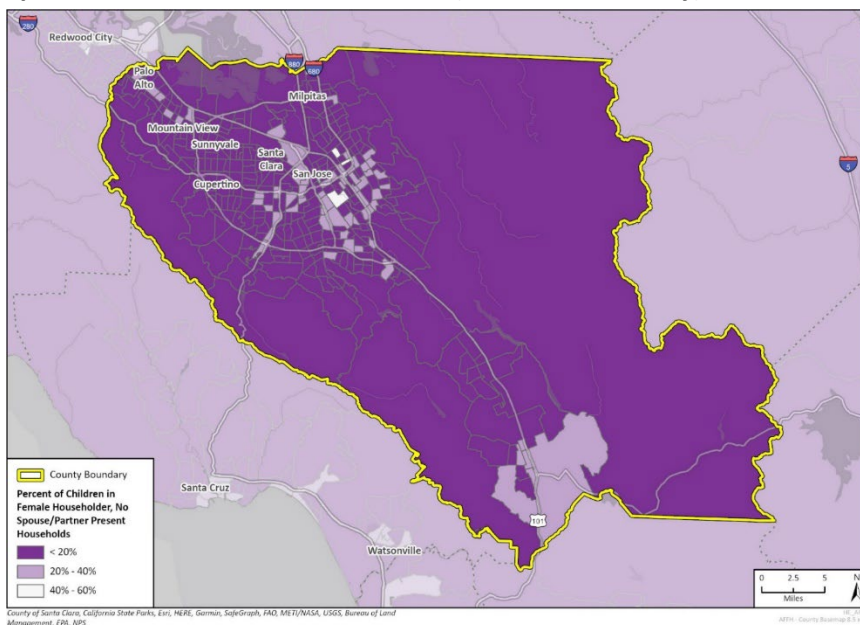
#### REGIONAL TRENDS

Approximately 36.5 percent of households in Santa Clara County are family households, or households with one or more children under the age of 18.

Approximately 57.1 percent of households regionally are married couple households and 26.9 percent of households regionally are married couples with at least one child under 18 years. Almost two percent of

households are cohabitating couples with at least one child under 18 years. Just over one percent of households are male-headed and have at least one child under 18 years, while 3.3 percent of households are female headed and have at least one child under 18 years. Figure C-17 shows the percent of children in female-headed households in the region. In most of the county, less than 20 percent of households are female headed with children. The highest concentrations of children living in female-headed households are in San José. Other areas with moderate concentrations are in the southwest part of the county, and near cities and near Stanford University.

**Figure C-17 Percent of Children in Female-Headed Households, No Spouse/Partner Present Households (Santa Clara County)**



Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

Similar to the region, approximately 34 percent of households in Palo Alto are family households, or households with one or more children under the age of 18. Approximately 55.5 percent of households locally are married couple households and 27.1 percent of households locally are married couples with at least one child under 18 years. Less than 1 (0.6) percent of households are cohabitating couples with at least one child

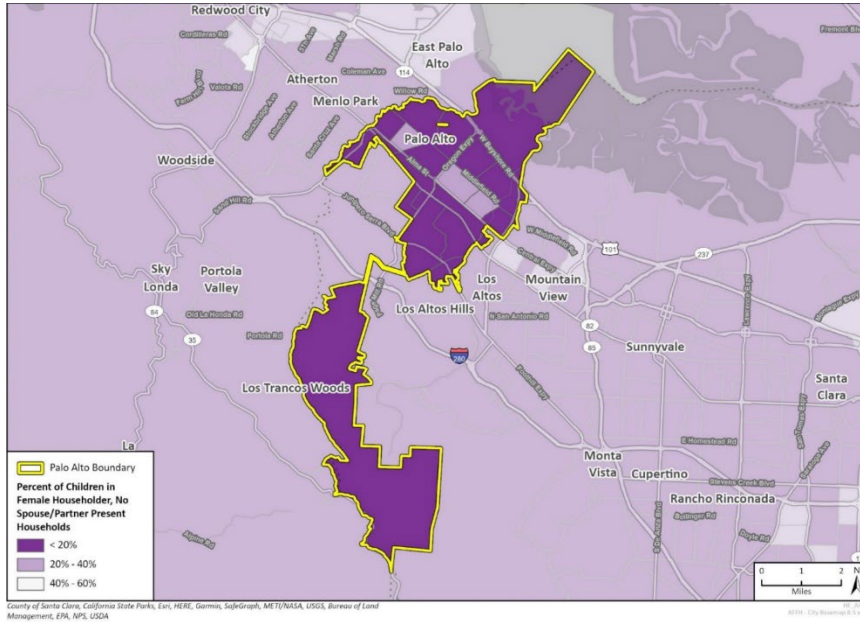
under 18 years. Almost two (1.8) percent of households are male-headed and have at least one child under 18 years, while 3.8 percent of households are female headed and have at least one child under 18 years. Generally, the family status in Palo Alto reflects the broader County, though Palo Alto has slightly higher rates of male and female householders living alone and households 65 years and older.

Figure C-18 shows the percent of children in female-headed households in Palo Alto. Most census tracts in Palo Alto score in the 0 to 20 percent range, with three census tracts centrally located in Palo Alto scoring in the 20 to 40 percent range. The majority of census tracts in Palo Alto score in the 80 to 100 percent for children in married couple households. Figure C-19 shows the percent of population over age 18 in households living with spouse. The majority of census tracts score within the 40 to 60 and 60 to 80 percent range for 18 years and over in households living with spouse. Most census tracts consist of 0 to 20 percent adults living alone, with three census tracts located near to Stanford University scoring in the 20 to 40 percent, likely due to the high student population. In the eastern census tract adjacent to the Bay, a high percentage of the population over 18 is living with a spouse. This census tract has low population density and is partially in the city of Mountain View; therefore, the population residing in this tract is not a reflection of Palo Alto residents alone.

Census tracts with a high percentage of female-headed households with children area also those census tracts that are more racially and ethnically diverse and higher percentages of lower-income households (Figure C-12 and Figure C-22).

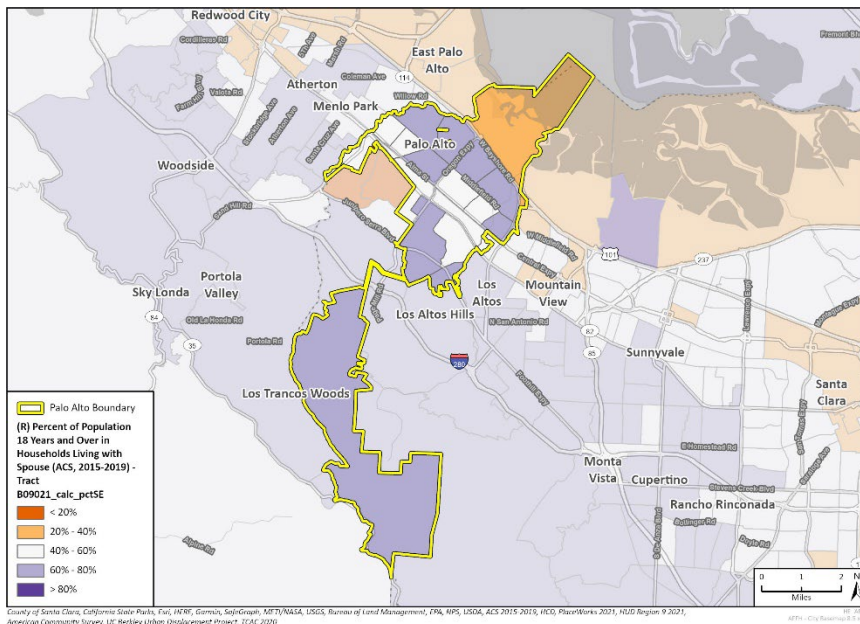


**Figure C-18 Percent of Children in Female-Headed Households, No Spouse/Partner Present Households (Palo Alto)**



Source: AFFH Data Viewer, 2021

**Figure C-19 Percent of Population 18 Years and Over in Households Living with Spouse (Palo Alto)**



Source: AFFH Data Viewer, 2021



## HOUSEHOLD INCOME

Identifying low- or moderate-income (LMI) geographies and individuals is important to overcome patterns of segregation. HUD defines a LMI area as a census tract or block group where over 51 percent of the population is LMI (based on HUD income definition of up to 80 percent of the AMI). Household income is directly connected to the ability to afford housing. Higher-income households are more likely to own rather than rent their homes. As household income decreases, households tend to pay a disproportionate amount of their income for housing and the number of persons occupying unsound and overcrowded housing increases.

### REGIONAL TRENDS

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the state.<sup>17</sup>

Based on 2016-2020 ACS 5-year estimates, the annual median income (AMI) in Santa Clara County is \$130,890, however the AMI varies by census tract. About 40 percent (41.4) of households in the County have an annual income of \$99,000 and below.

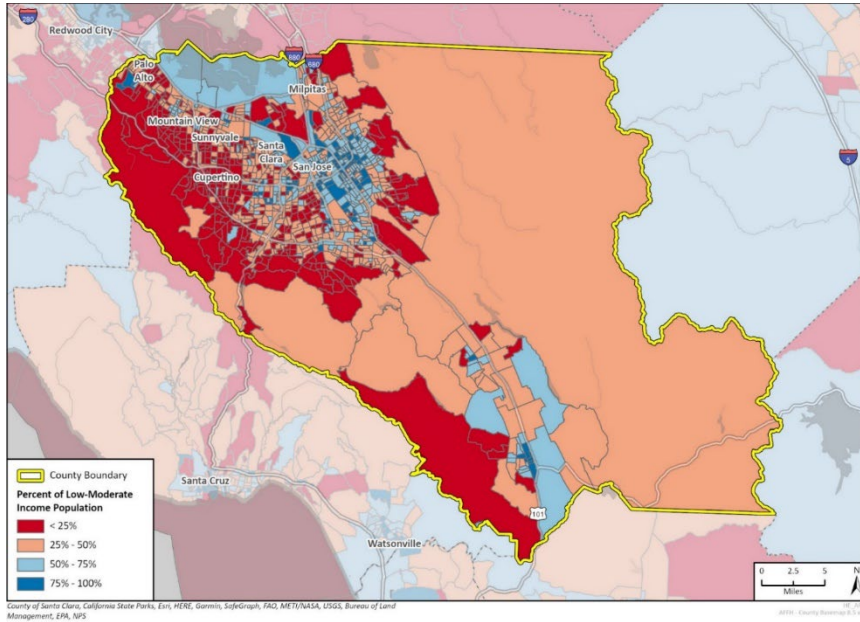
Figure C-20 shows the percentage of LMI households by census tract. LMI populations are the most concentrated in the city of San José, with high concentrations also in Santa Clara and census tracts adjacent to the Bay.

Figure C-21 shows the median annual household income in Santa Clara County. The city of San José has the highest concentration of households with an annual income below \$55,000.

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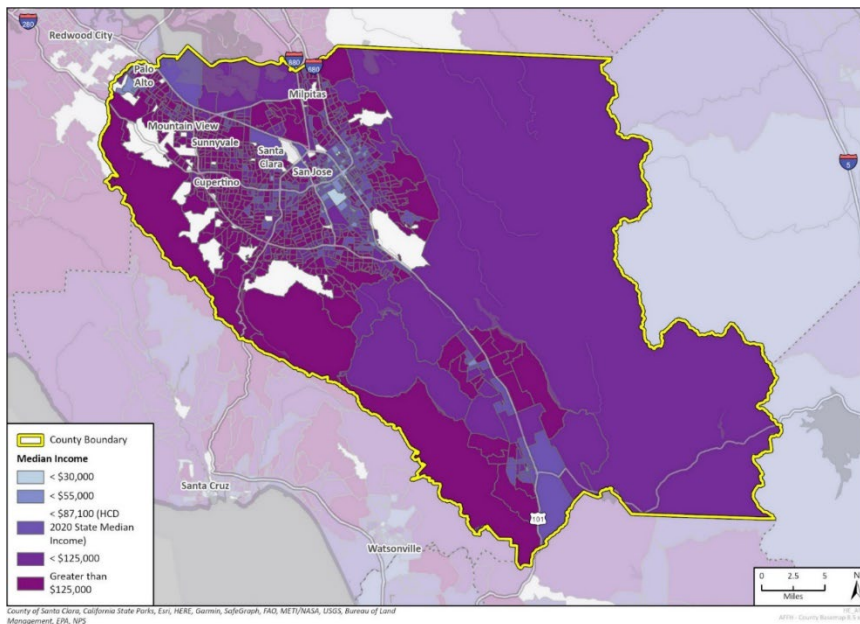
<sup>17</sup> Bohn, S.et al. 2020. Income Inequality and Economic Opportunity in California. Public Policy Institute of California.

**Figure C-20 Low to Moderate Income Populations (Santa Clara County)**



Source: AFFH Data Viewer, 2021

**Figure C-21 Median Household Income (Santa Clara County)**



Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

In Palo Alto, 73.3 percent of households had an annual income of \$75,000 and over, which is 4.5 percent higher than the broader region. The median household income in Palo Alto is \$174,003.<sup>18</sup> Compared to the County, Palo Alto has a higher percentage of households in the lowest and highest income brackets, while the broader region has a higher concentration of households in the middle brackets. This indicates a higher level of income disparity in Palo Alto compared to the broader region. The high cost of market rate housing in Palo Alto generally only accommodates higher-income households on the one hand, while the availability of below-market rate subsidized housing accommodates lower income households. The middle-income bracket is comparatively small because those households cannot afford market-rate housing and do not qualify for below-market rate housing.

A detailed summary of household type and local income trends, as well as a discussion on the housing problems that can be related to these trends, is provided in Chapter 2 Housing Needs Assessment.

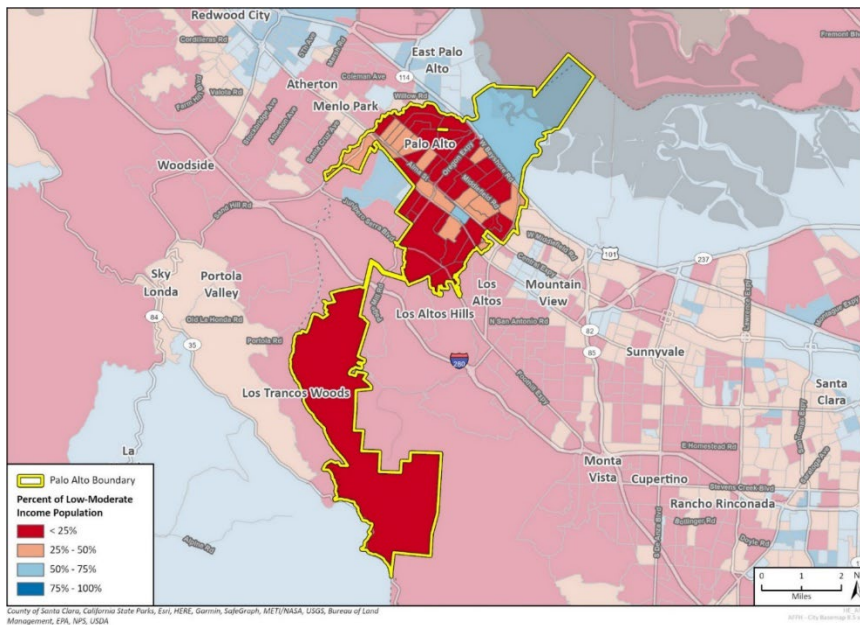
Figure C-22 shows the percentage of LMI households by census tract in Palo Alto. The majority of census tracts in Palo Alto are comprised of 0 to 25 percent LMI households. Three census tracts in, or partially within, Palo Alto are comprised of 25 to 50 percent LMI households, and those census tracts roughly correlate with the parts of the city where multifamily land uses are allowed (City of Palo Alto, Comprehensive Plan Map L-6). One census tract, located adjacent to the Bay, has 50 to 75 percent LMI households, and is primarily commercial and industrial land uses, containing only a small number of residences (the population of this Census tract is 1,031, according to the 2020 Census, making up only 1.5 percent of the city's population). The southeastern section of this tract is in the city of Mountain View; therefore, the population residing in this tract is not a reflection of Palo Alto residents alone. Another census tract corresponds to a portion of the Ventura neighborhood, which is also one the city's more racially and ethnically diverse neighborhoods. Fair

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<sup>18</sup> ACS 2020 5-year survey, table DP03  
[https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP03&g=0400000US06\\_1600000US06552](https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP03&g=0400000US06_1600000US06552)  
82

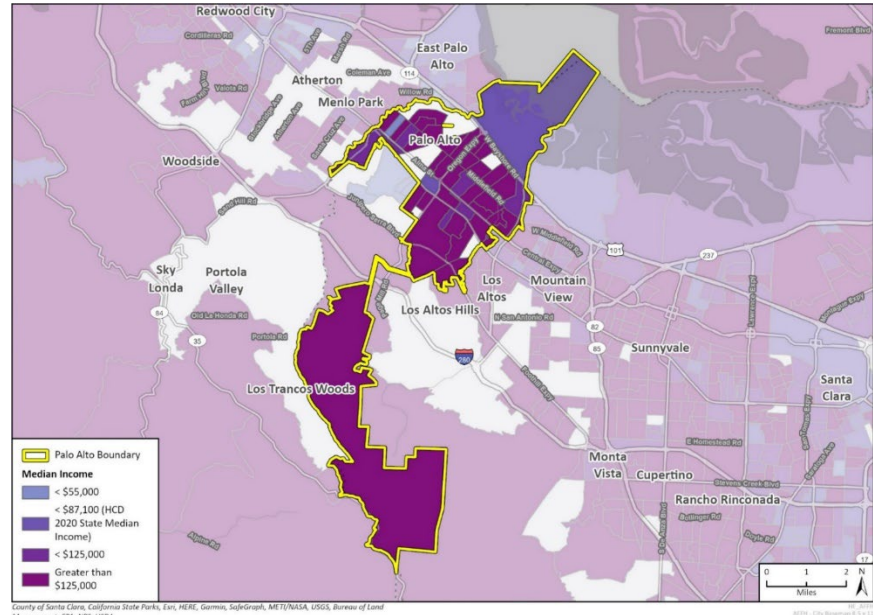
Housing Program 6.6 calls for specific outreach in this neighborhood. According to the City, this area has a higher number of rental units in this neighborhood. The analysis has shown that renters typically have lower incomes than homeowners. There is some overlap between census tracts with high proportions of LMI households and census tracts with higher proportions of non-white population; in particular, this is true of census tracts just southwest of Highway 101 and the southern end of Alma Street (Figure C-8). Figure C-23 below shows the median household income in Palo Alto. The majority of census tracts have a median household income of greater than \$100,000. Six census tracts within or partially within Palo Alto have a median income of \$80,000 to \$100,000. The part of the city southwest of Highway 280 is primarily open space, with limited large-lot, single-family development. This census tract is in the highest income bracket, with the lowest percentage of LMI households.

**Figure C-22 Low to Moderate Income Population (Palo Alto)**



Source: AFFH Data Viewer, 2021

**Figure C-23 Median Household Income (Palo Alto)**



Source: AFFH Data Viewer, 2021

## C.4 RACIALLY AND ETHNICALLY CONCENTRATED AREAS OF POVERTY

Racially or Ethnically Concentrated Areas of Poverty (R/ECAP), as defined by HUD, are neighborhoods in which there are both racial concentrations and high poverty rates. Households within R/ECAP tracts frequently represent the most disadvantaged households within a community and often face a multitude of housing challenges. R/ECAPs are meant to identify places where residents may have historically faced discrimination and continue to be challenged by limited economic opportunity. HUD defines Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) as:

- A census tract that has a non-White population of 50 percent or more (majority-minority) or, for non-urban areas, 20 percent, AND
- A census tract where the percentage of individuals living in households with incomes below the poverty rate is either 40 percent or three times the average poverty rate for the metropolitan area, whichever threshold is lower.

Despite the repeal of explicitly racist and discriminatory housing laws, there remains a lasting legacy of segregation and resource disparity. Housing choice is often limited for persons of protected classes, including communities of color, to segregated concentrated areas of poverty. Countywide, poverty and segregation work to exacerbate existing impediments such as concentrations of lower- and moderate-income populations, lending discrimination, and overcrowded conditions.

#### REGIONAL TRENDS

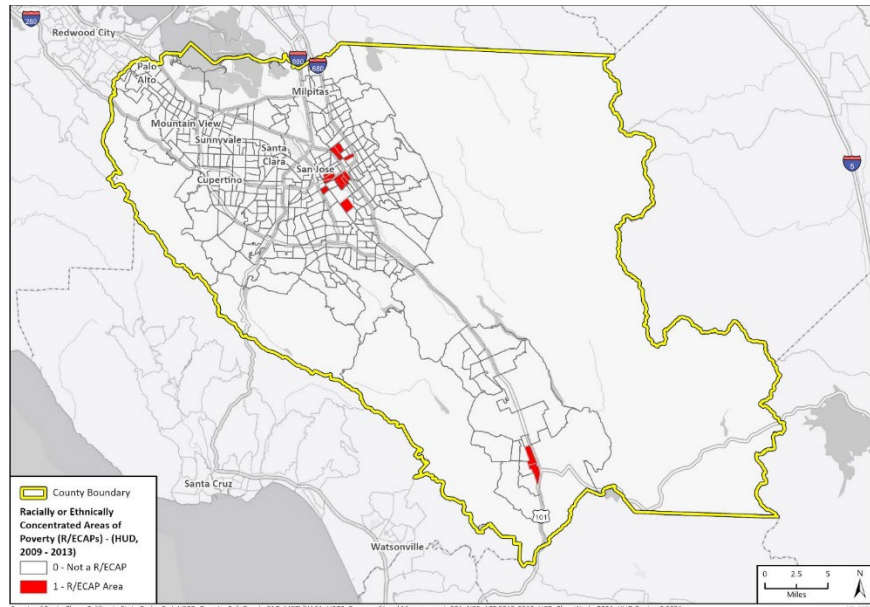
Figure C-24 below shows the areas of high segregation and poverty in Santa Clara County. There are a total of 12 census tracts which qualify as R/ECAPs, all located in the City of San José.

The region also contains census tracts that do not qualify as a R/ECAP but contain either high levels of poverty or segregation. Census tracts with high percentages of households living in poverty are concentrated in San José, Santa Clara, East Palo Alto, and Stanford University.

Census tracts in southeast San José and Cupertino have a predominant percentage of Asian community members. Census tracts in East Palo Alto and San José have a predominant percentage of Hispanic community members. No census tracts in the region have a predominant percentage of either African American or Native American community members.



**Figure C-24 Racially or Ethnically Concentrated Areas of Poverty (Santa Clara County)**



Source: AFFH Data Viewer, 2021

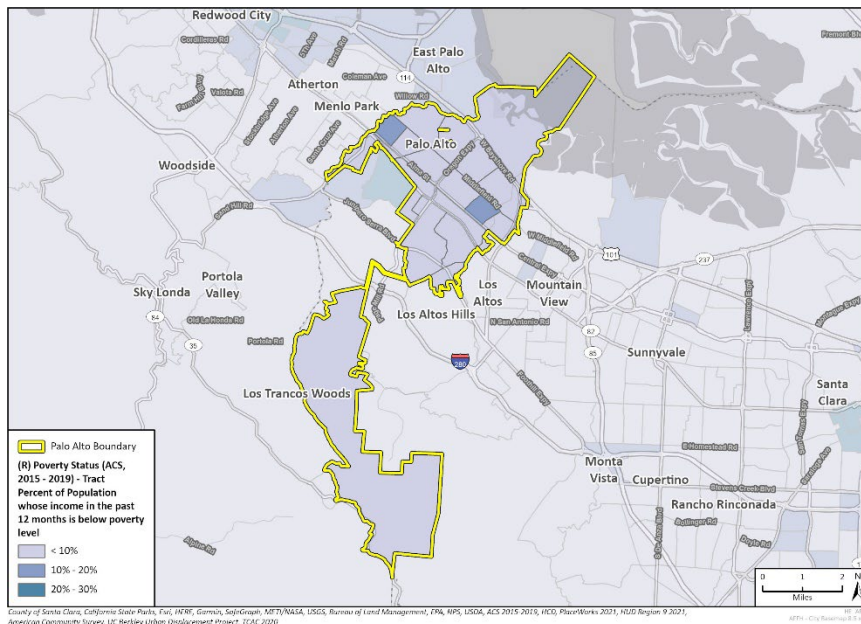
LOCAL TRENDS

Areas of high segregation and poverty are not present within the City of Palo Alto. Therefore, Palo Alto does not have census tracts that meet the HUD definition of RECAPs. However, Palo Alto does have census tracts with populations that experience poverty and segregation. According to ACS data displayed in Figure C-25, no census tracts in Palo Alto are predominantly populations with an income below the poverty line. However, two census tracts within or partially within the city have 10 to 20 and 20 to 40 percent of the population with an income below the poverty line. One census tract is located adjacent or near Stanford University, which may reflect the incomes of the student and staff population. The other census tract includes the Fairmeadow neighborhood around Mitchell Park, which includes seniors on fixed incomes, who are likely driving the lower-income demographic. This includes both an established single-family neighborhood with long-time owners and now empty nesters, some of whom have converted their homes to accommodate elderly boarders in need of short-term care. The neighborhood also includes an affordable senior housing development



which represents a substantial portion of the population and contributes to the lower incomes in this area. These latter residents already enjoy access to permanent affordable housing and on-site services; no additional programs are proposed. Palo Alto has no census tracts that are predominantly Asian, Hispanic, African American, or Native American.

**Figure C-25 Poverty Status (Palo Alto)**



Source: AFFH Data Viewer, 2021

Throughout the city, poverty levels are higher among the city’s Hispanic (17 percent) and American Indian / Alaskan Native (15 percent) populations. The lowest poverty levels are lowest among the African American (5 percent) and white (4 percent) populations. (2019 ACS Five-Year Estimates)

### RACIALLY/ETHNICALLY CONCENTRATED AREAS OF AFFLUENCE

While RECAPs have long been the focus of fair housing policies, racially concentrated areas of affluence (RCAs) must also be analyzed to ensure housing is integrated, a key to fair housing choice. According to a policy paper published by HUD, RCA is defined as affluent, white

communities.<sup>19</sup> According to HUD's policy paper, white individuals are the most racially segregated group in the United States and in the same way neighborhood disadvantage is associated with concentrated poverty and high concentrations of people of color, conversely, distinct advantages are associated with residence in affluent, white communities. Because RCAAs have not been studied extensively nor has a standard definition been published by HCD or HUD, this fair housing assessment uses the percent white population and median household income as proxies to identify potential areas of affluence.

As defined by the HCD AFFH Data Viewer, an RCAA is identified if it meets both of the following:

1. Census tracts that are comprised of 1.25 times more white individuals than the general population within the Council of Governments (COG) region.
2. Census tracts that have a median income that is 1.5 times the median income of the COG region or 1.5 times the State AMI, whichever is lower.

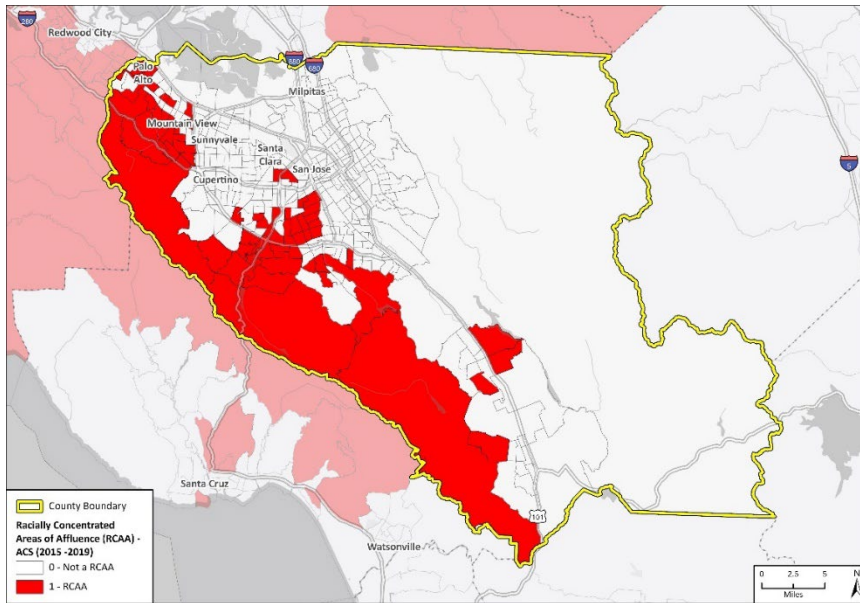
#### REGIONAL TRENDS

Within Santa Clara County, RCAAs are concentrated in the cities of Los Altos and Los Gatos, with some census tracts in Palo Alto, Campbell, and San Jose also qualifying. Figure C-26 shows the racially concentrated areas of affluence throughout the County.

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<sup>19</sup> Goetz, Edward G., Damiano, A., & Williams, R. A. (2019) Racially Concentrated Areas of Affluence: A Preliminary Investigation.' Published by the Office of Policy Development and Research (PD&R) of the U.S. Department of Housing and Urban Development in Cityscape: A Journal of Policy Development and Research (21,1, 99-123).

**Figure C-26 Racially Concentrated Areas of Affluence (Santa Clara County)**

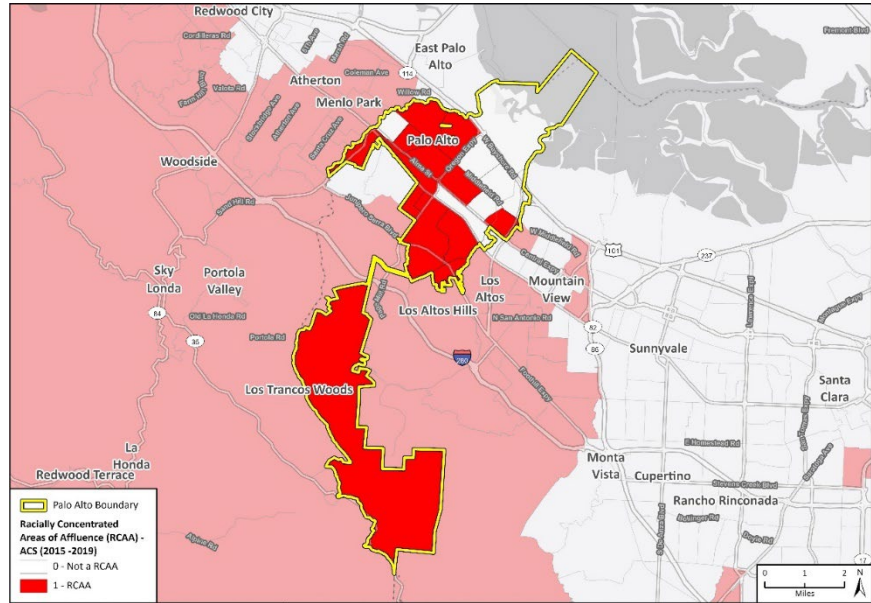


Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

In the City of Palo Alto, there are ten census tracts that qualify as RCAAs. There is no clear geographic pattern to the location of these tracts. Figure C-27 shows the racially concentrated areas of affluence throughout the City. Tracts that are not considered RCAAs have previously been identified as tracts or block groups with larger populations of persons below the poverty level, LMI households, racial/ethnic minority populations, and lower median incomes (see Figure C-10, Figure C-11, Figure C-12, Figure C-22, Figure C-23, Figure C-25). This includes areas near Stanford University, which reflects the student and staff population, as well as the Ventura neighborhood which has historically been a more diverse neighborhood with a larger renter population. Program 6.6 describes targeted fair housing strategies.

**Figure C-27 Racially Concentrated Areas of Affluence (Palo Alto)**



Source: AFFH Data Viewer, 2021

## LIMITED ENGLISH PROFICIENCY

### REGIONAL TRENDS

In the region, Spanish-speaking limited English proficiency (LEP) residents are relatively concentrated in the east side of San José, Morgan Hill, Gilroy, and Hollister. Vietnamese-speaking LEP residents are relatively concentrated on the east side of San José and in Milpitas. Chinese-speaking LEP residents are relatively concentrated in Cupertino, west San José, and southern Sunnyvale. Tagalog-speaking LEP residents are relatively concentrated on the east side of San José but are less heavily concentrated than LEP residents who primarily speak Spanish, Vietnamese, and Chinese. Korean-speaking LEP residents are somewhat concentrated in Cupertino and west San José but are also less heavily concentrated than most other LEP groups.

### LOCAL TRENDS

There are no significant concentrations of LEP communities in the city, and as stated in the Chapter 2, Housing Needs Assessment, Four percent

of the City's population overall speaks English as a second language, compared to nine percent of the County's population.

In Palo Alto, Spanish-speaking LEP individuals are slightly concentrated in the southern portion of the city. Russian-speaking LEP individuals are slightly concentrated in the eastern portion of the city. There are disconnected areas of concentration of Korean-speaking LEP individuals in the northwestern and eastern portions of the city. Japanese- and Chinese-speaking LEP individuals do not appear to be highly concentrated in the city.

## **C.5 DISPARITIES IN ACCESS TO OPPORTUNITY**

Within the context of fair housing assessments, access to opportunity is a concept that approximates place-based characteristics and its influence over critical life outcomes. Access to opportunity often means both improving the quality of life for residents of low-income communities, as well as supporting mobility and access to “high resource” neighborhoods. Specifically, access to opportunity is centered around access to education, employment, economic development, safe and decent housing, low rates of violent crime, transportation, recreation, food, and healthy environment (including clean air and water, safe neighborhoods, safety from environmental hazards, and access to social services and cultural institutions).

Since 2017, the California Fair Housing Task Force has provided research, evidence-based policy recommendations and other strategic recommendations to HCD and other state agencies to further fair housing goals. Part of this research involves opportunity mapping. Areas of opportunity are places that provide resources people need to thrive, including education, quality employment, transportation, and low poverty.

The most recent opportunity maps (known as TCAC/HCD Opportunity Maps) were adopted in December of 2020. Table C-5 lists the indicators that were used by the Fair Housing Task Force to determine the opportunity level by census tract as well as an indicator score (0-100) for each category.

TABLE C-5 TCAC/HCD OPPORTUNITY MAP INDICATORS		
Category	Indicator	Description
Economic	Poverty	Percent of population with income above 200% of federal poverty line
Economic	Adult Education	Percent of adults with a bachelor’s degree or above
Economic	Employment	Percent of adults ages 20-64 who are employed
Economic	Job Proximity	Number of jobs filled by workers with less than a BA that fall within a given radius of each census tract population
Economic	Median Home Value	Value of owner-occupied units
Education	Math & Reading Proficiency	Percent of 4th graders who meet proficiency standards
Education	High School Graduation Rates	Percent of high school cohort that graduated on time
Education	Student Poverty Rate	Percent of students not receiving free or reduced-price lunch
Environmental	CalEnviroScreen 3.0 indicators	Indicators such as Ozone, PM2.5, drinking water – the higher the index score, the greater the exposure

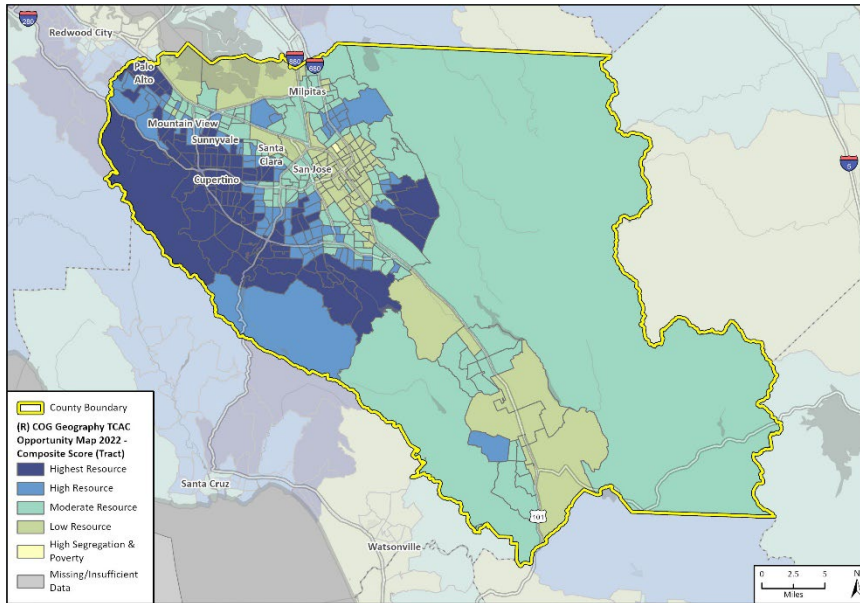
#### OPPORTUNITY AREA COMPOSITE SCORE

The TCAC/HCD Opportunity Maps present a composite score which combines all categories of indicators (economic, educational, environmental) and categorize areas from lowest to highest resource.

#### REGIONAL TRENDS

In Santa Clara County, the highest-resource areas are the cities west of Interstate 280 and Highway 85. Mountain View, Santa Clara, and San Jose have low- and moderate-resource areas. Morgan Hill and Gilroy are primarily moderate resource. Figure C-28 shows opportunity areas in Santa Clara County.

**Figure C-28 TCAC Opportunity Areas (Santa Clara County)**



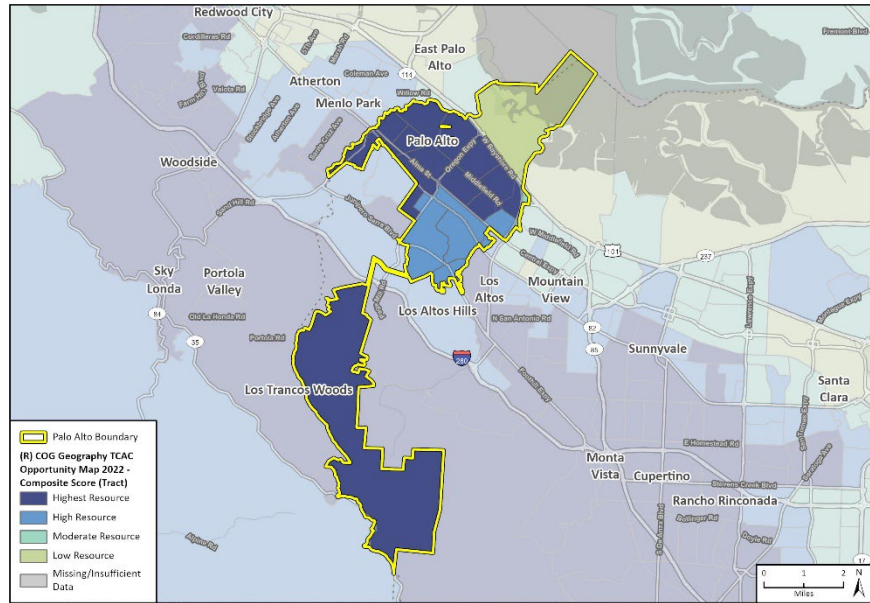
Source: AFFH Data Viewer, 2021

**LOCAL TRENDS**

Palo Alto is almost entirely high or highest resource. The lowest-resource census tract is the far eastern tract, adjacent to the Bay, with low population density, primarily commercial and industrial uses, and partially within the city of Mountain View, so it is not reflective of Palo Alto more generally. Figure C-28 shows opportunity areas in Palo Alto.



**Figure C-29 TCAC Opportunity Areas (Palo Alto)**



Source: AFFH Data Viewer, 2021

## TRANSIT

Access to public transit is of paramount importance to households affected by low incomes and rising housing prices. Public transit agencies should strive to link lower-income persons, who are often dependent on transit, to major employers where job opportunities exist. Access to employment via public transportation can reduce welfare usage and increase housing mobility, which enables residents to locate housing outside of traditionally low-income neighborhoods.<sup>20</sup> The lack of a relationship between public transit, employment opportunities, and affordable housing may impede fair housing choice.

## REGIONAL TRENDS

Mass transportation in Santa Clara County includes city and regional bus systems, heavy rail, and light rail. These include:

<sup>20</sup>Ong, Paul and Evelyn Blumenberg, “Job Accessibility and Welfare Usage: Evidence from Los Angeles.” UCLA Department of Policy Studies, (1998)

- Bay Area Rapid Transportation (BART): A heavy-rail public transit system that connects the San Francisco Peninsula with communities in the East Bay and South Bay. BART service currently extends as far as Millbrae, Richmond, Antioch, Dublin/Pleasanton, and Berryessa/North San José. BART operates in five counties (San Francisco, San Mateo, Alameda, Contra Costa, and Santa Clara) with 131 miles of track and 50 stations.
- Caltrain: Commuter rail service along the San Francisco Peninsula, through the South Bay to San José and Gilroy.
- Santa Clara Valley Transportation Authority (VTA): Light rail and shuttle services throughout the county, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, Saratoga, and Sunnyvale.
- Capitol Corridor: An intercity passenger train system that provides a convenient alternative to traveling along the congested I-80, I-680, and I-880 freeways by operating fast, reliable and affordable intercity rail service to 18 stations in 8 Northern California counties: Placer, Sacramento, Yolo, Solano, Contra Costa, Alameda, San Francisco, and Santa Clara, a 170-mile rail corridor.

AllTransit is an online database that provides details on transit opportunity throughout the United States. The website explores metrics that reveal the social and economic impact of transit, specifically looking at connectivity, access to jobs, and frequency of service. According to AllTransit, the County as a whole has a transportation score of 6.5, indicating moderate combination of trips per week and number of jobs accessible, and enabling a moderate number of people to take transit to work. Higher access is concentrated centrally and along Caltrain and BART routes, while the outskirts of the County receive lower scores.

Additionally, according to Healthy Places Index, low access to an automobile is concentrated in the city of San José, as well as in Mountain View, Sunnyvale, and Stanford. High rates of commute by transit,

walking, or cycling are concentrated in similar regions of San José, Mountain View, Sunnyvale, and Stanford, as well as Palo Alto.<sup>21</sup>

#### LOCAL TRENDS

Palo Alto is served by several transportation networks. Public transit options include the regional Caltrain system and local bus providers:

- Caltrain: Operates frequent trains up and down the Peninsula between San Francisco and San José. Caltrain has two stops in Palo Alto: the *Palo Alto* station and the *California Avenue* station.
- Free Stanford Marguerite shuttle bus network: Marguerite is free and open to the public – no ID is required. The main shuttle lines traverse the campus Monday through Friday all year (except university holidays). Evening and weekend service are available from mid-September to mid-June with Line OCA. Marguerite shuttle service is also available for mid-day service from the Redwood City Caltrain station to Stanford Redwood City. All buses are wheelchair-accessible and have bike racks.
- Santa Clara Valley Transportation Authority (VTA) buses: VTA provides services throughout the Santa Clara, including Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San José, Santa Clara, Saratoga and Sunnyvale.
- Avenidas Door-to-Door ride service: A community-based nonprofit organization, Avenidas, serves the San Francisco Bay Area mid-Peninsula communities of Palo Alto, East Palo Alto, Stanford, Menlo Park, Los Altos, Los Altos Hills, Atherton, Portola Valley, Woodside, and Mountain View. They provide free delivery of groceries, prescriptions, and essential toiletries and rides to medical appointments at a cost ranging from \$15-20.

According to Alltransit, Palo Alto receives a score of 7.1, which is slightly higher than Santa Clara County. This indicates a very good combination of transit trips taken per week, and a number of jobs accessible within

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<sup>21</sup> <https://alltransit.cnt.org/metrics/?addr=palo+alto#quality>.

the city, enabling many people to take transit to work. Approximately 98 percent of households live within a half mile of public transportation in the city.

Census tracts adjacent and near the Bay receive lower performance scores, indicating that those portions of the city have less access to jobs and access via frequent public transportation services.<sup>22</sup> However, the census tracts along the Bay, east of Highway 101, are primarily composed of commercial uses and only a small number of residences within the City of Palo Alto (a portion of the census tract is in the City of Mountain View). The lower income census tracts, including areas around Stanford University and the Ventura neighborhood have access to services, transit, and employment, based on their location along key corridors and near Downtown and California Avenue commercial districts.<sup>[66]</sup> All of the nine affordable housing projects in the city, funded by the Low-Income Housing Tax Credit (LIHTC) program, are located within a half mile of a transit stop.

According to the Healthy Places Index, access to a car varies across the city, with lower access concentrated near Stanford University and Downtown Palo Alto, as well as in census tracts adjacent to the Caltrain line, which runs next to Alma Street. About 22 percent of workers (16 years and older) commute to work by transit, walking, or cycling, which is in the 98<sup>th</sup> percentile compared to the rest of California.

## EDUCATION

For many low-income families, housing and education are inextricably linked. When families are relegated to segregated, low-opportunity areas, chances are they are farther away from high-performing schools with resources to help their children succeed. This section provides an overlapping analysis of where different racial/ethnic groups live and how that impacts their ability to access proficient schools throughout Santa Clara County, and the city of Palo Alto.

The analysis in this section is based on a combination of data sources. The tables represent the HUD School Proficiency index which compares the

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<sup>22</sup> <https://alltransit.cnt.org/metrics/?addr=palo+alto#quality>.

4th grade test scores of elementary schools to the neighborhoods they live in or near, to block-group level census data to determine which neighborhoods have access to proficient schools. Values range from 0 to 100, where a higher score represents higher quality school systems. This data is then broken down by race and ethnicity. In addition to HUD, the California Department of Education provides detailed data on both school districts and individual schools via their Dashboard tool. This analysis will look at portions of this data as it relates to protected classes in the participating jurisdictions, including overall ratings of schools, graduation rates, and school discipline rates.

#### REGIONAL TRENDS

According to Kidsdata.org, an online data tool that provides more than 750 different measures of children’s health and well-being, in Santa Clara County, 35.6 percent of households with school-aged children experienced high housing cost burden,<sup>23</sup> and 1.6 percent of public-school students were homeless in 2018.<sup>24</sup> Furthermore, approximately 8.3 percent of all households with children present within the County of Santa Clara are living in poverty. Fourteen (13.6) percent of households with children living in poverty were African American/Black, and 15.3 percent were Hispanic.

Approximately 88 percent of individuals in the San José, Sunnyvale, Santa Clara Metro Area have a high school degree and 51.5 percent have a bachelor’s degree.

Countywide, Asian or Pacific Islander residents have the most access to proficient schools with a score of 82.53, followed closely (roughly five points) by white students. Hispanic residents have the least access to proficient schools, with a school proficiency index of just 51.88. Native American and Black residents are somewhere between, with scores of 62.46 and 68.99, respectively.

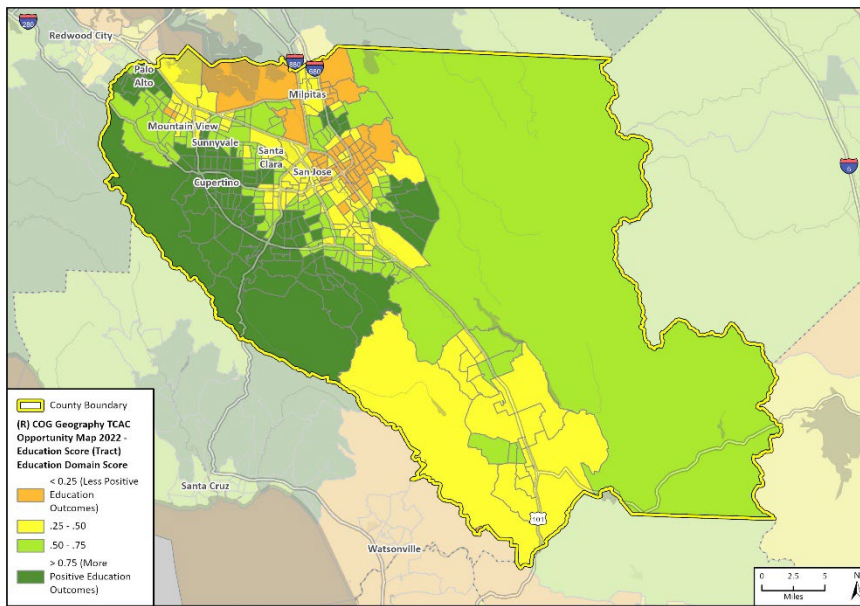
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<sup>23</sup> Cost burden refers to the estimated percentage of households that spend at least 30% of household income on rent or mortgage payments, taxes, insurance, utilities, and other related housing costs.

<sup>24</sup> Population Reference Bureau, analysis of U.S. Census Bureau, American Community Survey summary files and public use microdata (Dec. 2019).

According to TCAC maps of Education Outcomes in Palo Alto, the cities of Palo Alto, Mountain View, Santa Clara, and Milpitas have higher education outcomes, while San José has lower outcomes. Figure C-30 shows the TCAC opportunity areas for education throughout the County. Figure C-31 below shows the educational attainment percentages by region compared to the city of Palo Alto.

**Figure C-30 TCAC Opportunity Areas – Education (Santa Clara County)**



Local Trends Source: AFFH Data Viewer, 2021

The Palo Alto Unified School district is a K-12 district serving the city. Of the almost 12,000 students enrolled, 10.4 percent are classified as socioeconomically disadvantaged and 10.2 percent are classified as English as a Second Language (ESL) students. Most residents across all racial groups have good access to proficient schools, evidenced by all racial groups scoring in the 90s on the School Proficiency Index (Table C-6). The range of scores between racial groups is just about three points, showing that there do not appear to be significant disparities in access to proficient schools across racial groups. Of the population 25 years and over in the City of Palo Alto, 97.4 percent has received a high school degree or higher, and 87.8 percent has received a bachelor’s degree or higher.

Though the district maintains a high overall graduation rate of 95.4 percent, there are disparities among racial groups. Asian students graduate at 98.2 percent and white students graduate at 96.7 percent, yet Hispanic students graduate at only 83.2 percent and 88.9 percent of Black students graduate. Students with disabilities have a graduation rate of 82 percent, and socioeconomically disadvantaged students graduate at a rate of 88 percent. Overall, the school district also has a low suspension rate of 0.9 percent, but the racial disparities are significant. Only 0.4 percent of Asian students and 0.7 percent of white students were suspended in the last year, yet 2.1 percent of Hispanic students, 2.9 percent of Pacific Islander students, and 6.7 percent of Black students were suspended.

According to Kidsdata, 31.1 percent of households with school-aged children experienced high housing cost burden, and 0.46 percent of public-school students were homeless in 2018.<sup>25</sup> Poverty by race data were not available due to the small number of students.

According to TCAC maps of Education Outcomes in Palo Alto (Figure C-32), the majority of the city has more positive education outcomes, with the exception of the census tract east of Highway 101. As described in Opportunity Area Composite Score, this census tract is unique compared to others in the city because it has considerably lower population density, according to the 2020 Census, and is partially in Mountain View city limits. Therefore, the population residing in this tract is not a reflection of Palo Alto residents more generally.

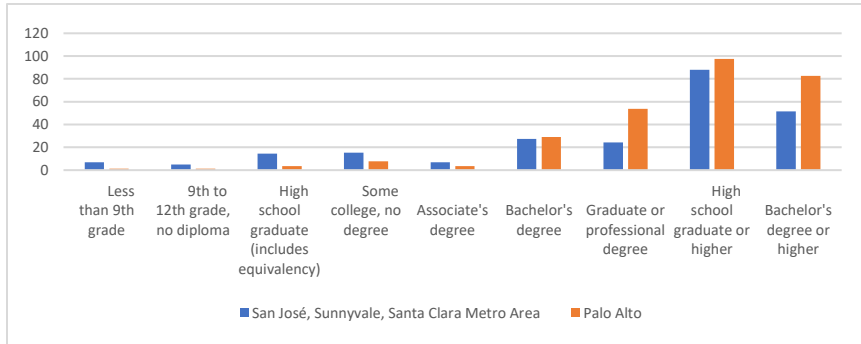
TABLE C-6 SCHOOL PROFICIENCY INDEX	
Race/Ethnicity	School Proficiency Index Score
White, Non-Hispanic	93.00
Black, Non-Hispanic	92.86
Hispanic	92.14
Asian or Pacific Islander, Non-Hispanic	93.46
Native American, Non-Hispanic	91.37

Source: Santa Clara County Draft Assessment of Fair Housing

<sup>25</sup> <https://www.kidsdata.org/>

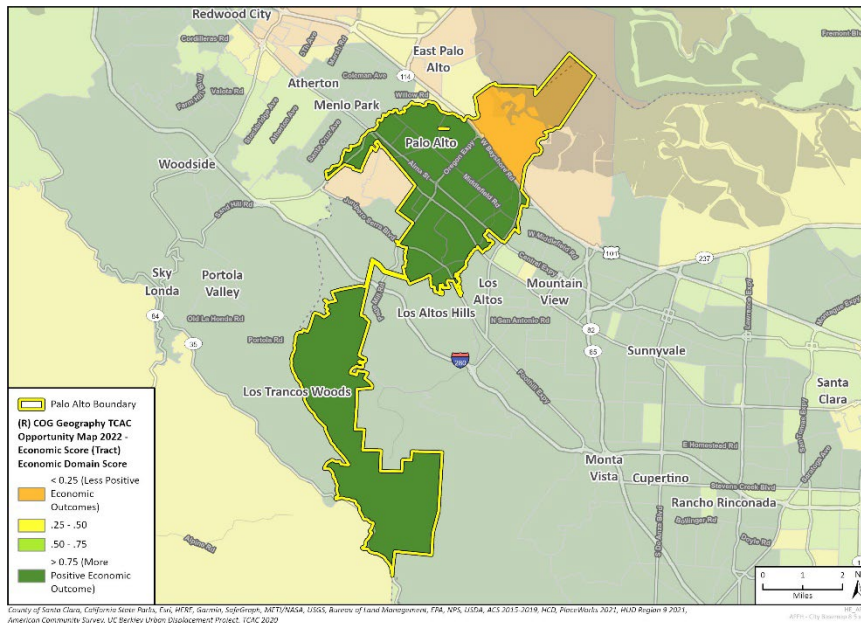


Figure C-31 Educational Attainment Percentages (Regional Comparison)<sup>26</sup>



Source: 2019 ACS 5-Year Estimates, Table DP02

Figure C-32 TCAC Opportunity Areas – Education Outcomes (Palo Alto)



Source: AFFH Data Viewer, 2021

26

[https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP02&g=0400000US06\\_1600000US06552](https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP02&g=0400000US06_1600000US06552)  
82

#### *VOLUNTARY TRANSFER PROGRAM*

Palo Alto Unified is also part of a state desegregation program called Tinsley. The Tinsley program encompasses eight districts in San Mateo and Santa Clara County that bus minority students from the Ravenswood School District in East Palo Alto and East Menlo Park to attend one of the eight districts. The program aims to:

- Reduce the racial isolation of students of color in the Palo Alto, Ravenswood, and other San Mateo County School Districts
- Improve educational achievement of Ravenswood students
- Enhance inter-district cooperation

PAUSD has approximately 535 students from the Ravenswood School District. Services provided as part of the order include transportation to PAUSD schools and full residents' rights. Tinsley student demographics indicate that 66 percent are enrolled in the free and reduced lunch program, 35 percent are English Language Learners, and less than 1 percent are registered with Foster Youth of McKinney Vento.<sup>27</sup>

#### ECONOMIC AND EMPLOYMENT

Housing opportunities are directly related to economic outcomes. Access to high-quality employment close to desired and affordable housing results in more housing opportunities and shorter commute times. The analysis for economic opportunities uses TCAC economic indicators, employment participation data from the ACS and the HUD Jobs Proximity Index.

TCAC economic opportunities are measured by census tract and consider poverty (the percent of the population with an income above 200 percent of the federal poverty line), adult education (the percent of adults with a bachelor's degree or above), employment (the percent of adults between age 20-64 who are employed in the civilian labor force or armed forces), job proximity (the number of jobs filled with less than a bachelor's degree that fall within a determined radius), and median home values (the value of owner-occupied units). A higher economic index score reflects more

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<sup>27</sup> <https://www.pausd.org/student-supports/vtp>

positive economic outcomes. The HUD Jobs Proximity Index measures the accessibility to job opportunities at the census block group level.

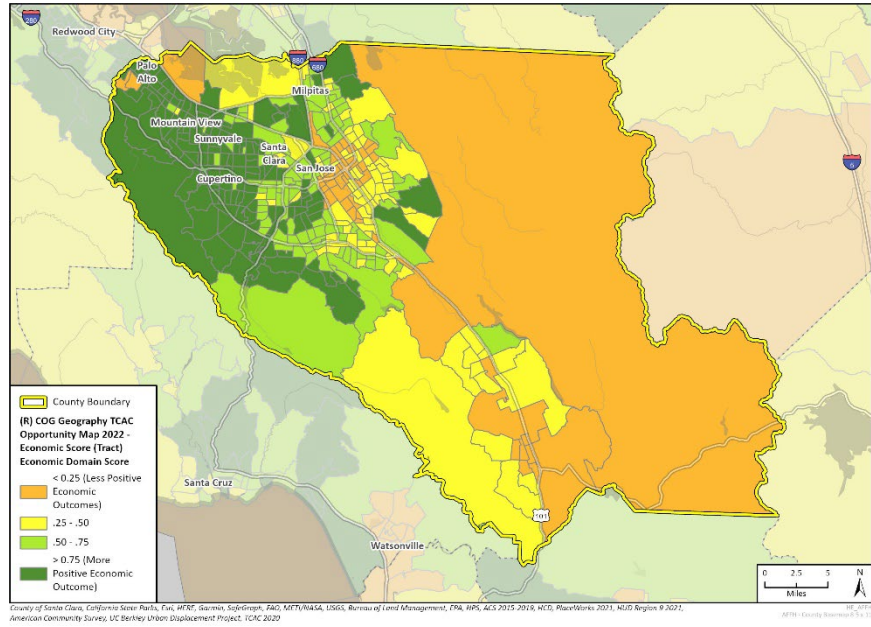
### REGIONAL TRENDS

According to 2020 ACS 5-Year estimates, 2.9 percent of Santa Clara County residents over 16 years old were unemployed. The mean commute time was 29.2 minutes, with 71 percent of individuals driving alone, 10.2 percent carpooling, 4 percent taking public transportation, and 2.1 percent walking. The most common industries in the region are professional, scientific, and management, and administrative and waste management services, educational services, and health care and social assistance, and manufacturing.<sup>28</sup> The mean salary in the San José-Sunnyvale-Santa Clara metropolitan statistical area in 2022 was \$103,451 (California Employment Development Department). More details on hourly wages and annual salaries of typical jobs of Palo Alto residents are provided in Chapter 2, Housing Needs Assessment. Figure C-33 shows the TCAC opportunity areas for economic outcomes throughout Santa Clara County. The eastern side of the County and tracts along the 101 Highway, including the city of San Jose, tend to have less positive economic outcomes compared to a majority of northwestern Santa Clara County (Palo Alto, Sunnyvale, Los Altos, Cupertino, etc.).

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<sup>28</sup> ACS 2020 5 year data profiles, table DP03  
<https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP03&g=310M500US41940>

**Figure C-33 TCAC Opportunity Areas – Economic Outcomes (Santa Clara County)**

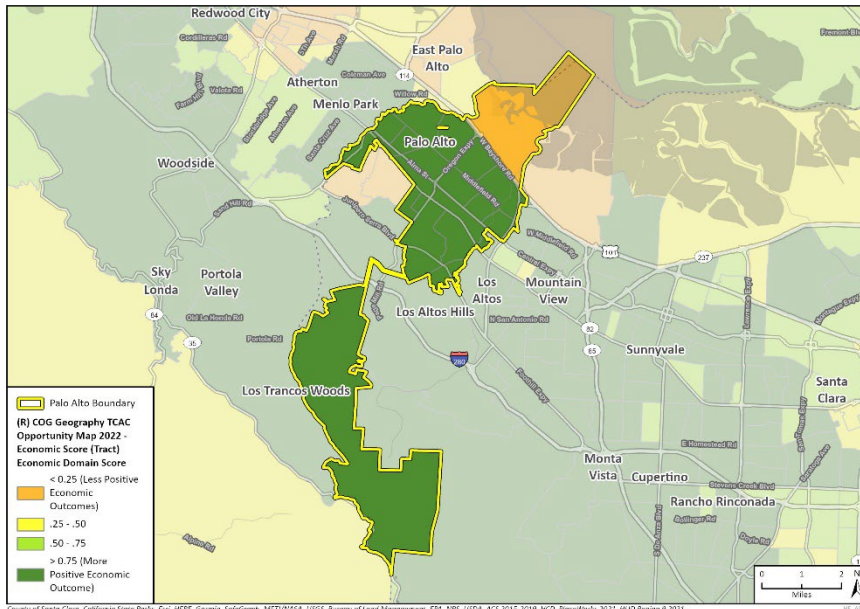


Source: AFFH Data Viewer, 2021

LOCAL TRENDS

According to 2020 ACS 5-Year estimates, 2 percent of individuals in Palo Alto were unemployed. The mean commute time was 24.6 minutes, with 57.7 percent of individuals driving alone, 5.8 percent carpooling, 5.6 percent taking public transportation, 4.6 percent walking, and 10.3 percent taking other means. The most common industries in the region are professional, scientific, and management, and administrative and waste management services, educational services, and health care and social assistance, and manufacturing.<sup>29</sup> Figure C-34 shows positive economic outcomes throughout the city, with the exception of the census tract east of Highway 101. As described above, this census tract has low population density and is partially in the city of Mountain View. Therefore, this census tract is not a reflection of Palo Alto residents alone.

**Figure C-34 TCAC Opportunity Areas – Economic Outcomes (Palo Alto)**



Source: AFFH Data Viewer, 2021

<sup>29</sup> ACS 2019 5 year data profiles, table DP03

[https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP03&g=0400000US06\\_1600000US06552](https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP03&g=0400000US06_1600000US06552)  
82

## HEALTHY ENVIRONMENT

Access to a healthy environment, including clean air and water, safe neighborhoods, lack of environmental hazards, and access to social services and cultural institutions, is necessary for communities to thrive.

This section addresses patterns in the disparities found within the different neighborhoods and protected classes. Government Code § 65302 and Health and Safety Code §§ 39713, 39713, 39715, 39721, and 39723 emphasize the importance of environmental justice for housing efforts.

The California Office of Environmental Health Hazard Assessment developed CalEnviroScreen to help identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution's effects. The scores are mapped so that different communities can be compared. An area with a high score is one that experiences a much higher pollution burden than areas with low scores.

### REGIONAL TRENDS

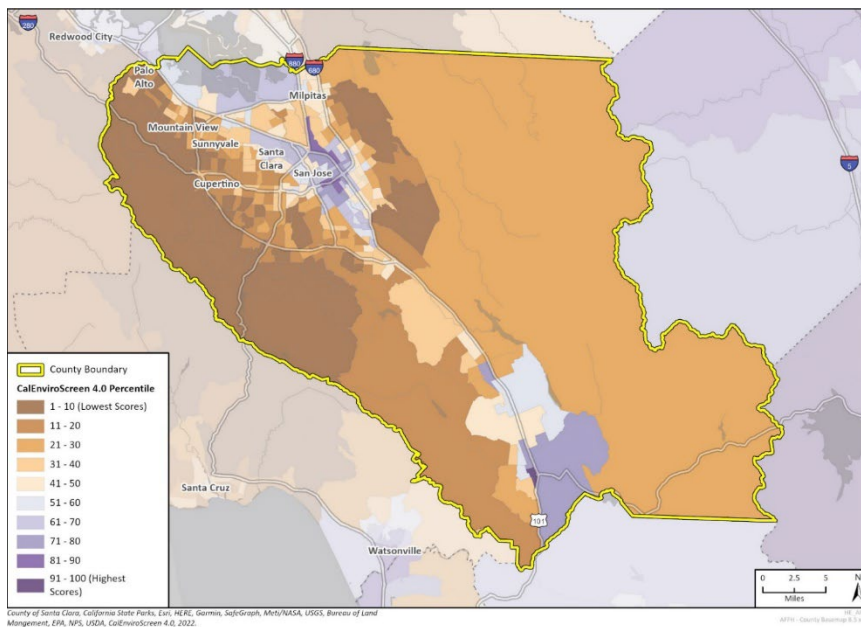
As shown in Figure C-35, Santa Clara County predominantly scores in a lower percentile, indicating low pollution burden. However, the city of San José has a concentration of high scoring regions, with some census tracts receiving scores above 75 percent, qualifying them as disadvantaged communities under Senate Bill 535. Additionally, census tract 6081611900, which is in East Palo Alto and adjacent to the city of Palo Alto scores in the 75<sup>th</sup> percentile, also qualifying it as a disadvantaged community.

### LOCAL TRENDS

As shown in Figure C-36, census tracts within the city of Palo Alto have low overall CalEnviroScreen scores, which indicates a healthy environment. There are no disadvantaged communities as defined by SB 535. However, Census tract 5046.01, located east of Highway 101 adjacent to the Bay, is in the 50<sup>th</sup> percentile, the highest score in Palo Alto. The tract has a higher concentration of industrial uses than other census tracts in Palo Alto, and it is directly adjacent to Highway 101. Its

high score relative to the rest of the city is due to high percentile scores in traffic (99<sup>th</sup> percentile), diesel particulate matter (86<sup>th</sup> percentile), cleanup sites (98<sup>th</sup> percentile), groundwater threats (99<sup>th</sup> percentile), hazardous waste (87<sup>th</sup> percentile), and impaired waters (95<sup>th</sup> percentile). As discussed above, this tract also has a larger population of LMI households and lower median income and TCAC economic score compared to other Palo Alto tracts, although a portion of the census tract is in the City of Mountain View and may not reflect Palo Alto conditions. Other census tracts receive high scores for certain indicators, despite having a relatively low overall score. For example, multiple census tracts in the region score high for cleanup sites, particularly east of Page Mill Road. Census tracts in Palo Alto generally score between the 30<sup>th</sup> and 70<sup>th</sup> percentile for children’s lead risk from housing. Most Palo Alto census tracts also score relatively high in traffic impacts.

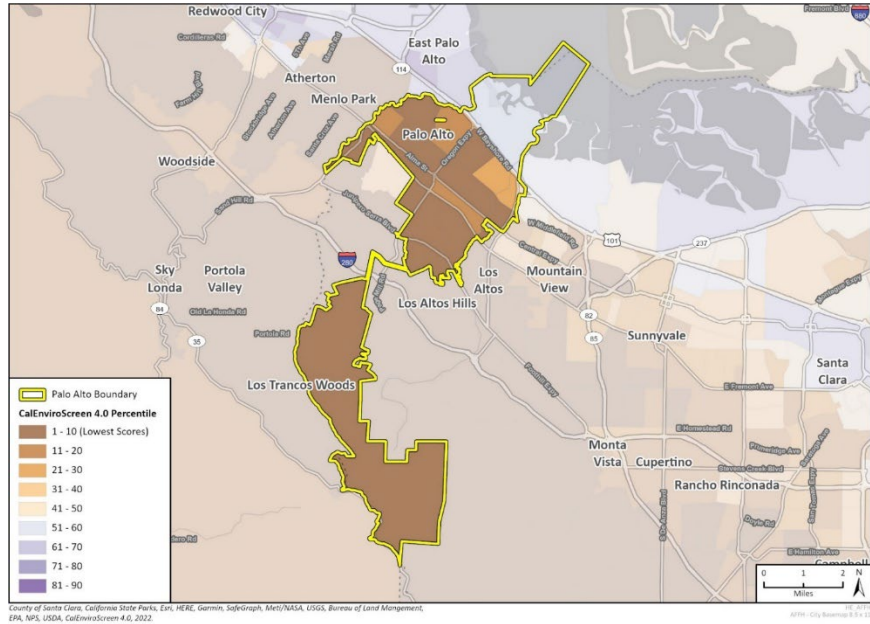
**Figure C-35 CalEnviroScreen 4.0 Cumulative Score (Santa Clara County)**



Source: CalEnviroScreen 4.0, 2021



Figure C-36 CalEnviroScreen 4.0 Cumulative Score (Palo Alto)



Source: CalEnviroScreen 4.0, 2021

## C.6 DISPROPORTIONATE HOUSING NEEDS, INCLUDING DISPLACEMENT RISK

Disproportionate Housing Needs generally refers to a condition in which there are significant disparities in the proportion of members of a protected class experiencing a category of housing need when compared to the proportion of members of any other relevant groups, or the total population experiencing that category of housing need in the applicable geographic area. For the purposes of this definition, categories of housing need are based on such factors as cost burden and severe cost burden, overcrowding, homelessness, and substandard housing conditions.<sup>30</sup>

### HOUSING COST BURDEN

Housing cost burden is defined as the proportion of a household's total gross income spent on housing costs. Households that spend more than 30 percent of their total gross income on housing costs (rent, mortgage, utilities, and other housing-related costs) are considered cost burdened, and households spending over 50 percent on housing costs are considered severely cost burdened. The higher the housing cost burden, the more likely residents are to live in overcrowded and substandard conditions and are less likely to afford to relocate. Low-income households and persons in protected classes disproportionately experience severe housing problems. Housing problems are households that has one or more of the following problems: lacks a complete kitchen facility, lacks complete plumbing facility, a household that is overcrowded, or a household that is cost burdened.

### REGIONAL TRENDS

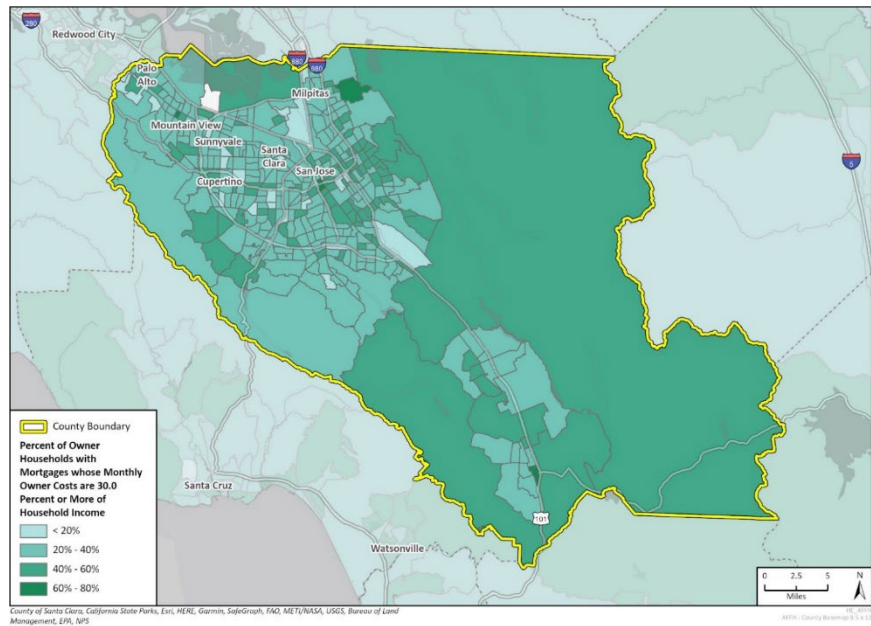
According to HUD CHAS 2014-2018 estimates, there are a total of 635,525 households in Santa Clara County. Sixteen (15.9) percent of owners are cost burdened, and 15.9 percent are severely cost burdened. Over 20 (22.2) percent of renters are cost burdened and 20.8 percent are severely cost burdened.

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<sup>30</sup> [https://www.hcd.ca.gov/community-development/affh/docs/affh\\_document\\_final\\_4-27-2021.pdf](https://www.hcd.ca.gov/community-development/affh/docs/affh_document_final_4-27-2021.pdf)

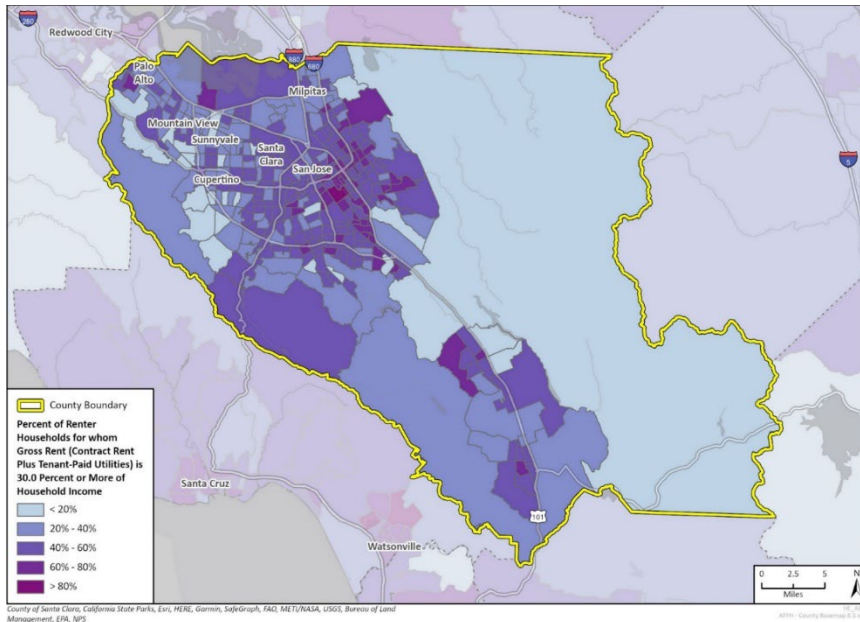
As shown in Figure C-37, households in San Jose, Mountain View, Cupertino, and Gilroy have higher rates of owner households who are cost burdened. Figure C-38 shows that rates of renter households who are cost burdened are concentrated in San Jose, Milpitas, and Palo Alto.

**Figure C-37 Percent of Owner Households that are Cost Burdened (Santa Clara County)**



Source: AFFH Data Viewer, 2021

**Figure C-38 Percent of Renters who are Cost Burdened (Santa Clara County)**



Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

According to 2016-2020 ACS estimates, in Palo Alto, 26.3 percent of renters spend 30 to 50 percent of their income on housing compared to 19.8 percent of those that own. Additionally, 18.3 percent of renters spend 50 percent or more of their income on housing, while 20.7 percent of owners are severely cost burdened.<sup>31</sup> Cost burden among homeowners is lower in Palo Alto than the region, and similar among renters. Higher rates of overpayment are found in the central areas of Palo Alto where more multifamily housing is located, correlating roughly with the neighborhoods with higher concentrations of LMI households

<sup>31</sup> Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is “select monthly owner costs,” which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25070, B25091. For the data table behind this figure, please refer to the Data Packet Workbook, Table OVER-06.

(Figure C-39 and Figure C-40). There has been virtually no change the rates of cost burden for homeowners and renters since 2016, based on 2016 ACS Five-Year Estimates.

In Palo Alto, 14.1 percent of all households spend 50 percent or more of their income on housing, while 17 percent spend 30 to 50 percent. However, these rates vary greatly across income categories. For example, 56.3 percent of Palo Alto households making less than 30 percent of AMI spend the majority of their income on housing. For Palo Alto residents making more than 100 percent of AMI, just 2.6 percent are severely cost-burdened, and 84.7 percent of those making more than 100 percent of AMI spend less than 30 percent of their income on housing.<sup>32</sup>

About 36 (35.9) percent of Native American households, 26.8 percent of Black households, and 17.8 percent of Hispanic households face severe cost burden. Non-family households are more likely to experience severe cost burden as well.

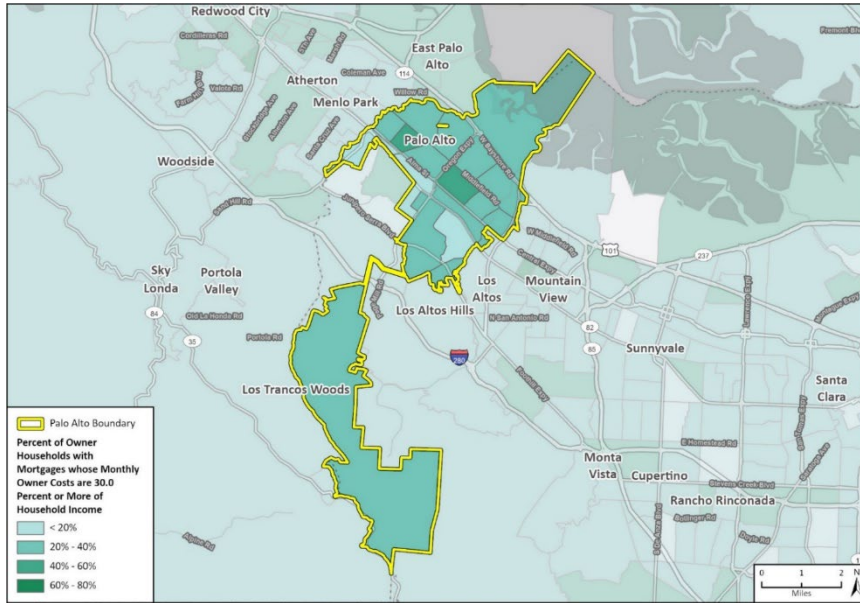
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<sup>32</sup> Notes: Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is “select monthly owner costs,” which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income. Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

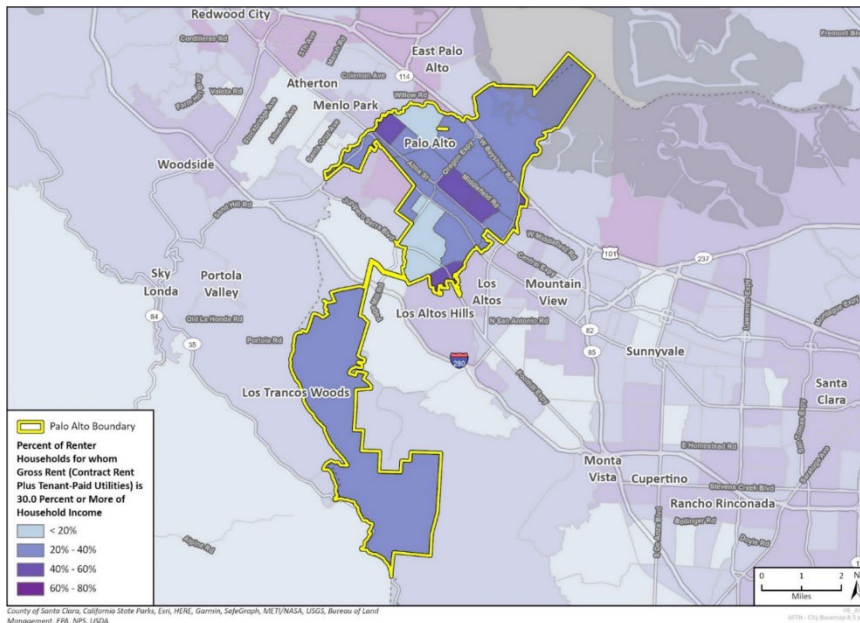
For the data table behind this figure, please refer to the Data Packet Workbook, Table OVER-05.

**Figure C-39 Percent of Owners who are Cost Burdened (Palo Alto)**



Source: AFFH Data Viewer, 2021

**Figure C-40 Percent of Renters who are Cost Burdened (Palo Alto)**



Source: AFFH Data Viewer, 2021

## SUBSTANDARD HOUSING

Housing age can be an important indicator of housing condition in a community. Like any other tangible asset, housing is subject to gradual physical or technological deterioration over time. If not properly and regularly maintained, housing can deteriorate and discourage reinvestment, depress neighboring property values, and eventually impact the quality of life in a neighborhood. Many federal and state programs also use the age of housing as a factor in determining housing rehabilitation needs. Typically, housing over 30 years old is more likely to have rehabilitation needs that may include new plumbing, roof repairs, foundation work, and other repairs.

Collectively, “housing problems” include cost burden and severe cost burden, overcrowding, and substandard housing conditions.<sup>33</sup> Substandard housing conditions include lacking complete kitchen or plumbing facilities.

## REGIONAL TRENDS

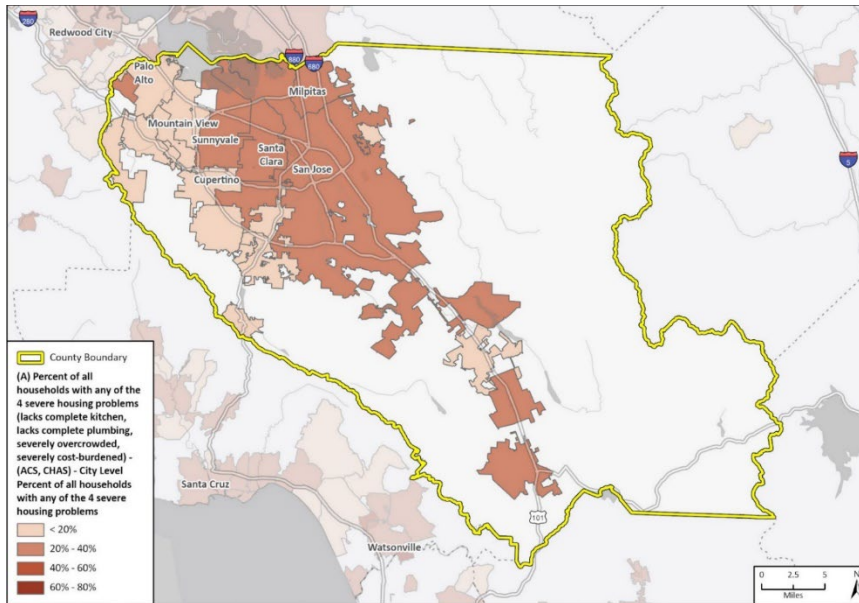
Housing problems are mostly concentrated in a few areas of the cities in Santa Clara County. This includes significant areas in the North Whisman neighborhood of Mountain View and in Downtown San José, East San José, Japantown, and Willow Glen. Overall, Hispanic or Asian residents primarily reside or make up most of the areas that experience more housing problems. (Figure C-41)

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<sup>33</sup> See 80 FR 42271, p. 42354 (2015).



**Figure C-41 Percent of Households with any Four Severe Housing Problems (Santa Clara County)**



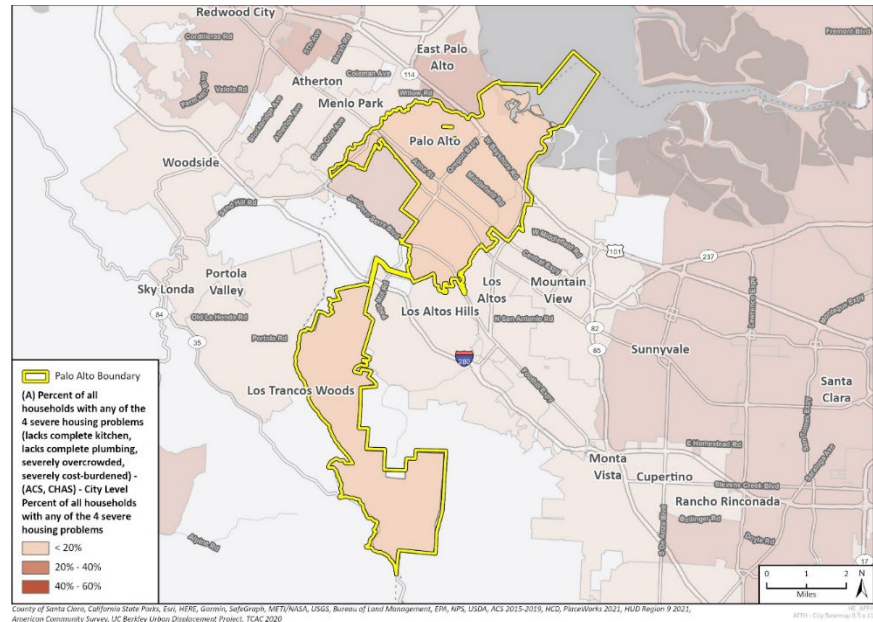
Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

Palo Alto similarly has evenly dispersed rates of housing problems (less than 20 percent) through the city. As stated in Chapter 2, Housing Needs Assessment, rates of housing problems are correlated with household income. Figure C-42 shows the percent of households in the City with any of the four severe housing problems.

Renters are significantly more likely to experience substandard housing conditions than homeowners. About four percent of renters lack complete kitchen facilities, compared to less than one percent of homeowners. Renters in Palo Alto are also more likely than those in the County to lack kitchen facilities. Renters and homeowners are equally likely to experience a lack of plumbing facilities, at less than one percent. Rates are similarly low in the County.

**Figure C-42 Percent of Households with any Four Severe Housing Problems (Palo Alto)**



Source: AFFH Data Viewer, 2021

## HOMELESSNESS

### REGIONAL TRENDS

The County of Santa Clara Office of Supportive Housing’s mission is to increase the supply of housing and supportive housing that is affordable and available to extremely low income and /or special needs households. Every two years, the Santa Clara County Office of Supportive Housing, conducts the Santa Clara County Homeless Census and Survey. According to the 2022 survey, there were 10,028 individuals experiencing homelessness in the County. Of these individuals, 23 percent were sheltered, and 77 percent were unsheltered. Between 2019-2022 the number of unsheltered individuals decreased by 2.7 percent and a 30 percent increase of sheltered individuals. Part of the increase sheltered individuals can be attributed to increased housing services throughout the County.

## LOCAL TRENDS

In Palo Alto, services to the unhoused community are provided primarily by nonprofit groups. LifeMoves operates the Palo Alto Opportunity Service Center, providing supportive services, counseling, job labor referral, transportation vouchers and shower passes to unhoused people. The Center operates the "Hotel de Zink" emergency shelter out of twelve local congregations, using a different location each month of the year, as well as a nightly meal program at local congregations. Downtown Streets Team provides a comprehensive work experience program and also coordinates the provision of groceries for needy individuals through the Food Closet located at All Saints Episcopal Church in downtown Palo Alto. Also, Peninsula HealthCare Connection operates a clinic that offers physical and mental health services out of the Opportunity Services Center and Heart & Home Collaborative operating a seasonal rotating homeless shelter for women.

The City of Palo Alto works to address homelessness by supporting the provision of services and shelters in the community. The City administers Community Development Block Grant funding from the U.S. Department of Housing and Urban Services, and has financed the development of different homeless facilities that serve the local unhoused population. The City has also received \$26.6 million from Project Homekey, a state funding program, to establish a homeless and transitional housing development in the City. The shelter should be operational in 2023.

## OVERCROWDING

Overcrowding occurs when the number of people living in a household is greater than the home was designed to hold. There are several different standards for defining overcrowding, but this report uses the Census Bureau definition, which is more than one occupant per room (not including bathrooms or kitchens). Additionally, the Census Bureau considers units with more than 1.5 occupants per room to be severely overcrowded.

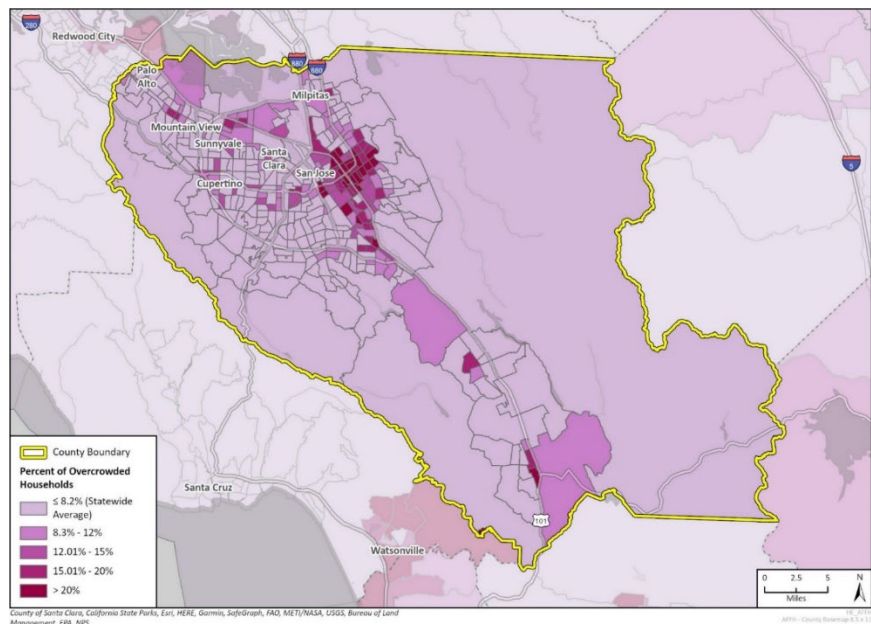
Overcrowding is often related to the cost of housing and can occur when demand in a city or region is high. In many cities, overcrowding is seen

more amongst those that are renting, with multiple households sharing a unit to make it possible to stay in their communities.

### REGIONAL TRENDS

As shown in Figure C-43, significant overcrowding exists in many census tracts within the city of San Jose, and in individual census tracts in Mountain View, Sunnyvale, Milpitas, and Gilroy. Most census tracts within the County have rates of overcrowding at or less than the state average of 8.2 percent.

**Figure C-43 Percent of Overcrowded Households (Santa Clara County)**

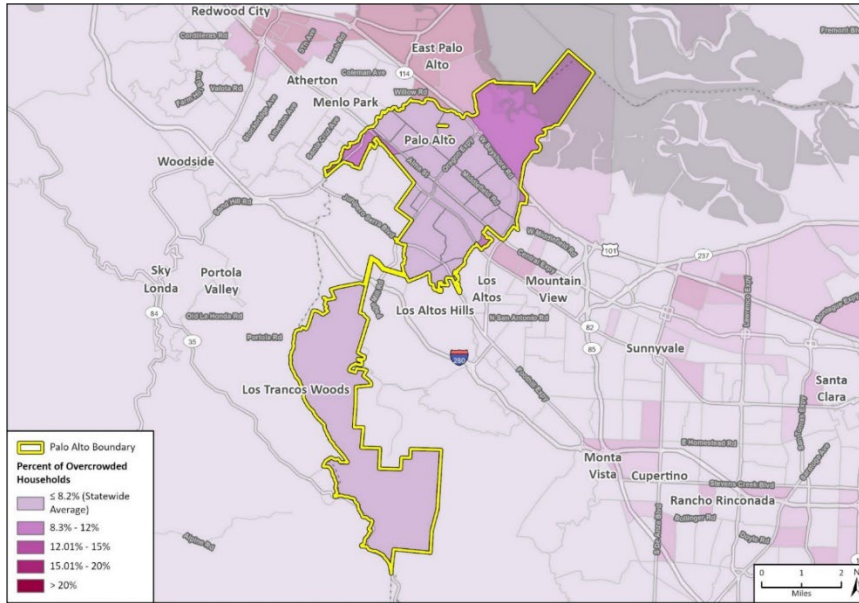


Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

As shown in Figure C-44, rates of overcrowding in Palo Alto are generally at or below the state average of 8.2 percent. Adjacent to the Bay and adjacent to Stanford Hospital/south of Menlo Park, rates of overcrowding are between 8.3 and 12 percent. There are few housing units in the census tract adjacent to the Bay. The census tract adjacent to the Hospital and Menlo Park is primarily composed of an apartment complex that includes Stanford graduate students, staff, and hospital staff and students.

**Figure C-44 Percent of Overcrowded Households (Palo Alto)**



Source: AFFH Data Viewer, 2021

## DISPLACEMENT RISK

Displacement, as defined by HCD, is used to describe any involuntary household move caused by landlord action or market changes.<sup>34</sup> Displacement is fueled by a combination of rising housing costs, rising income inequality, stagnant wages, and insufficient market-rate housing production. These processes can disproportionately impact people of color, as well as lower income households, persons with disabilities, large households, and persons at risk of or experiencing homelessness. When individuals or families are forced to leave their homes and communities, they also lose their support network.

According to the UC Berkeley Urban Displacement Project, a census tract is at risk of gentrification if it meets the following criteria as both vulnerable and experiencing market-based displacement pressure:

1. Proportion of very low-income residents was above 20 percent in 2017; and

<sup>34</sup> Zuk, M., et al. (2015). Gentrification, Displacement, and the Role of Public Investment. Federal Reserve Bank of San Francisco, 32.

2. The census tract meets two of the following criteria:
  - a. Share of renters is above 40 percent in 2017;
  - b. Share of Non-White population is above 50 percent in 2017;
  - c. Share of very low-income households (50 percent AMI or below) that are also severely rent burdened households is above the county median in 2017; or
  - d. Nearby areas have been experiencing displacement pressures.

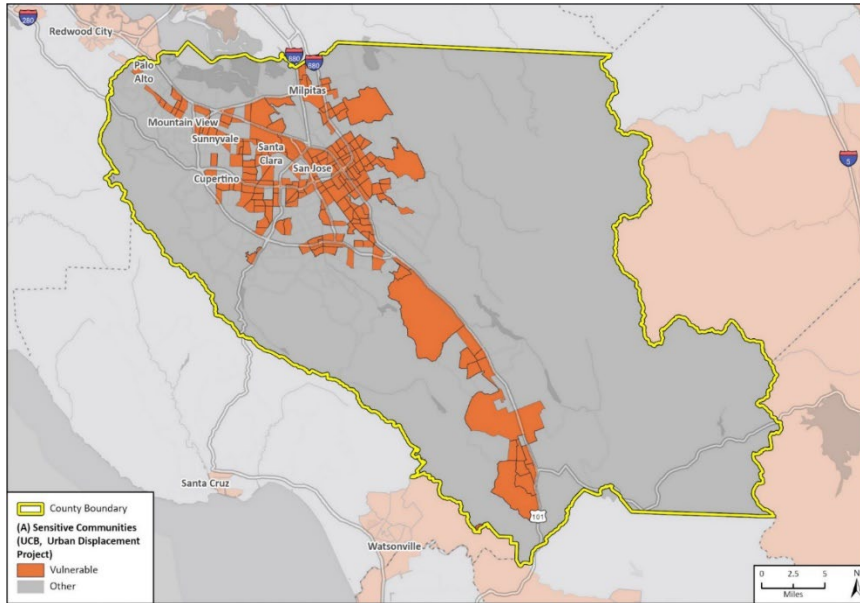
The University of California, Berkeley has mapped all neighborhoods in the Bay Area, identifying their risk for displacement. Areas categorized as “sensitive communities,” are susceptible to displacement are predominately low-income or mixed-income neighborhoods that may have experienced displacement but exhibit characteristics of neighborhood stability and affordability and have the potential to develop an increasing risk of displacement in the future. Areas categorized as at-risk of or experiencing gentrification refer to neighborhoods that demonstrate characteristics of increasing housing costs, changes in housing supply, and are located near communities that have also experienced increasing housing costs and an increasing risk of displacement in the future.

#### REGIONAL TRENDS

Regionally, much of the County of Santa Clara is considered vulnerable to displacement due to increases in housing costs combined with disparities in earned income and access to opportunity. Most neighborhoods within Santa Clara, central San Jose, Morgan Hill, and Gilroy exhibit concentrations of sensitive communities. Segments of Sunnyvale, Mountain View, Milpitas, and Cupertino contain sensitive communities as well. Figure C-45 shows the sensitive and vulnerable communities throughout Santa Clara County.



**Figure C-45 Sensitive Communities (Santa Clara County)**



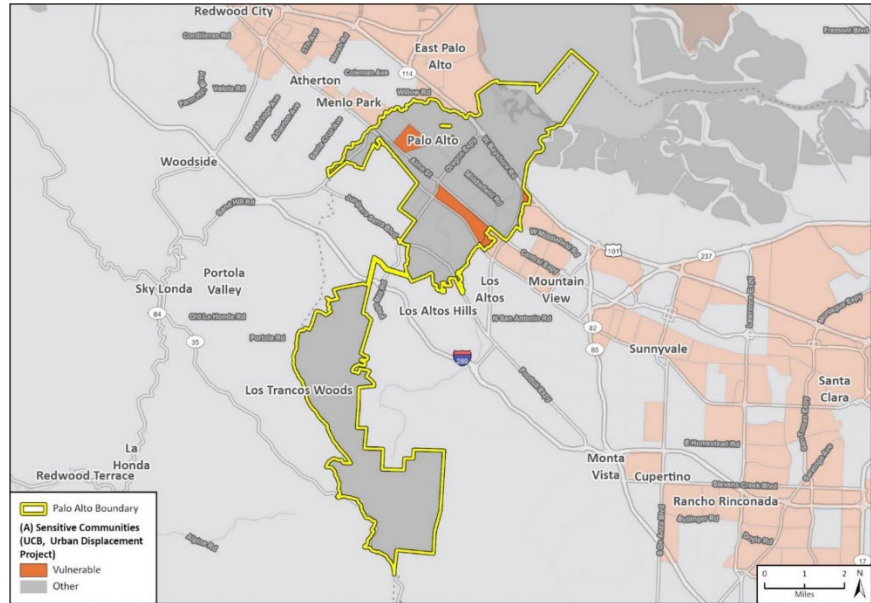
Source: AFFH Data Viewer, 2021

### LOCAL TRENDS

In Palo Alto, three census tracts qualify as sensitive communities who are at risk of displacement. Neighborhoods near Stanford University, as well as in the Ventura neighborhood are considered at risk of displacement. Figure C-46 shows the distribution of sensitive and vulnerable communities throughout Palo Alto.



**Figure C-46 Sensitive Communities (Palo Alto)**



Source: AFFH Data Viewer, 2021

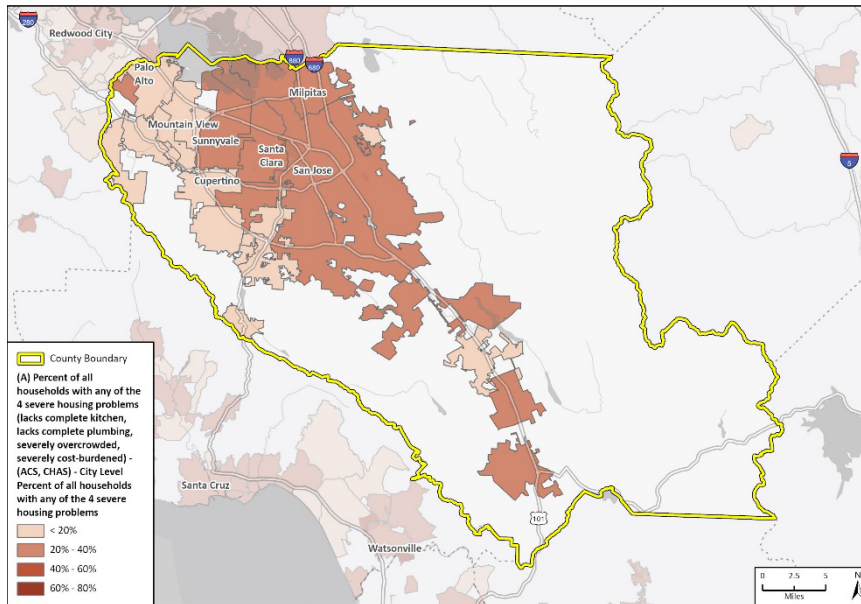
## HOUSING TENURE

### REGIONAL TRENDS

In the region, renter households are concentrated in the city of San José; in a corridor along El Camino Real spanning the cities of Mountain View, Palo Alto, Santa Clara, and Sunnyvale; in the unincorporated area encompassing the campus of Stanford University and its immediate surroundings; in Gilroy; and in Hollister. These areas include most of the segregated, predominantly Hispanic areas in the region, with the exception of some predominantly Hispanic areas in the furthest east portions of the east side of San José. They also include some comparatively integrated areas, particularly in Mountain View, Santa Clara, and Sunnyvale. By contrast, areas with high concentrations of owner-occupied homes include Cupertino, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Saratoga, south San José, the hills to the east of San José, and rural areas in South County. These areas include areas with relatively low Hispanic populations, as well as low Vietnamese populations, though south San José is relatively integrated in comparison to other predominantly owner-occupied communities. Figure C-47 shows

the percent of households throughout Santa Clara County that have identified housing problems.

**Figure C-47 Percent of Households With Housing Problems (Santa Clara County)**



Local Trends Source: AFFH Data Viewer, 2021

In Palo Alto, renter occupancy is most prevalent in the areas nearest to Stanford University as well as in a corridor between El Camino Real and Alma Street. Homeownership is highest in the eastern and southwestern portions of the city. There does not appear to be a relationship between housing tenure patterns and patterns of segregation within the city of Palo Alto.

## C.7 LOCAL AREA KNOWLEDGE

Patterns of racial segregation are the byproduct of local and federal policies, private housing discrimination, and community prejudice. To understand present challenges to fair housing, it is necessary to review the history of actions that have led regional patterns of segregation.

The earliest forms of racial exclusion in the Bay Area were the Spanish, Mexican and early U.S. settlers' colonization of Native Americans' land.<sup>35</sup> The Ohlone were and are the predominant Indigenous group of the Bay Area, including the Chochenyo and the Karkin in East Bay, the Ramaytush in San Francisco, the Yokuts in South Bay and Central Valley, and the Muwekma tribe throughout the region. Other Indigenous groups include the Graton Rancheria community (Coast Miwok and Southern Pomo), Kashaya, Patwin, and Mishewal Wappo in the North Bay, and the Bay Miwok in the East Bay.<sup>36</sup> Indigenous communities were forced from their land, which was then sold or given away.<sup>37</sup> In the 1850s, 119 California tribes signed treaties with the U.S. Special Commissioners which required them to formally surrender their land in exchange for 19 designated reservations, which lacked game, suitable agricultural lands and water.<sup>38</sup> From the start of colonization through the 1880s, the Ohlone population in the Bay Area dropped by almost 90 percent due to violence, displacement, and widespread disease brought by colonizers.<sup>39</sup>

In more recent history, starting in the 1880s, a series of laws targeted Asian populations through federal restrictions on immigration (Chinese Exclusion Act of 1882) and by barring Asian immigrants from owning land (California Alien Land Law of 1913 and 1920).<sup>40</sup> In 1942, over 100,000 Japanese Americans across the country were forced to sell or abandon their homes and were sent to internment camps.<sup>41</sup> At the end of their

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<sup>35</sup> Roots and Race, UC Berkeley Belonging Institute, Haas Institute, 2019 [https://belonging.berkeley.edu/sites/default/files/haasinstitute\\_rootsraceplace\\_oct2019\\_publish.pdf](https://belonging.berkeley.edu/sites/default/files/haasinstitute_rootsraceplace_oct2019_publish.pdf)

<sup>36</sup> Bay Area Equity Atlas, Indigenous Populations in the Bay Area, <https://bayareaequityatlas.org/about/indigenous-populations-in-the-bay-area>

<sup>37</sup> Rising Housing Costs and Re-Segregation in Alameda County, Urban Displacement Project, UC Berkeley. [https://www.urbandisplacement.org/wp-content/uploads/2021/08/alameda\\_final.pdf](https://www.urbandisplacement.org/wp-content/uploads/2021/08/alameda_final.pdf)

<sup>38</sup> State of California Native American Heritage Commission, <http://nahc.ca.gov/resources/california-indian-history/>

<sup>39</sup> Roots and Race, UC Berkeley Belonging Institute, Haas Institute, 2019 [https://belonging.berkeley.edu/sites/default/files/haasinstitute\\_rootsraceplace\\_oct2019\\_publish.pdf](https://belonging.berkeley.edu/sites/default/files/haasinstitute_rootsraceplace_oct2019_publish.pdf)

<sup>40</sup> History of Racial Injustice, California Law Prohibits Asian Immigrants from Owning Land. <https://calendar.eji.org/racial-injustice/may/3>

<sup>41</sup> Japanese-American Internment During World War II. U.S. National Archives. <https://www.archives.gov/education/lessons/japanese-relocation>

internment, many Japanese Americans struggled to find housing due to poverty, restrictive covenants, and racism.<sup>42</sup>

In the early 1920s, cities in the Bay Area began adopting zoning ordinances which led to the establishment of exclusive single-family home zones. By establishing specific areas of cities which did not allow more affordable housing types, cities began to be more segregated based on class and race/ethnicity. Exclusionary zoning created areas of concentrated poverty and concentrated wealth. High-poverty areas typically have limited employment and educational opportunities, creating an environment difficult to achieve income and housing mobility. By preventing households from moving into areas of higher resource opportunity, exclusionary zoning perpetuated the cycle of poverty.<sup>43</sup> Historic evidence shows that these zoning regulations intentionally segregated communities, enforcing racially motivated biases against targeted groups.<sup>44</sup>

Starting in the 1930s, Bay Area communities were impacted by redlining, which is the practice of discriminating against loan borrowers based on the racial or socioeconomic status of the neighborhood in which a property is located. Codified with standards enforced by the Federal Housing Administration, redlining served as a tool to limit homeownership opportunities, as federally insured and long-term mortgages were routinely denied to persons seen as “undesirable,” often non-white persons. Redlining directed both public and private capital to white households and away from Black/African American, non-white, immigrant, and Jewish households. As homeownership is one of the most significant means of intergenerational wealth building in the United

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<sup>42</sup> For Japanese Americans, Housing Injustices Outlived Internment, New York Times, 2020. <https://www.nytimes.com/2020/08/20/magazine/japanese-internment-end-wwii-trailer-parks.html>

<sup>43</sup> The Century Foundation. <https://tcf.org/content/facts/understanding-exclusionary-zoning-impact-concentrated-poverty/?agreed=1&agreed=1>

<sup>44</sup> Roots and Race, UC Berkeley Belonging Institute, Haas Institute, 2019 [https://belonging.berkeley.edu/sites/default/files/haasinstitute\\_rootsraceplace\\_oct2019\\_publish.pdf](https://belonging.berkeley.edu/sites/default/files/haasinstitute_rootsraceplace_oct2019_publish.pdf)

States, these redlining practices had long-term effects in creating wealth inequalities.<sup>45</sup>

In Palo Alto, a history of government and individual racism led to racial segregation between Palo Alto and adjacent East Palo Alto.

In 1920, the Palo Alto Chamber of Commerce passed a resolution calling for a “segregated district for the Oriental and colored people of the city.” The city never adopted this; however, racial zones were suggested again in the 1940s. Between 1940 and 1947, the number of Black residents went from 239 to 467. The most prominent black neighborhood was on Ramona Street near the spiritual home of the community, the University A.M.E. Zion Church.<sup>46</sup>

In 1954, a white family living in an exclusively white neighborhood in East Palo Alto sold their home to a Black family. This led the President of the California Real Estate Association to set up an office in East Palo Alto and facilitate blockbusting, where large numbers of white families were convinced to sell their homes at a low cost to real estate agents who then resold them to Black families at a higher cost. During this time, the Federal Housing Authority and Veterans Administration refused to insure mortgages for Black individuals in designated white neighborhoods. They also refused to insure mortgages to white individuals in neighborhoods where Black individuals were present. Once East Palo Alto became integrated, the government no longer issued mortgages. Within 6 years, the population of East Palo Alto was 62 percent Black.<sup>47</sup>

In the 1970s, the Palo Alto Weekly reported that the Midpeninsula Citizens for Housing found racial bias when testing with control subjects. The Weekly reported that “blacks who want to live in Palo Alto report they sometimes have trouble finding housing because the apartment or

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<sup>45</sup> Mapping Inequality: Redlining in New Deal America. <https://dsl.richmond.edu/panorama/redlining/#loc=16/37.725/-122.162&city=oakland-ca&area=D19>

<sup>46</sup> Housing Discrimination: A Closed Door in Palo Alto, accessed: <http://www.paloaltohistory.org/discrimination-in-palo-alto.php>

<sup>47</sup> Richard Rothstein, *The Color of Law*. 2017. P. 13-17, 90

house is ‘no longer available’...[but] a white person arriving just a half hour later often finds the apartment available.”<sup>48</sup>

The Great Recession of the late 2000s affected housing prices around the country, but recovery from the recession was uneven. Most communities in Santa Clara County saw housing prices return to pre-recession prices by 2016, faster than many other parts of the Bay Area.<sup>49</sup>

Today, displacement pressures on low-income renters in Santa Clara County are particularly high. The Urban Displacement Project surveyed renters in the County and found over half were not comfortable reporting repairs or other issues to their landlords and fear retaliation. Half of respondents expected to have to leave their home in within the next year.<sup>50</sup> And during the Covid-19 pandemic, more evictions took place in Santa Clara County than any other Bay Area counties.<sup>51</sup>

## C.8 SITE INVENTORY

This section provides an analysis of how the Site Inventory impacts fair housing in the city.

The housing element must demonstrate that there are adequate sites zoned for the development of housing for households at each income level sufficient to accommodate the number of new housing units needed at each income level as identified in the RHNA. In the context of AFFH, the site identification requirement involves not only an analysis of site capacity to accommodate the RHNA, but also whether the identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity.

<sup>48</sup> Housing Discrimination: A Closed Door in Palo Alto, accessed: <http://www.paloaltohistory.org/discrimination-in-palo-alto.php>

<sup>49</sup> San Jose Mercury News, “Bay Area sees patchwork recovery from housing crash.” April 15, 2012 (updated August 13, 2016). <https://www.mercurynews.com/2012/04/15/bay-area-sees-patchwork-recovery-from-housing-crash-2/>

<sup>50</sup> Urban Displacement Project, “Disruption in Silicon Valley – The Impacts Of Displacement On Residents’ Lives.” October 12, 2018. <https://www.urbandisplacement.org/blog/disruption-in-silicon-valley-the-impacts-of-displacement-on-residents-lives/>

<sup>51</sup> KQED, “Santa Clara, Contra Costa Top Bay Area Counties With Most Evictions During Pandemic.” June 30, 2021. <https://www.kqed.org/news/11879725/california-passed-an-eviction-moratorium-more-than-1000-people-were-evicted-anyway-in-the-bay-area>

### OPPORTUNITY AREAS

Palo Alto's Sites Inventory identifies sites throughout the city in areas considered ideal for future residential development. Opportunity areas are primarily identified using TCAC's Opportunity Area data. TCAC opportunity maps identify areas throughout the state that support positive economic (low poverty, high employment, high median household income), educational (reading and math proficiency, high school graduation rates, low student poverty rates), and environmental outcomes (low exposure to pollution) for lower-income families. The HCD/TCAC opportunity areas map rank census tracts from Highest Resource to Low Resource based on these characteristics. A census tract with a designation of High Resource indicates that the census tract has strong educational and economic opportunities for current and future residents.

### IMPROVED CONDITIONS

From a fair housing perspective, the Sites Inventory must identify sites in a manner that better integrates the community and considers impacts on socio-economic and racial concentrations. As discussed previously, housing conditions in Palo Alto are generally positive, with high median incomes and low racial segregation in the city. The Site Inventory continues to improve these existing conditions by distributing sites throughout the city and assuming a mix of income categories within the city's opportunity areas to avoid concentrations of either poverty or affluence.

### EXACERBATED CONDITIONS

As discussed above, Palo Alto's residential conditions are generally positive, with the highest access to economic, educational, and environmental opportunities, high income levels, and low racial segregation. Opportunity sites were selected that would not worsen existing residential conditions. In an effort to avoid any concentrations of lower-income areas, sites that meet the criteria for lower-income units were identified with a mix of moderate or above moderate-income units. The Sites Inventory does not exacerbate or create R/ECAPS, RCAAs, racial



or ethnic isolation, or segregation. By encouraging a mix of lower-, moderate-, and above moderate-income housing units, the Sites Inventory does not exacerbate conditions in vulnerable areas of the city. The Sites Inventory also helps to further fair housing from a regional perspective by creating opportunities for housing development for households at all income levels in a community that has high access to jobs, services, a healthy environment, and other amenities that support a high quality of life and positive life outcomes for residents.

The majority of lower-income units (71 percent) are located in areas where 41 to 60 percent of residents are non-white. About 15 percent of lower-income units are located in areas with higher and lower percentages of non-white residents (Table C-7). As described in Household Income, above, there is some correlation between areas with higher concentrations of non-white residents and higher concentrations of lower-income residents, particularly the census tract between Alma Street and El Camino Way.

TABLE C-7 DISTRIBUTION OF RHNA UNITS BY RACIAL/ETHNIC MINORITY POPULATION								
% Non-White	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	%	Units	%	Units	%	Units	%
<20%	0	0%	0	0%	0	0%	0	0%
21-40%	351	15%	395	43%	744	25%	1,490	24%
41-60%	1,670	71%	453	49%	1,862	61%	3,985	63%
61-80%	316	14%	75	8%	423	14%	814	13%
>81%	0	0%	0	0%	0	0%	0	0%
Total	2,337	100%	923	100%	3,029	100%	6,289	100%

There are limited areas of the city that are at risk of displacement (see *Displacement Risk*, above). One-quarter of the sites at all income levels are in sensitive communities. Of those, slightly more of the units are assumed to be moderate income (37 percent). Just over 20 percent of the sites in sensitive communities are lower income and above moderate income. There is not a disproportionate number of above moderate-income sites in sensitive communities, which could increase displacement pressure on existing residents. Table C-8 shows the distribution of units by income level and sensitive community status.

**TABLE C-8 DISTRIBUTION OF RHNA UNITS BY SENSITIVE COMMUNITY AT RISK OF DISPLACEMENT**

Sensitive Community	Lower Income		Moderate Income		Above Moderate Income		Total	
	Units	%	Units	%	Units	%	Units	%
Sensitive	544	23%	346	37%	656	22%	1,547	25%
Not Sensitive	1,793	77%	577	63%	2,373	78%	4,745	75%
<b>Total</b>	<b>2,337</b>	<b>100%</b>	<b>923</b>	<b>100%</b>	<b>3,029</b>	<b>100%</b>	<b>6,292</b>	<b>100%</b>

### ISOLATION OF THE RHNA

Although opportunity sites are distributed throughout the city, approximately 38 percent of total identified units and 50 percent of the identified lower-income units are located in the GM and ROLM zones in the northeastern part of the city. Parcels in these zones are typically larger than parcels in other areas in the city and many parcels meet the parcel size criteria for Lower-income units. Opportunity sites that are adequate size for lower-income units assume a portion of lower-income units and a portion of moderate- or above moderate-income units on each site. No opportunity site assumes 100 percent affordability. Table C-9 shows the summary of opportunity sites by census tract. Additionally, 612 lower-income units (22 percent) are in RCAA designated areas. Meaningful actions needed to address the process of identifying and making adequate sites available to accommodate the RHNA in a manner that affirmatively furthers fair housing are identified in Table C-10 and incorporated into the City’s goals, policies, and programs.

**TABLE C-9 DISTRIBUTION OF RHNA SUMMARY**

Tract	# of Households	Total Unit Capacity	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units	% Non-White	Low- to Moderate-Income Households	Resource Level	RCAA	Sensitive?
511705	306	691	182	71	439	39	2.01	High	Yes	No
511609	1,773	904	14	0	890	45	22.59	Highest	Yes	No
511500	2,764	393	109	150	134	34	12.78	Highest	Yes	No
511400	1,346	40	0	16	24	30	16.36	Highest	Yes	No
511302	2,341	408	137	54	217	35	30.68	Highest	No	No
511301	1,616	250	43	114	95	31	21.27	Highest	Yes	Yes
511200	1,794	52	8	40	4	33	11.01	Highest	Yes	No
511100	1,860	26	18	0	8	40	15.99	Highest	Yes	No
511000	2,225	57	30	0	28	53	18.37	Highest	No	No
510900	1,984	66	33	19	14	48	15.43	Highest	Yes	No
510802	759	69	44	6	19	47	11.38	High	Yes	No
510801	1,693	1709	1,057	179	476	54	10.35	Highest	No	No
510700	1,810	596	213	146	239	59	16.46	High	No	Yes
510600	2,317	247	108	42	98	50	33.39	High	Yes	No
509401	1,527	66	38	21	7	54	31.44	High	No	Yes
509304	1,160	628	250	65	315	72	56.05	Moderate	No	Yes
509302	1,171	74	53	0	22	46	34.38	Moderate	Yes	No

## C.9 CONTRIBUTING FACTORS

This section lists contributing factors that create, perpetuate, or increase the severity of one or more fair housing issues that were identified in this analysis. These contributing factors were developed using guidance from HUD as well as input from jurisdictions that participated in the writing of the Analysis of Impediments to Fair Housing for Santa Clara County.

### SEGREGATION AND INTEGRATION PATTERNS

Contributing factors to segregation and integration patterns in Palo Alto include:

- Lack of publicly supported housing for persons with disabilities: Persons with disabilities are underrepresented as residents of affordable housing, compared to their proportion of the income-eligible population.
- Location and type of affordable housing: Lower-income households and renters are concentrated in those areas of the city where multi-family uses are permitted.
- Community opposition: Community opposition has limited affordable and multi-family housing construction in the city.
- Lack of affordable in-home or community-based supportive services: There is a need for housing and services for people with developmental disabilities and psychiatric disabilities.
- Lack of assistance for housing accessibility modifications: Funding programs to assist lower-income homeowners with accessibility modifications are over-subscribed.
- Lack of private investment in specific neighborhoods: Private investment is unevenly distributed.
- Land use and zoning laws: Most residential land in Palo Alto is zoned for single-family residential uses, with multi-family uses allowed in concentrated areas along El Camino Real and adjacent to Menlo Park, along Alma Street and West Bayshore Road, San Antonio Road and Middlefield Road, limiting housing choice and access to

opportunity, and excluding lower-income households and renters from living in the majority of the city.

- Palo Alto has disproportionately lower Hispanic and Black populations compared to the region.

#### DISPARITIES IN ACCESS TO OPPORTUNITIES

The following contributing factors to disparities in access to opportunities were identified:

- Disproportionately lower environmental outcomes in areas adjacent to major roadways
- Higher children's lead risk due to the presence of lead in older housing stock

#### DISPROPORTIONATE HOUSING NEEDS

The following contributing factors to disproportionate housing needs were identified:

- Availability of affordable rental units: There are higher rates of overpayment among renters than homeowners.
- Availability of affordable housing: Higher rates of overpayment among lower-income households than higher-income households.
- Availability of affordable units in a range of sizes: Overcrowding is an issue throughout the region, and most units funded by Project-Based Vouchers in Palo Alto are studio and one-bedroom units.
- Displacement of residents due to economic pressures: Areas of the City that are also lower-income and have a high proportion of overpayment are at risk of displacement.

### **C.10 FAIR HOUSING PRIORITIES, GOALS, AND ACTIONS**

Table C-10 below identifies fair housing issues in Palo Alto and suggests meaningful actions to further fair housing in the city.

**TABLE C-10 FAIR HOUSING ISSUES, CONTRIBUTING FACTORS, AND MEANINGFUL ACTIONS**

AFFH Identified Fair Housing Issue	Contributing Factors	Meaningful Actions
Segregation and Integration	<ul style="list-style-type: none"> <li>➤ Lack of publicly supported housing for persons with disabilities</li> <li>➤ Location and type of affordable housing</li> <li>➤ Community opposition and multi-family housing construction in the city.</li> <li>➤ Displacement of residents due to economic pressures</li> <li>➤ Lack of affordable in-home or community-based supportive services</li> <li>➤ Lack of assistance for housing accessibility modifications</li> <li>➤ Lack of private investment in specific neighborhoods</li> <li>➤ Land use and zoning laws</li> </ul>	<ul style="list-style-type: none"> <li>➤ Distribute educational materials to property owners, apartment managers, about fair housing requirements, regulations, and services via the City’s website, social media, community announcements and similar forums.</li> <li>➤ Provide multi-lingual fair housing information to the public via the public counters, message boards, City website, neighborhood watch, and in response to telephone inquiries.</li> <li>➤ Partner with Project Sentinel to conduct random compliance testing of rental properties at least once per year during the planning period. Refer individuals to State Fair Employment and Housing, HUD Fair Housing and Equal Opportunity division, and other legal services as appropriate.</li> <li>➤ Partner with Human Services for community outreach with a focus on traditionally underrepresented groups. Meet with Human Services representatives bi-annually to formulate strategies aimed at engaging the City’s most vulnerable populations.</li> <li>➤ Allocate annual funding for fair housing services through the Action Plan process with the use of CDBG funds.</li> <li>➤ Providing preferences for persons with special needs for ELI housing</li> <li>➤ Greater community engagement and outreach to educate about affordable housing</li> <li>➤ Amend the Comprehensive Plan and zoning designations of property identified as needed to meet the City’s RHNA obligations. For sites identified as suitable for lower-income residential development, the designations shall allow future development to achieve at least 30 units per acre and allow at least 16 units per site.</li> <li>➤ Rezone ROLM and GM zoned properties to permit multi-family residential housing as an allowed use with a density</li> </ul>

AFFH Identified Fair Housing Issue	Contributing Factors	Meaningful Actions
Disparities In Access to Opportunities	<ul style="list-style-type: none"> <li>➤ Disproportionately lower environmental outcomes in areas adjacent to major roadways</li> <li>➤ Higher children’s lead risk due to the presence of lead in older housing stock</li> </ul>	<ul style="list-style-type: none"> <li>➤ of 90 dwelling units per acre for those properties nearest Bayshore Freeway and generally bounded by East Charleston Road and Loma Verde Avenue.</li> <li>➤ Promote Housing Choice Vouchers to support housing mobility by educating landlords about income discrimination (i.e., cannot post “NO Section 8” on applications)</li> <li>➤ Disseminate information to the public to increase the use of available CDBG funds with the goal of reaching at least 5 new households annually.</li> </ul>
Disproportionate Housing Needs	<ul style="list-style-type: none"> <li>➤ Availability of affordable rental units: There are higher rates of overpayment among renters than homeowners.</li> <li>➤ Availability of affordable housing: Higher rates of overpayment among lower-income households than higher-income households</li> <li>➤ Availability of affordable units in a range of sizes: Overcrowding is an issue throughout the region, and most units funded by Project-Based Vouchers in Palo Alto are studio and one-bedroom units</li> <li>➤ Displacement of residents due to economic pressures: Areas of the City that are also lower-income and have a high proportion of overpayment are at risk of displacement.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The City shall continue to facilitate opportunities for all residents and stakeholders to provide meaningful and effective input on proposed planning activities early on and continuously throughout plan development and the public review process. Outreach efforts to disadvantaged communities, and engagement materials in multiple languages will be a priority.</li> <li>➤ The City shall require integrating housing designs that meet the needs of extended, multigenerational, and/or large families.</li> <li>➤ Amend the Comprehensive Plan and zoning designations of property identified as needed to meet the City’s RHNA obligations. For sites identified as suitable for lower-income residential development, the designations shall allow future development to achieve at least 30 units per acre and allow at least 16 units per site.</li> <li>➤ Rezone ROLM and GM zoned properties to permit multi-family residential housing as an allowed use with a density of 90 dwelling units per acre for those properties nearest Bayshore Freeway and generally bounded by East Charleston Road and Loma Verde Avenue.</li> </ul>



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# 2023-2031 Housing Element City of Palo Alto



Appendix D: Site Inventory  
December 2022  
*Draft*



Table A: Housing Element Sites Inventory, Table Starts in Cell A2

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Consolidated Sites	General Plan Designation (Current)	Zoning Designation (Current)	Minimum Density Allowed (units/acre)	Max Density Allowed (units/acre)	Parcel Size (Acres)	Existing Use/Vacancy	Infrastructure	Publicly Owned	Site Status	Identified in Last/Last Two Planning Cycle(s)	Lower Income Capacity	Moderate Income Capacity	Above Moderate Income Capacity	Total Capacity	Year Built	Improvement to Land Value Ratio	CoStar Rating	
Pub. Ato	555 UNIVERSITY AV	94301	120-03-024		CC	CD-2		40	0.17	One story office space (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1970	1.91	2	
Pub. Ato	536 TASSO ST	94301	120-03-045		CC	CD-P		44	0.8	Three story office space (FAR- 2.0)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	10	0	10	1984	1.14	3	
Pub. Ato	848 UNIVERSITY AV	94301	120-03-040		CC	CD-P		31	0.10	Two story office space (FAR- 0.6)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1956	0.53	2	
Pub. Ato	543 COWPER ST	94301	120-03-077		CC	CD-S		40	0.21	One story office space (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1978	0.47	2	
Pub. Ato	330 LYTON AV	94301	120-15-003		CC	CD-C		40	0.16	One story restaurant space (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1997	1.46	2	
Pub. Ato	401 WAVERLEY ST	94301	120-15-007		CC	CD-C		40	0.24	One story commercial (FAR- 0.9), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1977	1.08	2	
Pub. Ato	444 COWPER ST	94301	120-15-014		CC	CD-C		40	0.14	Surface Parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1900	0.84	2	
Pub. Ato	428 WAVERLEY ST	94301	120-15-039		CC	CD-C		40	0.17	Two story commercial building (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	3	3	1933	0.32	2	
Pub. Ato	318 UNIVERSITY AV	94301	120-15-068		CC	CD-P		40	0.14	One story restaurant (FAR- 0.8)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1948	0.63	2	
Pub. Ato	328 UNIVERSITY AV	94301	120-15-069		CC	CD-C		40	0.18	One story retail (FAR- 0.8)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1920	0.53	2	
Pub. Ato	527 WAVERLEY ST	94301	120-15-090		CC	CD-S		40	0.18	Surface Parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0	2	
Pub. Ato	515 WAVERLEY ST	94301	120-15-091		CC	CD-C		40	0.18	Surface Parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0	2	
Pub. Ato	500 WAVERLEY ST	94301	120-15-084		CC	CD-C		40	0.14	One story restaurant (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1992	0.91	3	
Pub. Ato	580 WAVERLEY ST	94301	120-15-085		CC	CD-C		40	0.14	Two story restaurant (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1938	0.89	2	
Pub. Ato	630 COWPER ST	94301	120-16-011		CC	CD-C		41	0.24	One story office space (FAR- 0.9), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	10	10	1956	0.45	1	
Pub. Ato	664 FINEST AV	94301	120-16-044		SOFA II CAP	RM-40		31	0.24	One story office space (FAR- 0.9), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1962	0.39	2	
Pub. Ato	163 EVERETT AV	94301	120-25-042		CN	CD-N		30	0.10	One story office space (FAR- 0.8), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1951	0.7	1	
Pub. Ato	525 ALMA ST	94301	120-25-709		CC	CD-C		40	0.21	One story retail (FAR- 1.0)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	8	8	1941	1.39	2	
Pub. Ato	488 HIGH ST	94301	120-27-037		CC	CD-P		44	0.18	Two story office space	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	6	6	1900	0.64	3	
Pub. Ato	660 HIGH ST	94301	120-27-039		SOFA II CAP	RT-50		50	0.14	One story office space (FAR- 0.6)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1946	1.3	1	
Pub. Ato	701 EMERSON ST	94301	120-27-049		SOFA II CAP	RT-35		35	0.22	One story commercial (FAR- 0.2), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	8	8	2003	0.88	1	
Pub. Ato	771 EMERSON ST	94301	120-27-072		SOFA II CAP	RT-35		35	0.14	One story office space (FAR- 0.6), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	2003	0.8	1	
Pub. Ato	1718 EMERSON ST	94301	120-27-073		SOFA II CAP	RT-35		35	0.14	One story auto service (FAR- 0.9)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1991	0.64	1	
Pub. Ato	839 EMERSON ST	94301	120-28-033		SOFA II CAP	RT-35		35	0.14	One story office space (FAR- 0.2), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1959	0.03	2	
Pub. Ato	851 EMERSON ST	94301	120-28-036		SOFA II CAP	RT-35		35	0.14	One story vacant office space (FAR- 0.4), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1966	0.32	1	
Pub. Ato	840 EMERSON ST	94301	120-28-037		SOFA II CAP	RT-35		35	0.48	Surface Parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	16	0	1966	0.03	2	
Pub. Ato	849 HIGH ST	94301	120-28-040		SOFA II CAP	RT-35		35	0.24	One story office space (FAR- 0.4), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	3	0	1950	1.49	2	
Pub. Ato	875 ALMA ST	94301	120-28-045		SOFA II CAP	RT-50		50	0.30	One story retail (FAR- 0.7), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	12	12	1949	0.79	1	
Pub. Ato	883 ALMA ST	94301	120-28-046		SOFA II CAP	RT-50		50	0.10	One story office space (FAR- 0.4), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	6	6	1927	0.11	2	
Pub. Ato	901 HIGH ST	94301	120-28-050		SOFA II CAP	RT-35		35	0.32	Auto Storage	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	10	0	1900	0.01	1	
Pub. Ato	875 HIGH ST	94301	120-28-089		SOFA II CAP	RT-35		35	0.38	One story office space (FAR- 0.5)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	14	0	1968	0.47	1	
Pub. Ato	929 HIGH ST	94301	120-28-090		SOFA II CAP	RT-35		35	0.12	One story office space (FAR- 0.4), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1955	0.2	1	
Pub. Ato	945 HIGH ST	94301	120-28-091		SOFA II CAP	RT-35		35	0.14	Auto Storage	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	0	1966	0.03	2	
Pub. Ato	940 HIGH ST	94301	120-28-095		SOFA II CAP	RT-35		35	0.18	Auto Storage	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1948	0.63	2	
Pub. Ato	960 HIGH ST	94301	120-28-093		SOFA II CAP	RT-35		35	0.14	Auto Storage	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1947	0.06	1	
Pub. Ato	917 ALMA ST	94301	120-28-097		SOFA II CAP	RT-50		50	0.24	One story office space (FAR- 0.5)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	9	0	1929	1.2	2	
Pub. Ato	820 EMERSON ST	94301	120-28-099		SOFA II CAP	RT-35		35	0.18	One story retail (FAR- 0.4), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1962	0.9	2	
Pub. Ato	1015 ALMA ST	94301	120-30-049		SOFA II CAP	RT-35		35	0.12	One story commercial (FAR- 0.2)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1955	1.25	2	
Pub. Ato	7011 EL CAMINO REAL	94306	124-31-054		CN	CN		30	0.1	One story retail (FAR- 0.6), surface parking	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1933	0.62	1	
Pub. Ato	666 GRANT AV	94306	124-33-017		ME	RM-40		31	0.14	Residential (r)	YES - Current	NO - Privately Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0.02	0	
Pub. Ato	LEGHORN ST	94303	147-05-012		CS	CS		40	0.80	Auto Storage	YES - Current	NO - Privately Owned	Available	Used in Prior Housing Element - Non-Vacant	19	0	0	8	27	1900	0.02	0

Table B: Candidate Sites Identified to be Re-zoned to Accommodate Shortfall Housing Need. Table Starts in Cell A2

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Type of Shortfall	Parcel Size (Acres)	Current General Plan Designation	Current Zoning	Proposed General Plan (GP) Designation	Proposed Zoning	Minimum Density Allowed	Maximum Density Allowed	Total Capacity	Vacant/Nonvacant	Description of Existing Uses	Infrastructure	Year Built	Improvement to Land Value Ratio	CoStar Rating
Palo Alto	725 UNIVERSITY AV	94301	003-02-021	0	0	8	0	1	0.25	MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	One story medical office (FAR: 0.4), surface parking	YES - Current	1959	0.43	1
Palo Alto	701 UNIVERSITY AV	94301	003-02-022	0	0	8	0	1	0.21	MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	One story medical office (FAR: 0.4), surface parking	YES - Current	1959	0.47	2
Palo Alto	4835 MIDFIELD RD	94301	003-02-023	0	0	3	0	0	0.23	MF	RM-30	MF	RM-30	16	40	13	Non-Vacant	One story medical office (FAR: 0.5), surface parking	YES - Current	1959	0.31	0.26
Palo Alto	720 UNIVERSITY AV	94301	003-02-047	0	0	13	0	0	0.41	MF	RM-30	MF	RM-30	16	40	13	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1954	0.37	2
Palo Alto	827 MIDFIELD RD	94301	003-30-084	0	0	4	0	0	0.20	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1954	0.31	2
Palo Alto	852 MIDFIELD RD	94301	003-30-084	0	0	4	0	0	0.14	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1959	0.31	2
Palo Alto	MIDDLEFIELD RD	94301	120-03-046	0	0	0	0	0	0.11	MF	RM-20	MF	RM-20	8	30	3	Non-Vacant	Surface Parking	YES - Current	1950	0.02	0
Palo Alto	850 MIDFIELD RD	94301	120-03-017	0	0	0	0	0	0.24	MF	RM-20	MF	RM-20	8	30	3	Non-Vacant	One story medical offices (FAR: 0.4), surface parking	YES - Current	1951	0.20	2
Palo Alto	643 WEBSTER ST	94301	120-04-022	0	0	0	0	0	0.15	MF	RM-20	MF	RM-20	8	30	6	Non-Vacant	Residential (1)	YES - Current	1961	0.03	0
Palo Alto	744 MIDFIELD RD	94301	120-04-053	0	0	0	0	0	0.37	MF	RM-20	MF	RM-20	8	30	8	Non-Vacant	One story medical offices (FAR: 0.2), surface parking	YES - Current	1955	0.09	0
Palo Alto	850 WEBSTER ST	94301	120-05-008	0	0	0	0	0	0.61	MF	RM-20	MF	RM-20	8	30	7	Non-Vacant	One story medical offices (FAR: 0.2), surface parking	YES - Current	1955	0.09	0
Palo Alto	850 MIDFIELD RD	94301	120-05-011	7	4	0	0	0	0.5	MF	RM-20	MF	RM-20	8	30	16	Non-Vacant	One story medical offices (FAR: 0.7), surface parking	YES - Current	1955	0.47	2
Palo Alto	884 MIDFIELD RD	94301	120-05-012	0	0	0	0	0	0.20	MF	RM-20	MF	RM-20	8	30	5	Non-Vacant	One story medical offices (FAR: 0.6), surface parking	YES - Current	1953	0.09	1
Palo Alto	720 COOPER ST	94301	120-10-044	0	0	0	0	0	0.14	MF	RM-30	MF	RM-30	16	40	10	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1957	0.33	2
Palo Alto	720 COOPER ST	94301	120-10-046	0	0	0	0	0	0.22	MF	RM-30	MF	RM-30	16	40	7	Non-Vacant	One story medical office (FAR: 0.6), surface parking	YES - Current	1953	0.09	1
Palo Alto	118 EMERSON ST	94301	120-24-019	0	0	4	0	0	0.24	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential	YES - Current	1932	0.01	0
Palo Alto	124 EMERSON ST	94301	120-24-020	0	0	4	0	0	0.24	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1938	0.35	1
Palo Alto	262 HAWTHORNE AV	94301	120-25-158	0	0	0	0	0	0.16	MF	RM-30	MF	RM-30	16	40	4	Non-Vacant	Residential (1)	YES - Current	1926	0.17	0
Palo Alto	202 BRYANT ST	94301	120-25-159	0	0	0	0	0	0.16	MF	RM-30	MF	RM-30	16	40	4	Non-Vacant	Residential (1)	YES - Current	1938	0.81	3
Palo Alto	75 ENCINA AV	94301	120-33-003	0	0	0	0	0	0.13	CS	CS	CS	CS	0	40	4	Non-Vacant	One story office space (FAR: 1.0)	YES - Current	1958	0.44	1
Palo Alto	69 ENCINA AV	94301	120-33-004	0	0	0	0	0	0.27	CS	CS	CS	CS	0	40	8	Non-Vacant	One story office space (FAR: 1.0)	YES - Current	1961	1.17	1
Palo Alto	27 ENCINA AV	94301	120-33-005	0	0	0	0	0	0.15	CS	CS	CS	CS	0	40	4	Non-Vacant	Residential (1)	YES - Current	1966	0.23	2
Palo Alto	85 EL CAMINO REAL	94301	120-33-011	0	0	0	0	0	0.25	CS	CS	CS	CS	0	40	6	Non-Vacant	One story medical office (FAR: 0.5), surface parking	YES - Current	1955	0.37	1
Palo Alto	85 EL CAMINO REAL	94301	120-33-012	0	0	0	0	0	0.21	CS	CS	CS	CS	0	40	7	Non-Vacant	One story medical office (FAR: 0.5)	YES - Current	1960	0.32	2
Palo Alto	84 EL CAMINO REAL	94301	120-34-001	8	5	0	0	0	0.64	CS	CS	CS	CS	0	40	20	Non-Vacant	One story car wash (FAR: 0.2), surface parking	YES - Current	1973	1.0	2
Palo Alto	116 COLLEGE AV	94301	124-17-003	0	0	4	0	0	0.22	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1952	0.59	2
Palo Alto	115 SEALE AV	94301	124-18-045	0	0	0	0	0	0.21	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1966	0.23	2
Palo Alto	114 SEALE AV	94301	124-18-050	0	0	0	0	0	0.21	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1962	0.03	0
Palo Alto	122 RINCONADA AV	94301	124-18-095	0	0	0	0	0	0.4	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1959	0.24	2
Palo Alto	124 RINCONADA AV	94301	124-19-003	0	0	0	0	0	0.24	MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1955	0.25	2
Palo Alto	1861 EL CAMINO REAL	94306	124-25-044	6	3	0	0	0	0.91	MF	RM-20	MF	RM-20	8	30	13	Non-Vacant	One story medical offices (FAR: 0.2), surface parking	YES - Current	1959	0.11	2
Palo Alto	2111 PARK BL	94306	124-27-038	0	0	0	0	0	0.24	MF	RM-30	MF	RM-30	16	40	16	Non-Vacant	Two story office space (FAR: 1.2), surface parking	YES - Current	1971	1.01	2
Palo Alto	305 COLLEGE AV	94306	124-28-013	0	0	0	0	0	0.2	MF	RM-30	MF	RM-30	16	40	5	Non-Vacant	Residential (1)	YES - Current	1938	0.21	2
Palo Alto	191 EL CAMINO REAL	94301	124-30-017	0	0	10	0	0	0.40	CN	CN	CN	CN	0	10	10	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1948	0.88	2
Palo Alto	2127 EL CAMINO REAL	94301	124-31-058	0	0	0	0	0	0.24	CN	CN	CN	CN	0	4	4	Non-Vacant	Surface Parking	YES - Current	1959	0.30	1
Palo Alto	2127 EL CAMINO REAL	94301	124-31-059	0	0	6	0	0	0.21	CN	CN	CN	CN	0	6	6	Non-Vacant	One story office space (0.6), surface parking	YES - Current	1950	0.51	2
Palo Alto	425 CARRIBOGE AV	94306	124-32-009	0	0	0	0	0	0.2	CC	CC	CC	CC	0	40	4	Non-Vacant	One story building (FAR: 0.5), surface parking	YES - Current	1961	0.83	2
Palo Alto	454 CARRIBOGE AV	94306	124-32-012	0	0	0	0	0	0.18	CC	CC	CC	CC	0	40	5	Non-Vacant	One story retail (FAR: 1.0)	YES - Current	1961	0.23	2
Palo Alto	417 COLLEGE AV	94306	124-32-026	0	0	0	0	0	0.2	MF	RM-30	MF	RM-30	16	40	5	Non-Vacant	Residential (1)	YES - Current	1978	0.58	3
Palo Alto	127 COLLEGE AV	94306	124-32-031	0	0	0	0	0	0.1	MF	RM-30	MF	RM-30	16	40	1	Non-Vacant	Residential (1)	YES - Current	1941	0.56	1
Palo Alto	2491 EL CAMINO REAL	94306	124-33-061	0	0	0	0	0	0.1	CC	CC	CC	CC	0	40	7	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1945	0.26	3
Palo Alto	410 MIDDLEFIELD RD	94301	127-19-023	8	3	0	0	0	0.31	MF	RM-20	MF	RM-20	8	30	13	Non-Vacant	Two story office space (FAR: 0.6), surface parking	YES - Current	1961	1.46	3
Palo Alto	2801 MIDDLEFIELD RD	94306	127-24-052	0	0	0	0	0	0.1	CN	CN	CN	CN	0	3	3	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1969	1.14	2
Palo Alto	708 COLORADO AV	94306	127-34-054	0	0	0	0	0	0.1	CN	CN	CN	CN	0	3	3	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1969	1.14	2
Palo Alto	708 COLORADO AV	94306	127-34-055	0	0	0	0	0	0.1	CN	CN	CN	CN	0	3	3	Non-Vacant	One story retail (FAR: 0.3), surface parking	YES - Current	1969	1.22	2
Palo Alto	2741 MIDDLEFIELD RD	94306	127-34-095	0	0	0	0	0	0.2	CN	CN	CN	CN	0	30	5	Non-Vacant	Two story retail (FAR: 0.5)	YES - Current	1964	1.43	3
Palo Alto	2811 MIDDLEFIELD RD	94306	127-34-098	18	12	0	0	0	1.72	CN	CN	CN	CN	0	30	41	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1964	1.11	2
Palo Alto	1320 MIDDLEFIELD RD	94306	127-34-148	0	0	0	0	0	0.3	MF	RM-20	MF	RM-20	8	30	8	Non-Vacant	One story medical office (FAR: 0.5)	YES - Current	1959	0.30	1
Palo Alto	460 LAMBERT AV	94306	132-30-017	0	0	0	0	0	0.22	CS	CS	CS	CS	0	40	7	Non-Vacant	Surface Parking	YES - Current	1957	0.88	2
Palo Alto	300 AHSI ST	94306	132-30-045	0	0	0	0	0	0.30	CS	CS	CS	CS	0	40	12	Non-Vacant	One story office space (FAR: 0.8)	YES - Current	1970	1.04	2
Palo Alto	3200 AHSI ST	94306	132-30-047	0	0	0	0	0	0.30	CS	CS	CS	CS	0	40	7	Non-Vacant	One story office space (FAR: 0.8), surface parking	YES - Current	1959	0.99	2
Palo Alto	268 LAMBERT AV	94306	132-30-048	0	0	11	0	0	0.37	CS	CS	CS	CS	0	40	11	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1961	0.65	2
Palo Alto	1233 LAMBERT AV	94306	132-30-058	0	0	0	0	0	0.2	CS	CS	CS	CS	0	40	8	Non-Vacant	One story retail (FAR: 0.3), surface parking	YES - Current	1961	0.61	2
Palo Alto	425 PORTAGE AV	94306	132-30-060	0	0	0	0	0	0.12	CS	CS	CS	CS	0	40	12	Non-Vacant	One story commercial (FAR: 0.8)	YES - Current	1963	0.52	2
Palo Alto	3312 EL CAMINO REAL	94306	132-30-095	0	0	0	0	0	0.17	CS	CS	CS	CS	0	40	5	Non-Vacant	Two story vacant office space (FAR: 0.9)	YES - Current	1968	0.72	2
Palo Alto	441 LAMBERT AV	94306	132-30-097	0	0	0	0	0	0.1	CC	CC	CC	CC	0	40	4	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current			

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Type of Shortfall	Parcel Size (Acres)	Current General Plan Designation	Current Zoning	Proposed General Plan (GP) Designation	Proposed Zoning	Minimum Density Allowed	Maximum Density Allowed	Total Capacity	Vacant/Nonvacant	Description of Existing Uses	Infrastructure	Year Built	Improvement to Land Value Ratio	Cost Star Rating
Palo Alto	2405 EL CAMINO REAL	94306	124-53-008	0	0	12	0	Shortfall of Sites	0.38	CC	CC	CC	CC	40	12	Non-Vacant	Two story lodging (FAR: 0.7), surface parking	YES - Current	1937	0.1	2	
Palo Alto	443 SHERMAN AV	94306	124-53-043	0	0	8	0	Shortfall of Sites	0.41	CC	CC	CC	CC	40	8	Non-Vacant	Two story office space (FAR: 1.6)	YES - Current	1976	0.61	3	
Palo Alto	3119 PARK BL	94306	122-20-076	10	6	0	0	Shortfall of Sites	0.99	LM	LM	LM	LM	50	22	Non-Vacant	One story office space (FAR: 0.6), surface parking	YES - Current	1976	1.83	2	
Palo Alto	3309 PARK BL	94306	122-20-086	0	0	0	0	Shortfall of Sites	0.17	LM	LM	LM	LM	40	6	Non-Vacant	One story office space (FAR: 0.4)	YES - Current	1953	0.3	1	
Palo Alto	PARK BL	94306	122-20-042	0	0	8	0	Shortfall of Sites	0.28	MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	Surface Parking	YES - Current	1961	0.09	2
Palo Alto	PARK BL	94306	122-20-043	20	11	0	0	Shortfall of Sites	4.3	MF	RM-30	MF	RM-30	16	40	14	Non-Vacant	Two story office space (FAR: 0.2), surface parking	YES - Current	1960	1.24	3
Palo Alto	404 SHERMAN AV	94306	122-20-025	0	0	0	0	Shortfall of Sites	0.11	MF	RM-30	MF	RM-30	31	50	4	Non-Vacant	Surface Parking	YES - Current	1961	0.09	2
Palo Alto	2672 EL CAMINO REAL	94306	122-20-077	0	5	0	0	Shortfall of Sites	0.64	CN	CN	CN	CN	40	20	Non-Vacant	One story retail (FAR: 0.3), surface parking	YES - Current	1970	0.69	2	
Palo Alto	2902 EL CAMINO REAL	94306	122-20-087	0	0	0	0	Shortfall of Sites	0.26	CN	CN	CN	CN	12	40	12	Non-Vacant	One story retail (FAR: 0.2), surface parking	YES - Current	1970	0.59	2
Palo Alto	555 COLLEGE AVE	94306	127-01-069	0	0	15	0	Shortfall of Sites	0.48	CN	CN	CN	CN	40	15	Non-Vacant	Single story office space (FAR: 0.5), surface parking	YES - Current	1958	0.57	2	
Palo Alto	2202 EL CAMINO REAL	94306	127-01-070	0	0	13	0	Shortfall of Sites	0.44	CN	CN	CN	CN	40	13	Non-Vacant	Auto storage and convenience store (FAR: 0.2), surface parking	YES - Current	1970	0.19	2	
Palo Alto	745E ST	94306	127-01-073	0	0	0	0	Shortfall of Sites	0.11	CN	CN	CN	CN	40	4	Non-Vacant	Surface Parking	YES - Current	1959	0.4	2	
Palo Alto	2070 EL CAMINO REAL	94306	127-01-116	0	0	8	0	Shortfall of Sites	0.27	CN	CN	CN	CN	40	8	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1968	1.14	2	
Palo Alto	1777 COLLEGE AVE	94306	127-01-121	0	0	14	0	Shortfall of Sites	0.44	CN	CN	CN	CN	40	14	Non-Vacant	Two story office space (FAR: 0.5), surface parking	YES - Current	1968	0.1	2	
Palo Alto	2310 EL CAMINO REAL	94306	127-01-129	11	6	0	0	Shortfall of Sites	0.78	CN	CN	CN	CN	40	24	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1924	1.39	3	
Palo Alto	2402 EL CAMINO REAL	94306	142-20-012	11	6	0	0	Shortfall of Sites	0.70	CS	CS	CS	CS	40	24	Non-Vacant	Two Story Office Building	YES - Current	1921	2.01	2	
Palo Alto	NETA AV	94306	147-09-056	22	14	0	0	Shortfall of Sites	1.20	ROLM	ROLM	ROLM	ROLM	50	80	Non-Vacant	Surface Parking	YES - Current	1952	0.62	2	
Palo Alto	106 LOWELL AV	94301	124-17-035	0	0	0	0	Shortfall of Sites	0.11	MF	RM-20	MF	RM-20	8	40	2	Non-Vacant	Residential (1)	YES - Current	1948	0.11	1
Palo Alto	114 LOWELL AV	94301	124-17-040	0	0	0	0	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1948	0.40	2
Palo Alto	120 LOWELL AV	94301	124-17-041	0	0	0	0	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1948	0.42	2
Palo Alto	126 LOWELL AV	94301	124-17-042	0	0	0	0	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1944	0.13	1
Palo Alto	121 MANZANITA AV	94306	124-24-028	0	0	0	0	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1927	0.89	2
Palo Alto	12 CHURCHILL AV	94306	124-24-025	0	0	0	0	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	2	Non-Vacant	Residential (2)	YES - Current	1944	0.69	2
Palo Alto	18 CHURCHILL AV	94306	124-24-026	0	0	0	0	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	2	Non-Vacant	Residential (2)	YES - Current	1944	0.69	2
Palo Alto	18 CHURCHILL AV	94306	124-24-028	0	0	0	0	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1940	0.11	1
Palo Alto	18 CHURCHILL AV	94306	124-24-029	0	0	0	0	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1940	0.11	1
Palo Alto	3457 EL CAMINO REAL	94306	122-20-077	0	0	0	0	Shortfall of Sites	0.11	CN	CN	CN	CN	40	4	Non-Vacant	One story retail (FAR: 0.6)	YES - Current	1950	1.11	1	
Palo Alto	2407 EL CAMINO REAL	94306	122-20-078	0	0	0	0	Shortfall of Sites	0.11	CN	CN	CN	CN	40	4	Non-Vacant	One story retail (FAR: 0.6), surface parking	YES - Current	1963	0.8	2	
Palo Alto	3505 EL CAMINO REAL	94306	122-20-060	0	0	0	0	Shortfall of Sites	0.14	CN	CN	CN	CN	40	4	Non-Vacant	Two story office space (FAR: 0.3)	YES - Current	1950	1.26	2	
Palo Alto	3545 EL CAMINO REAL	94306	122-20-063	0	0	0	0	Shortfall of Sites	0.14	CN	CN	CN	CN	40	4	Non-Vacant	Two story retail (FAR: 0.4)	YES - Current	1969	1.34	2	
Palo Alto	3077 EL CAMINO REAL	94306	122-20-086	0	0	0	0	Shortfall of Sites	0.24	CS	CS	CS	CS	40	4	Non-Vacant	One story car wash (FAR: 0.2)	YES - Current	2002	0.52	1	
Palo Alto	4131 EL CAMINO WY	94306	122-24-010	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	5	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1958	0.43	3	
Palo Alto	4115 EL CAMINO WY	94306	122-24-012	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	5	Non-Vacant	One story school (FAR: 0.7)	YES - Current	1958	1.11	2	
Palo Alto	4121 EL CAMINO REAL	94306	122-24-103	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	4	Non-Vacant	One story auto service (FAR: 0.2), surface parking	YES - Current	1969	0.49	3	
Palo Alto	4117 EL CAMINO REAL	94306	122-24-105	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	5	Non-Vacant	One story office space (FAR: 0.2), surface parking	YES - Current	1963	0.85	3	
Palo Alto	4123 EL CAMINO REAL	94306	122-24-116	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	4	Non-Vacant	One story restaurant (FAR: 0.4)	YES - Current	1961	0.09	3	
Palo Alto	EL CAMINO REAL	94306	127-11-074	0	0	0	0	Shortfall of Sites	0.12	CN	CN	CN	CN	40	3	Non-Vacant	Surface parking	YES - Current	1960	0.27	2	
Palo Alto	3702 EL CAMINO REAL	94306	127-11-079	0	0	0	0	Shortfall of Sites	0.12	CN	CN	CN	CN	40	3	Non-Vacant	Surface parking	YES - Current	1960	0.49	3	
Palo Alto	3924 EL CAMINO REAL	94306	127-11-084	0	0	0	0	Shortfall of Sites	0.12	CN	CN	CN	CN	40	3	Non-Vacant	One story commercial (FAR: 0.98)	YES - Current	1934	0.27	3	
Palo Alto	3944 EL CAMINO REAL	94306	127-11-085	0	0	0	0	Shortfall of Sites	0.22	CN	CN	CN	CN	40	7	Non-Vacant	One story retail space (FAR: 0.5)	YES - Current	1987	0.49	3	
Palo Alto	3962 EL CAMINO REAL	94306	127-11-089	0	0	0	0	Shortfall of Sites	0.16	CN	CN	CN	CN	40	5	Non-Vacant	One story restaurant (FAR: 0.6)	YES - Current	1956	1.09	0.45	
Palo Alto	3975 EL CAMINO REAL	94306	127-11-093	0	0	0	0	Shortfall of Sites	0.24	CS	CS	CS	CS	40	33	Non-Vacant	Surface parking	YES - Current	1969	0.42	3	
Palo Alto	2005 EL CAMINO REAL	94306	127-24-045	4	3	0	0	Shortfall of Sites	0.16	CN	RM-20	CN	RM-20	8	40	10	Non-Vacant	Surface parking	YES - Current	1966	0.69	2
Palo Alto	4120 EL CAMINO REAL	94306	122-24-046	14	8	0	0	Shortfall of Sites	1.61	CS	CS	CS	CS	40	20	Non-Vacant	One story retail space (FAR: 0.5), surface parking	YES - Current	1998	1.09	3	
Palo Alto	561 VESTA AV	94306	127-37-004	0	5	0	0	Shortfall of Sites	0.66	MF	RM-30	MF	RM-30	16	40	20	Non-Vacant	One story Faith-based institution, Congregation Emek Beracha	YES - Current	1974	0.63	2
Palo Alto	WAVELY ST & LYTTON AVE	94301	120-14-088	18	11	0	0	Shortfall of Sites	0.88	CC	PF	CC	PF	40	62.5	40	Non-Vacant	Surface parking	YES - Current	1974	0.63	2
Palo Alto	COWPER ST & HAMILTON AVE	94301	120-15-073	14	8	0	0	Shortfall of Sites	0.62	CC	PF	CC	PF	40	62.5	33	Non-Vacant	Surface parking	YES - Current	1974	0.63	2
Palo Alto	WAVELY ST & HAMILTON AVE	94301	120-15-086	14	8	0	0	Shortfall of Sites	0.64	CC	PF	CC	PF	40	62.5	30	Non-Vacant	Surface parking	YES - Current	1974	0.63	2
Palo Alto	EMERSON ST	94301	120-26-027	12	7	0	0	Shortfall of Sites	0.64	CC	PF	CC	PF	40	62.5	27	Non-Vacant	Surface parking	YES - Current	1974	0.63	2
Palo Alto	NEW MANFIELD LN	94301	124-33-065	0	0	0	0	Shortfall of Sites	0.62	CC	PF	CC	PF	40	62.5	26	Non-Vacant	Surface parking	YES - Current	1969	0.25	1
Palo Alto	SHERMAN AVE & PEARL LN	94301	124-33-007	22	13	0	0	Shortfall of Sites	0.67	CC	PF	CC	PF	40	62.5	50	Non-Vacant	Surface parking	YES - Current	1969	0.49	2
Palo Alto	1808 COWPER RD	94301	120-30-022	11	6	0	0	Shortfall of Sites	0.61	CC	PF	CC	PF	40	31	31	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current	1969	0.27	2
Palo Alto	1142 COWPER ST	94301	120-18-048	6	4	0	0	Shortfall of Sites	0.61	SP	R-1	SP	R-1	30	10	10	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current	1969	0.27	2
Palo Alto	3505 MIDDLEFIELD RD	94306	127-47-042	16	9	0	0	Shortfall of Sites	1.1	SP	R-1	SP	R-1	30	30	30	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current	1969	0.27	3
Palo Alto	2402 MIDDLEFIELD RD	94306	127-47-043	11	6	0	0	Shortfall of Sites	0.46	SP	R-1	SP	R-1	30	11	11	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current	1969	0.27	3
Palo Alto	2870 MIDDLEFIELD RD	94306	127-47-044	8	5	0	0	Shortfall of Sites	0.76	SP	R-1	SP	R-1	30	18	18	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current	1969	0.27	3
Palo Alto	1811 MIDDLEFIELD RD	94306	127-47-045	7	4	0	0	Shortfall of Sites	0.32	SP	R-1	SP	R-1	30	4	4	Non-Vacant	Surface parking/vacant land surrounding faith-based institution				

**Table C: Land Use, Table Starts in A2**

<b>Zoning Designation</b>	<b>General Land Uses Allowed</b>
R-1	Low density residential (Chapter 18.12)
RM-20	Multi-family residential uses (Chapter 18.13)
RM-30	Multi-family residential uses (Chapter 18.13)
RM-40	Multi-family residential uses (Chapter 18.13)
CS	Residential and non-residential uses (Chapter 18.16)
CN	Residential and non-residential uses (Chapter 18.16)
CC	Residential and non-residential uses (Chapter 18.16)
CD-C	Residential and non-residential uses (Chapter 18.18)
CD-N	Residential and non-residential uses (Chapter 18.18)
RT-35	Residential and non-residential uses up to 35 feet
RT-40	Residential and non-residential uses up to 40 feet
GM	Light manufacturing, research, and commercial services uses (Chapter 18.20)
ROLM	Light manufacturing, research, and commercial services uses (Chapter 18.20)
PC	Any use in accordance with approved development plan (Chapter 18.38)
PF	Public facilities (Chapter 18.28)



# 2023-2031 Housing Element City of Palo Alto



December 2022  
*Draft*





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# EXECUTIVE SUMMARY



## ES INTRODUCTION

The Bay Area is the fifth-largest metropolitan area in the nation, and Palo Alto continues to attract residents for its well-known neighborhoods and healthy economy. Palo Alto has a strong jobs market and a demand for housing that has outpaced the city’s housing supply. This has contributed to high housing costs, potentially impacting the quality of life, health, and local economy of communities.

The City of Palo Alto is committed to improving access to high-quality housing for residents that meet the needs of the entire community. Promoting a mix of housing types across all income segments is a priority of the City which will promote the livability of Palo Alto’s diverse and vibrant community. Preserving existing housing and creating new housing in a variety of types and sizes situated along transportation corridors and public transit is a goal for the City.

### WHAT IS THE HOUSING ELEMENT?

The Housing Element is a State required “element” or chapter in the City’s Comprehensive Plan, also known as a general plan, that works to assess the condition of the City’s current housing and future needs of its residents through citywide housing goals, objectives, and policies. The City is required to ensure adequate planning for its “fair share” of affordable and market rate housing, and must demonstrate a strategy for removing barriers to increase housing production and counter well-documented housing shortages.

The Housing Element aims to achieve several goals including:

- Accommodating projected housing need, as mandated by the State
- Increasing housing production to meet this need
- Improving housing affordability
- Preserving existing affordable housing
- Improving the safety, quality and condition of existing housing
- Facilitating the development of housing for all income levels and household types, including special needs populations
- Improving the livability and economic prosperity of all City residents
- Promoting fair housing choice for all

#### WHY UPDATE THE HOUSING ELEMENT?

- Housing is essential to people’s health, quality of life and the economy.
- The Housing Element provides a detailed roadmap that guides the City’s course related to present and future housing needs.
- The document provides direction on how it will meet its Regional Housing Needs Allocation (RHNA) for all income levels.
- State law requires the Housing Element to be updated every eight years to analyze the progress and effectiveness of the previous Housing Element. This enables an opportunity to reassess, adjust and recommit to goals, objectives, policies and programs that facilitate housing production and meets the needs of all residents, as housing is essential to people’s health, quality of life and the economy.

#### THE HOUSING ELEMENT ORGANIZATION GUIDE

The Housing Element includes five chapters, outlining current and future housing needs of the community, housing resources, constraints to building housing, fair housing and a housing plan. The housing plan within the Housing Element Update builds upon and revises the goals, policies and programs of the existing Housing Element. The purpose is to meet

the housing needs of all Palo Alto residents through 2031, when the plan is scheduled to be updated again as required by State law.

The five chapters of the Housing Element are as follows:

#### INTRODUCTION

Introduces the purpose of the Housing Element, context, related documents, and summary of public participation.

#### HOUSING NEEDS SUMMARY

Describes Palo Alto's demographic and housing conditions related to the City's housing needs, including housing type and affordability.

#### HOUSING RESOURCES

Shows the Regional Housing Needs Allocation (RHNA), or the "fair share" of housing units the City must plan for at different affordability levels as required by law.

Summarizes the existing land, financial, and administrative resources in Palo Alto and proposed resources to meet the housing needs. This section further describes trends, incentives, and programs to support housing development and the RHNA target.

#### HOUSING CONSTRAINTS

Identifies governmental, market, environmental and other existing obstacles and challenges to maintaining, expanding, and improving housing in Palo Alto.

#### HOUSING PLAN

Lays out the goals and steps needed to meet the housing needs of current and future residents. Each goal has associated policies, programs, and actions detailed in the plan by law.

## PALO ALTO'S TOP HOUSING ISSUES

### AFFORDABLE HOUSING

Palo Alto has long been a leader in the production of affordable housing. The City has the second highest inventory of affordable housing as a percentage of total housing stock relative to other incorporated jurisdictions in Santa Clara County. Since 2017, the City has contributed or pledged \$54 million from its affordable housing fund or land value in support of the construction of 218 affordable and workforce housing units, 108 emergency shelter rooms anticipated to be completed in 2023 and the preservation of 117 units at the Buena Vista Mobile Home Park. As part of a development agreement with Stanford University an additional 70 affordable housing units were built in 2017.

More recently, in November 2022, Wilton Court, a 59-unit affordable development was occupied. The City granted land use approval for Mitchell Park Place, located at 525 E. Charleston Road, for 50 affordable units with half the units serving persons with disabilities. The City is also partnering with the County for the project at 231 Grant Avenue, where the County has donated the land and funding for teacher and school district employee housing. A non-profit housing organization filed an application in 2022 for 129 affordable housing units on El Camino Real and the City is reviewing another application that includes a development agreement with the Sobrato Organization for the dedication of approximately 1 acre of land to the City for the purpose of building an affordable housing project next to a future two acre park. The City is poised to release a request for information for a private/public partnership for the redevelopment of one or more City surface parking lots near University Avenue for the purpose of adding affordable housing units downtown.

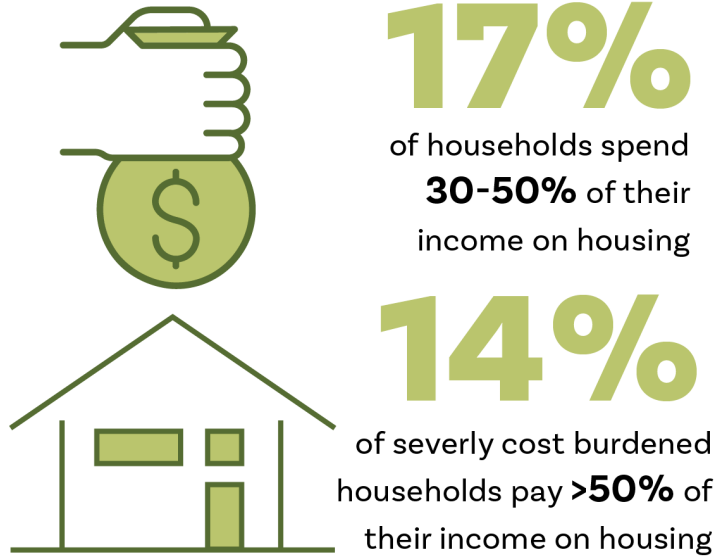
Meanwhile the City continues to explore ways to increase revenue for affordable housing. It recently adjusted its affordable housing impact fees on commercial development and its residents approved an initiative on the November 2022 ballot for a business tax; a portion of which is to support a variety of affordable housing interests.

Despite these efforts the City of Palo Alto understands more is needed at the local, regional and state level to address California's housing shortage. This Housing Element includes meaningful programs to further incentivize and facilitate housing production at the local level and seek partnerships to expand affordable housing opportunities in the City.

### INCREASING HOUSING COSTS

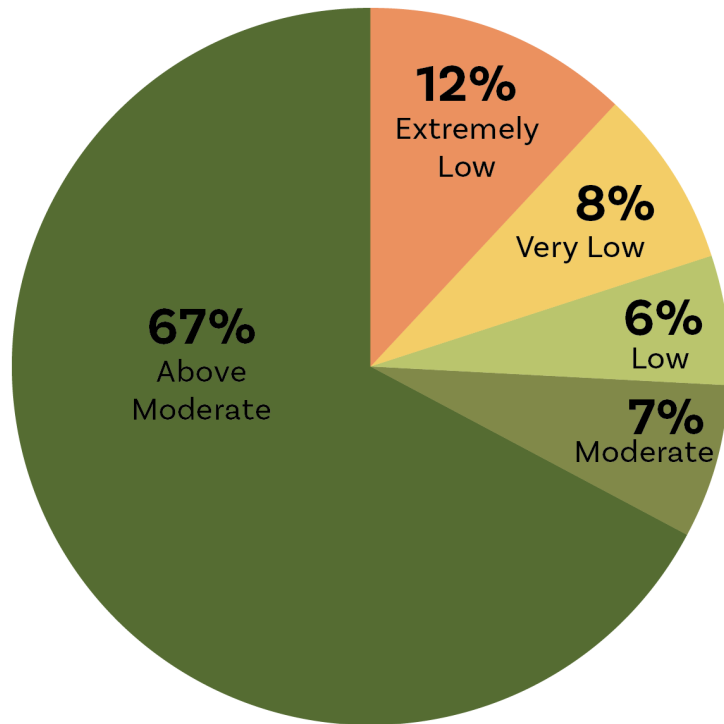
Jobs and population are projected by the State to grow in Palo Alto, creating an even higher demand for housing. The strong economy has positioned Palo Alto residents to have higher household incomes compared to Santa Clara County as a whole. However, there are many households in Palo Alto making less than the median income, which is \$174,003 in 2020 inflation-adjusted dollars. Rising home prices puts homeownership out of reach for households making less than the median income. These segments of the population are also experiencing sharp increases in rent prices and are sometimes often forced into substandard living. They may have little disposable income left after housing costs. Since 2009, the median rent has increased by 62 percent, while the median income has increased 44 percent since 2010, leaving many renters priced out, evicted, or displaced. Figure ES-1 below shows housing cost burden in the City of Palo Alto. Figure ES-2 shows the breakdown of housing income in Palo Alto. Figure ES-3 shows changes in housing cost within the City of Palo Alto. Figure ES-4 below shows the cost burden broken down by race in Palo Alto.

Figure ES-1 Cost Burden in Palo Alto



Source: 2015-2019 ACS five-year estimates.

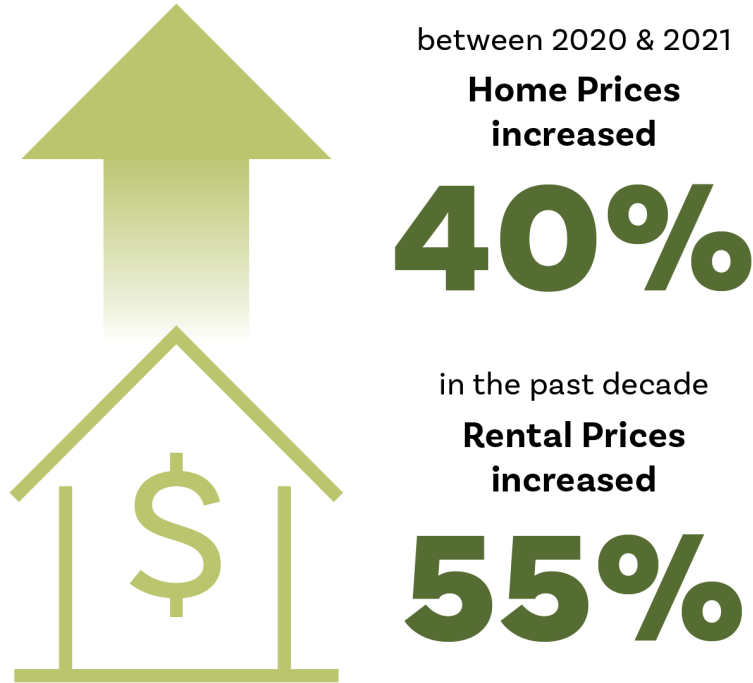
Figure ES-2 Household Income in Palo Alto



Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release.



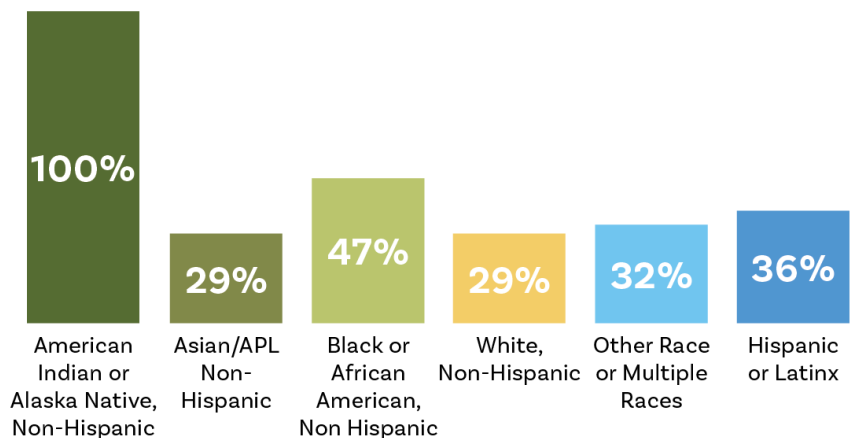
Figure ES-3 Changes in Housing Costs in Palo Alto



Source: 2015-2019 ACS five-year estimates.

The Housing Element describes current housing conditions in Palo Alto and provides data on the economic and social stresses that many residents face due to the lack of sufficient access to quality, affordable housing. Chapter Five *Housing Plan* provides actions that the City will take to address the lack of affordable housing and help increase the number of new housing units. These actions include but are not limited to: increasing the production of affordable and market rate housing units, preserving existing affordable housing, and addressing the housing needs of varying demographic groups to provide housing assistance resources and to address fair housing issues.

**Figure ES-4 Cost Burden by Race in Palo Alto**



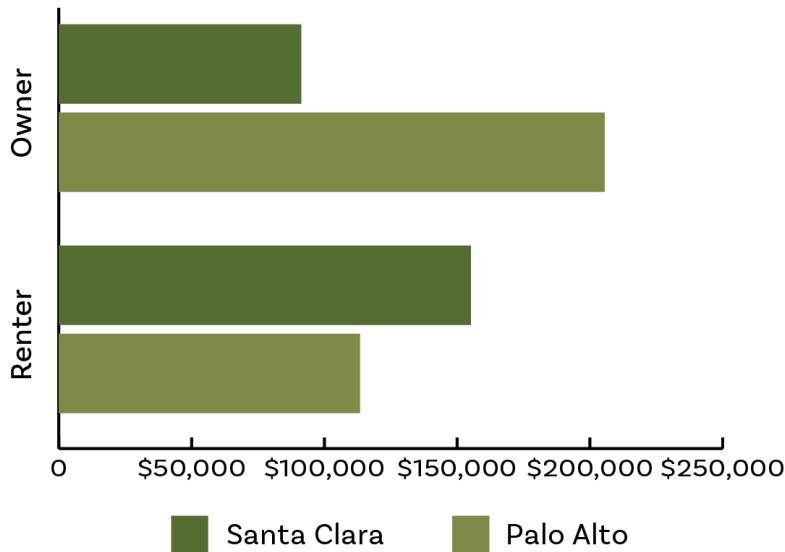
Source: 2015-2019 ACS five-year estimates.

### COST BURDENED HOUSEHOLDS AND THE IMPACTS OF LOW HOUSING SUPPLY

The demand for new housing relative to the supply of existing housing units contributes to the cost burden of lower income households in Palo Alto, which disproportionately affects minority households. Housing is typically the greatest, single expense for California households. The impact of high housing costs falls disproportionately on households with incomes lower than the median in a given area. Those spending over 30 percent of their monthly income on housing costs are generally considered to be overpaying or cost burdened. Cost burden affects a portion of residents in Palo Alto, particularly lower income renter households. This is a significant hardship for many households and impacts local economies, as money that might otherwise be spent in local stores generating sales tax revenues, are being spent on housing. While some higher-income households may choose to spend greater portions of their income for housing, the cost burden for lower-income households reflect choices limited by a lack of a sufficient supply of affordable housing. In 2018, 17 percent of all City households were cost burdened, and renters were more likely to overpay for housing. When housing is not affordable to residents, they will commute longer distances for cheaper housing, which may cause increased traffic congestion and diminished character of established neighborhoods in

Palo Alto. The Housing Element provides a course of action to facilitate the future construction of a mix of housing types available to various income levels. Figure ES-5 below shows median income by tenure in both Santa Clara County and the City of Palo Alto.

**Figure ES-5 Median Income by Tenure**



Source: 2015-2019 ACS five-year estimates.

## MARKET FACTORS

Housing costs in the region are among the highest in the country. During the mid and late 1990s, the Silicon Valley economy boomed with the expansion of the Internet and the significant growth in the advancement of technology. Production of housing could not keep pace with available jobs and increasing population, driving up the cost of housing. Today, land costs, materials, and construction are driving costs up even further. In addition, demand in the City continues and there is little vacant land for new housing development. This Housing Element facilitates redevelopment and higher density housing with access to transportation and services; Appendix D includes an adequate sites inventory that identifies the best sites available for housing development, further supported by programs outlined in Chapter Five *Housing Plan*.

### **WHY DOES THIS MATTER?**

Housing is the first and largest expense for Palo Alto households. High housing costs and a lack of affordable housing affect all residents.

### **WHAT IS CONSIDERED “AFFORDABLE” HOUSING?**

Typically, the term affordable housing refers to housing for those with lower incomes. However, by definition, housing is affordable if it costs no more than 30 percent of someone’s monthly income. For example, a household making \$3,000 a month would have rent no higher than \$900 to be affordable.

### **WILL THIS PLAN BUILD HOUSING?**

This Housing Element establishes a roadmap and policies to meet the housing needs of Palo Alto residents by minimizing constraints to, and facilitating future, housing development. It does not propose or build housing development projects.

### **WHAT IF I NEED HOUSING NOW?**

For information about Housing Relief Programs, homeless housing assistance, homeownership resources, and housing information for tenants and landlords, please visit <https://www.cityofpaloalto.org/housing>. If you are a tenant living in substandard conditions or a property owner wishing to conduct an inspection with to the City to assure your dwellings are currently up to code, please contact the City’s Code Enforcement team at [planning.enforcement@CityofPaloAlto.org](mailto:planning.enforcement@CityofPaloAlto.org).

# INTRODUCTION

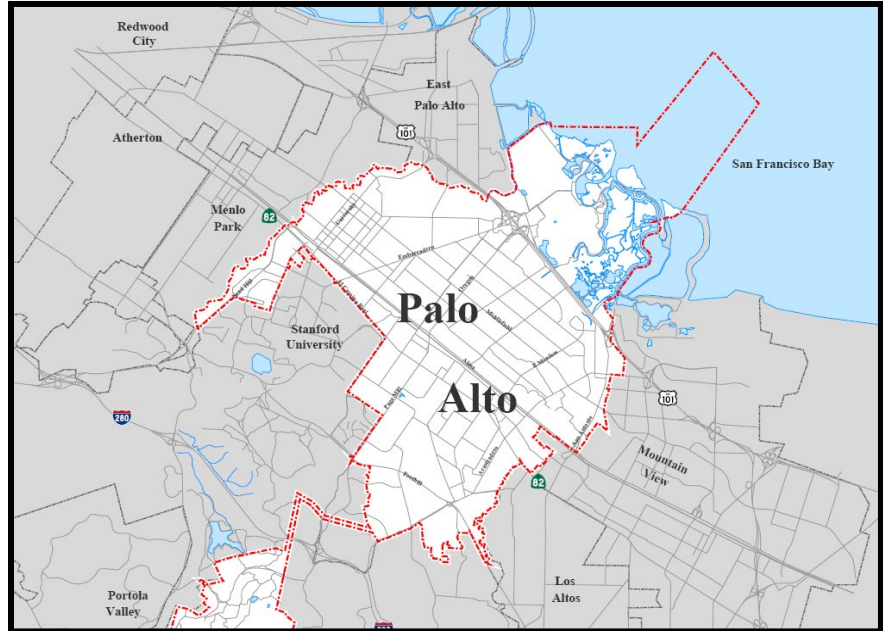
# 1

## 1.1 COMMUNITY CONTEXT

Incorporated in 1894 and located 35 miles south of San Francisco and 14 miles north of San Jose, the City of Palo Alto is a community of approximately 68,000 residents. Part of the San Francisco Metropolitan Bay Area and the Silicon Valley, Palo Alto is located within Santa Clara County and borders San Mateo County. The City's boundaries extend from San Francisco Bay on the east to the Skyline Ridge of the coastal mountains on the west, with Menlo Park to the north and Mountain View to the south. The City encompasses an area of approximately 26 square miles, nearly half of which is designated as parks, open space, and baylands.

Palo Alto's main transportation corridors are Interstate 280, Highway 101, Highway 84 (the Dumbarton Bridge), and Highway 92 (the Hayward-San Mateo Bridge). Air transportation is provided by San Francisco, San Jose, and Oakland international airports. Within the City, commuter rail stations include the Palo Alto University Avenue stop (one of the most frequently used in the Caltrain system) and the California Avenue station. Bus service is provided by the Santa Clara Valley Transit Authority (VTA). Alternative transportation options include bike paths throughout the City, and an internal shuttle service. Figure 1-1 below shows the regional location of Palo Alto.

**Figure 1-1 Regional Location of Palo Alto**



The City of Palo Alto can be described as a suburban residential community with a vibrant economy in the high technology and medical sectors. Its housing stock provides a range of housing types, including single-family homes, townhomes, condominiums, apartments, and one mobile home park.<sup>1</sup> Of the estimated 26,161 housing units in the City, approximately 61 percent are single-family residential units. As with many other Silicon Valley jurisdictions, growth in population and jobs have increased the demand for housing; however, the supply has not kept pace, thus escalating housing prices. In 2021, the median sales price for a single-family home was \$3,600,000.

Palo Alto faces several challenges during the 2023-31 Housing Element planning period:

- The City is a built-out community with very little vacant developable land, with no opportunities to annex additional areas to accommodate future housing needs.

<sup>1</sup> See Pages 112-113

- The high demand for developable land, coupled with the smaller lot sizes in the City, makes multi-family residential development difficult.
- With the high median sales price, providing housing affordable to all segments of the City's population is very difficult.
- In addition, the City has substantially higher number of jobs than residents, contributing to rising housing costs.

## 1.2 PURPOSE AND SCOPE OF THE HOUSING ELEMENT

The California State Legislature has identified the attainment of a decent home and suitable living environment for every citizen as the State's priority of the highest order. Recognizing the important role of local jurisdictions in the pursuit of this goal, the Legislature has mandated that every city and county prepare a Housing Element as part of its comprehensive General Plan. In Palo Alto, the general plan is known as the Comprehensive Plan. The Housing Element is the primary tool for cities and counties to meet their housing goals to ensure all residents have access to safe, decent, and affordable housing. The Housing Element must include:

- A review of the previously adopted Housing Element;
- Identification and analysis of existing and projected housing needs, resources, and constraints;
- A statement of goals, policies, and scheduled programs with quantified objectives, for preservation, improvement, and development of housing;
- Identification of adequate sites for housing needs; and
- Adequate provision of housing for existing and projected needs of all economic segments of the community.

This Housing Element covers a period extending from adoption (but no later than the statutory deadline of January 31, 2023) to January 31, 2031 and builds on the progress made under previous Palo Alto Housing Elements. The City has previously adopted five Housing Elements, the



most recent being the 2015-2023 City of Palo Alto Housing Element adopted in November 2014.

This 2023-31 Housing Element was prepared pursuant to Article 10.6 of the Government Code (State Housing Element Law) and presents a comprehensive set of housing goals, policies, programs and quantified objectives. While housing policies cannot commit the City to construct new housing units, the Housing Element identifies ways in which Palo Alto will facilitate the provision of housing for every resident at all income levels. This Housing Element builds on an assessment of Palo Alto's current and future housing needs including the regional housing needs allocation, an evaluation of existing housing programs, and the availability of adequate sites for future housing. It also identifies resources and addresses constraints on housing production.

### **1.3 RELATIONSHIP TO THE COMPREHENSIVE PLAN**

Cities and counties in California are required to develop comprehensive General Plans, which are long-range planning documents to guide future growth and development. A community's General Plan, known as the 2030 Comprehensive Plan in Palo Alto, typically provides an extensive and long-term strategy for the physical development of the community and any adjoining land. There are seven subject areas that a General Plan must address, although other optional elements can be added based on the vision of a community and accompanying goals and objectives. The other "Elements" that the Plan must contain are Land Use, Circulation, Conservation, Open Space, Noise, Safety, and in some cases, Environmental Justice. All elements bear equal weight, and no element has legal precedence over another.

This Housing Element is one of the seven required elements of Palo Alto's Comprehensive Plan, which was adopted in 2017 to address changes to the demographic, economic, and environmental conditions anticipated to occur through 2030. The Palo Alto Comprehensive Plan meets the requirements of State law through the following elements:

- Land Use and Community Design
- Housing

- Transportation
- Natural Environment
- Business and Economics
- Community Services and Facilities

The Housing Element complements the associated elements within the Palo Alto Comprehensive Plan and is consistent with the Plan's policies and proposals. Housing policy is informed and integrated with the development capacity levels established in the Land Use and Community Design Element to determine appropriate locations for housing development. Whenever any element of the General Plan is amended, the Housing Element will be reviewed and modified by the City, if necessary, to ensure continued consistency between elements is maintained. The City is also updating its Safety Update as required by State law. The Safety Update will address the new requirements such as fire hazards, climate change and sea level rise.

#### **1.4 DATA SOURCES AND METHODS**

Data from a variety of sources is used to complete the Housing Element. The most commonly cited source is from the Census Bureau's American Community Survey (ACS) or U.S. Department of Housing and Urban Development Comprehensive Housing Affordability Strategy (CHAS) data. The American Community Survey is a feature offered by the U.S. Census and includes five-year estimates on population and demographic characteristics. In addition, the Palo Alto Housing Needs Data Packet prepared by ABAG was relied on for much of the data and visualizations. Other data sources include the following:

- U.S. Census (Census 1990, 1980, 2000 and 2010)
- America Community Survey (ACS) data 2016-2020 (five-year estimates)
- California Department of Finance Housing and Population Estimates
- Association of Bay Area Governments (ABAG) projections

- Metropolitan Transportation Commission (MTC)
- Plan Bay Area 2050
- City of Palo Alto

## 1.5 ORGANIZATION OF THE HOUSING ELEMENT

Per California Government Code Sections 65580-65589, a housing element must consist of the following components:

- Review of the previous Housing Element
- Housing Needs Assessment
- Resources and Inventory of Adequate Sites
- Governmental and Nongovernmental Constraints
- Housing Plan, or proposed Housing Element Programs

The document was supported by comprehensive research and analysis which are compiled in appendices at the end of the document:

- Appendix A: Past Accomplishments
- Appendix B: Public Outreach
- Appendix C: Assessment to Fair Housing
- Appendix D: Site Inventory

## 1.6 ACRONYMS

This element includes use of many acronyms to identify agencies, housing programs, funding sources, and planning terms. The most commonly used acronyms are:

- ACS American Community Survey
- AMI Area Median Income
- CDBG Community Development Block Grant
- CHAS Comprehensive Housing Affordability Strategy
- DOF State of California Department of Finance
- DU/AC Dwelling units per acre

- FAR Floor to area ratio
- HCD State of California Department of Housing and Community Development
- HUD Federal Department of Housing and Urban Development
- LIHTC Low-Income Housing Tax Credit
- MFI Median Family Income
- RHNA Regional Housing Needs Allocation
- ABAG Association of Bay Area Governments
- SF Square feet

## 1.7 COMMUNITY INVOLVEMENT

The 2023-31 Palo Alto Housing Element has been prepared with the assistance of considerable community participation. Public outreach conducted as part of this Housing Element update included:

- Housing Element Working Group meetings
- Housing Element Council Ad Hoc Committee
- Community workshops on housing affordability and the Housing Element
- Community workshops on Affirmatively Furthering Fair Housing referenced in Appendix C of Housing Element
- Individual meetings with housing stakeholders
- A housing questionnaire circulated to interested parties and available online
- Planning and Transportation Commission (PTC) and City Council Meetings
- A website dedicated to the Housing Element update

The City will continue its public participation process to include all interested parties in the adoption and implementation of the Housing Element.

## WORKING GROUP

In April 2021, the Housing Element Working Group was appointed by the City Council. Comprised of 15 members and two alternate members, the group included representatives with interests in the housing problems facing Palo Alto and finding solutions to those problems. Members included an affordable housing provider, Stanford University, neighborhood leaders, community volunteers, the unhoused community, and the general public. Both homeowners and renters were represented on the group.



CITY OF  
**PALO ALTO**



The Working Group, representing the different housing interests of various segments of the community, met 15 times between May 2021 and April 2022. These meetings provided a forum for the representatives of each group to share their knowledge and perspectives regarding housing needs and solutions. Although each Working Group member represented the views of his or her respective groups, they also consulted with other individuals in the community. All Working Group meetings were open to the public. The following is a summary of topics discussed at each meeting:

- **May 6, 2021:** This meeting consisted of discussions on the Brown Act, Housing Element 101, and the process of a working group. The Housing Element discussion focused on the importance of the Housing Element as part of the Comprehensive Plan and what the goals were for this cycle of the Housing Element update. An

overview of the role of the Working Group was provided and the group established goals for their participation. To wrap up the meeting, two (2) co-chairs were elected by group members.

- June 3, 2021: To begin this meeting, land use and zoning basics were presented and centered on Palo Alto's seven residential zoning districts, defining housing density, and rezoning. An overview of the current housing element was then discussed and facilitators highlighted the primary strategies for the update. The meeting concluded with a discussion on the requirements for site selection and the strategies behind selection.
- July 1, 2021: The primary focus of this meeting was to look at an overview of the housing needs assessment and housing constraints. Based on that conversation, the group discussed local site selection parameters and the requirements for site selection, touching on topics such as Sustainability/Climate Action Plan (S/CAP) and percent affordability on sites selected in the 5<sup>th</sup> cycle Housing Element.
- August 5, 2021: This meeting highlighted RHNA standards and the projected target of housing units for Palo Alto to attain within this 6<sup>th</sup> housing cycle. The discussion focused on adding an additional 560 units and carrying over the 1,114 units from the 5<sup>th</sup> cycle. After this discussion, the Working Group heard from two (2) stakeholders: Stanford University and the Office of Transportation. The meeting then concluded with a presentation on specific site selection.
- August 25, 2021: This meeting, "Zoning and Land Use 101," was to provide an overview and discussion of the Comprehensive Plan and land uses, zoning regulations, and the development review process. The presentation explained how these foundational elements have implications for development potential and that modifications could better assist with housing production.
- September 2, 2021: This meeting followed the community workshop on August 10 and underlined the key takeaways heard

from community members. There were two guest speakers who presented on a proposed parking lot conversion project for affordable housing. A review of the latest site inventory and prioritization of site selection strategies wrapped up the meeting.

- October 7, 2021: The purpose of this meeting was to advance the site selection process and discuss the Working Group's findings and recommendations from previous meetings. The staff team provided specifics for each site selection strategy such as unit yields to further prioritize site selection strategies.
- October 21, 2021: This meeting continued the review of site selection based on Stanford proposed sites, parcels adjacent to low density neighborhoods, and removed sites.
- November 4, 2021: The focus of this meeting was to advance the site selection process through: (1) discussing the Working Group's site recommendations, (2) discussing the feasibility of Stanford sites in more depth, and (3) finalizing numbers to meet the City's RHNA requirement.
- November 18, 2021: In further advancing the site selection process, this meeting had four primary discussion points: (1) realistic capacity and feasibility for the sites inventory process, (2) sites located in the General Manufacturing (GM) and Research, Office, and Limited Manufacturing (ROLM) zones and feedback received from the Fire Department and Public Works, (3) staff proposals for unit yields for the Stanford University sites, and (4) considering removing additional sites from the list.
- December 2, 2021: The discussion in this meeting was to present the summary of site selection strategies to the Working Group and go over any revisions that were made. The group also reviewed housing element policies and programs as well as the new State mandated Affirmatively Furthering Fair Housing requirements.
- January 13, 2022: This meeting finalized the site inventory selection process and began the discussion of housing programs and policies and related legislation.

- February 10, 2022: The purpose of this meeting was to discuss the City's past programs, review past successful programs, and discuss new potential programs and program components based on updated legislation and the City's current housing needs.
- March 3, 2022: During this meeting, the primary focus was on discussing potential 6th cycle Housing Element programs and opportunities for growth and refinement of said programs and policies.
- April 7, 2022: This meeting finalized the discussion on programs for inclusion into the 6th Cycle Housing Element, reviewed and finalized the City's updated goals and policies, and briefly discussed the general structure of the Draft Housing Element, to be released in the coming months.

The Working Group provided input, comments, and advice on the City's housing needs, potential sites to meet the RHNA, and the policies the City proposed to use to address those needs. It also reviewed draft versions of the Housing Element goals, policies and programs. The Working Group recommendations were forwarded to the PTC and the City Council.

#### AD HOC COMMITTEE

The Council Housing Element Ad Hoc Committee was comprised of three City Council members and met eight times from June 2021 through June 2022. The Ad Hoc Committee was kept apprised of Working Group discussions and provided feedback on Working Group progress. These meetings were open to the public and the discussion topics generally followed those outlined above for the Working Group meetings.

- June 17, 2021: Staff presented the Housing Element site selection strategies that were previously presented to the Working Group and received input and feedback on those strategies. The Ad Hoc Committee also provided guidance on filling one vacant Working Group Alternate position and protocol.
- August 19, 2021: Staff provided an update of Working Group's progress on the site selection process. Staff highlighted Stanford University's presentation about their properties. The Ad Hoc



Committee requested to also have a presentation and to dialogue with the Stanford University representatives. The Ad Hoc Committee also received updates on the Regional Housing Needs Allocation appeal status and discussed the community Survey results. Staff also informed the Ad Hoc about the outcome of the August 10, 2021 Community meeting.

- September 16, 2021: The Ad Hoc Committee received a presentation from the Stanford University representatives regarding their properties as they relate to the Housing Element site selection process. Staff encouraged the Ad Hoc Committee to consider both the benefits as well as the constraints when providing input to the Working Group's suggestions as they consider the incorporation of Stanford sites into the overall sites inventory. They also discussed the progress made the by Working Group for the other Housing Element selected sites.
- November 9, 2021: A presentation from Peter Baltay and David Hirsch on use of City-owned parking lots for housing was provided. They presented their conceptual idea for the redevelopment of the City parking lot on the corner of Hamilton Ave. and Waverley St. The Ad Hoc Committee received an update the Working Group's progress in the Housing Element site selection process.
- December 16, 2021: Staff provided an update of the Working Group's progress made on the Housing Element site selection process and discussed the revised timeline of the Housing Element update. The Ad Hoc Committee discussed in depth the strategies for site selection and made suggestions to include five additional sites to the site inventory list. They also reviewed the City's Regional Housing Need Allocation numbers.
- February 17, 2022: Staff presented the Working Group's final selection and recommendations of the Housing Element inventory sites. This included the Planning and Transportation Commission recommendations on the housing inventory list. The staff also discussed the State required and potential new

programs that need to be addressed in the Housing Element. Staff gave a brief overview of the Housing Element goals, policies, and programs structure, and the layout of previous Housing Element programs. New program focus areas were identified and discussed regarding development standards, maintenance and monitoring of inventory sites, alternative housing, by right housing programs, and affirmatively furthering fair housing policies.

- April 21, 2022: Discussions continued on Housing Element goals, policies and programs at this meeting. New programs and program expectations were laid out which included discussions on conservation and preservation of existing housing stock, assistance for Affordable Housing development, provision for adequate sites for a variety of housing types, removing constraints/opportunities to encourage housing, housing for persons with special needs and fair housing. Broad goals and policies were discussed on these topics.
- June 23, 2022: Staff discussed the draft goals, policies, and programs; these programs and policies had already been reviewed by the Planning and Transportation Commission for feedback. The primary focus of this meeting was to refine the draft program language and prepare for City Council review in August.

## COMMUNITY WORKSHOPS

In addition to the work of the Working Group, the City held two virtual community workshops to hear from other members of the public on the issue of affordable housing and the Housing Element. These meetings were virtually held on May 15, 2021 and August 10, 2021.

To get the word out about these meetings, the Community Workshop information was advertised in Palo Alto Daily Post three weeks in advance of the meeting date. The workshop announcements were produced in Spanish and Chinese to reach non-English speakers. The meetings were announced at City of Palo Alto's formal public meetings (e.g., City Council,

Planning and Transportation Commission, Architectural Review Board, etc.). The information about the workshops was posted online on the City’s social media platforms such a Twitter, Facebook and Nextdoor weekly up to the event. Media releases were made by the City before the workshop. Additionally, information of the workshops was emailed to an exhaustive list of community members (250 for the May meeting and 350 for the August meeting) who signed up for Housing Element information from the project website. All Palo Alto Neighborhood Associations, service providers, nonprofit organizations, and the Palo Alto School District were also notified about the workshops.

The workshops aimed at informing the public about the Housing Element and to create opportunities for dialogue around important ideas and programs while tackling issues the community cares about. The workshops also provided an opportunity for members of the public to engage with City staff in a less formal setting. Workshops were interactive and engaging with presentations by the City. These workshops provided an informational foundation for the discussion on housing issues affecting the Bay Area and specifically, Palo Alto.



**Palo Alto is updating its Housing Element and wants YOU to be involved!**

Over the next two years, Palo Alto will be embarking on an important process to update its citywide housing plan. Community input will be vital to this process, so the City is inviting you to the first of several public workshops to let the community know what to expect and how to stay involved!

**Joint City Council/PTC Housing Element Kick Off Meeting**  
Attend the special virtual Joint Meeting of the City Council and Planning and Transportation Commission (PTC) on **Monday, May 10th at 5:00 pm** to hear a detailed presentation of the Housing Element requirements and process. Public comment will be taken during the meeting.  
<https://tinyurl.com/3j6pcpvk>

**Community Workshop**  
Join us virtually on **Saturday, May 15th from 10 am to 12 pm** to learn what goes into a Housing Element and how you can help shape our city. We will give an overview of:

- Planning for housing in Palo Alto
- State requirements for the Housing Element
- The Housing Element update process and timeline
- How you can stay involved and give input

<https://tinyurl.com/4wz5ytd6>

Visit [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com) for additional information, surveys, and to sign up for the City’s mailing list for the project.




**¡Palo Alto está actualizando su elemento de Vivienda y queremos que usted se involucre!**

La ciudad de Palo Alto está actualizando su Elemento de Vivienda Las aportaciones de la comunidad serán vitales. La ciudad le invita al segundo taller comunitario para ayudar en formando nuestro ciudad.

**Actualización del Elemento de Vivienda, Taller Comunitario #2**  
Por favor, únase a nosotros virtualmente en la Taller Comunitario #2 de la actualización del Elemento de Vivienda el **10 de agosto de 2021 de 6:00-8:00 pm**. El personal de la ciudad va a dar una visión general de las estrategias de la ciudad en como cumplir sus objetivos de vivienda en el futuro y el plan para la vivienda futuro.

HAGA CLIC AQUÍ PARA UNIRSE A LA REUNIÓN DEL ECOM

**Elemento de Vivienda Encuesta**  
Queremos escuchar tu opinión sobre la mejor manera de planificar nuestro futuro vivienda.

POR FAVOR RESPONDA A ESTA ENCUESTA Y DÉNOS SU OPINIÓN

Visita a [www.paloaltohousingelement.com](http://www.paloaltohousingelement.com) para información adicional.



MAY 15 COMMUNITY WORKSHOP

During the first workshop, the City presented an overview of the Housing Element and Regional Housing Needs Allocation, reviewed the Housing Element planning process, and informed attendees on how the public can stay involved during the process. Through a series of questions and polls, attendees were encouraged to provide thoughts on why they liked about living in Palo Alto, and what could be improved. Common themes of the comments received included a general enjoyment of the proximity to community destinations like parks and restaurants but wished that there would be more access opportunities for lower income families and individuals. Fifteen community members attended this workshop. At the workshop, City Staff asked community members what three words should describe future housing in Palo Alto. Figure 1-2 shows the most common words from respondents at the meeting.

**Figure 1-2 Words That Should Describe Future Palo Alto Housing**



AUGUST 10 COMMUNITY WORKSHOP

During the second workshop, the City presented on the same topics included in the first workshop but went into more detail on the site selection process. Attendees were again encouraged to provide thoughts and opinions through a series of questions and polls. Based on poll results, attendees indicated that they would like to see more housing near Caltrain Stations and that building heights should increase to

accommodate more housing. Twenty-five community members attended this workshop.

Information received during these two community workshops influenced the development of the City's Housing Element, including up-zoning Caltrain areas and adding programs to encourage transit-oriented development and walkability. Attendees identified additional sites that should be considered for housing and staff utilized comments to develop programs that will encourage future development.

### HOUSING QUESTIONNAIRE

The City produced a housing questionnaire to receive additional community feedback. Intended to build and expand on the community workshops, the questionnaire was administered in both print and web-based versions and were made available through the City's website. Neighborhood associations, residents, and interested stakeholders were emailed a link to the survey. The survey was also advertised at the community meetings, and participants, including those representing low-income and special needs groups, were encouraged to provide feedback through this additional means. The survey was available to the public for approximately two months prior to the completion of the draft element, with a total of 430 individuals responding to the survey.

Overall, the most significant theme in the questionnaire was the high cost of housing in Palo Alto. Many respondents indicated that lowering housing costs (including utility costs) would improve their housing situation. Over half of respondents indicated that it is difficult to find available market-rate homes for purchase in Palo Alto. Many agreed that if new development were to occur, it should happen near Caltrain Stations and throughout the City. Residents indicated that they would like to see more multi-family and mixed-use housing in Palo Alto. Reflecting these findings, the top selected opportunity for increasing housing was to create "live-work" neighborhoods located near commercial areas. Within this cycle of the Housing Element, respondents would like to see the affordable housing inventory expand, the permitting process streamlined, and more incentives for developers' to construct affordable housing. Using the questionnaire's open-ended text boxes, many

welcomed the addition of housing developments with increased density and affordable units.

The following goals, policies and programs in the Housing Plan reflect the public outreach conducted and the community's concerns related to providing a variety of housing opportunities, reducing housing costs, preserving the City's existing neighborhoods, and directing new development to transit-served areas. Specifically, Program 1.1(b) amends the Comprehensive Plan and zoning for ROLM and GM designations to allow multi-family residential housing, and, ultimately, meet the City's RHNA obligations. Program 1.4(a) allows City-owned surface parking lots to be redeveloped to replace and add parking while creating new housing opportunities, including affordable housing. Program 6.4(a) expands the existing City's Safe Parking Program to consider using City parking lots and commercial lots for the program and expands program services offered.

#### PLANNING AND TRANSPORTATION COMMISSION AND CITY COUNCIL MEETINGS

As recently as November 28, 2022, the City held study sessions to review the public review draft version of the Housing Element with both the Planning and Transportation Commission (PTC) and the City Council. The PTC is responsible for providing recommendations to the City Council and the City Council is responsible for adopting the Housing Element and any conforming amendments to other sections of the City's Comprehensive Plan that are required to ensure consistency.

PTC meeting on February 9, 2022: The PTC reviewed the Housing Element Working Group recommendations for 2023-31 Housing Element sites and their associated unit yields to meet RHNA standards; the PTC's recommendation to approve the sites was forwarded to City Council for consideration.

City Council March 21, 2022: The Council reviewed the 2023-31 Housing Element sites and their associated unit yields and voted to approve the identified sites to meet RHNA.

PTC meetings on June 8 and June 29, 2022: The PTC met twice and reviewed the Housing Element Working Group recommendations for

2023-31 Housing Element draft Goals, Policies, and Programs. PTC provided feedback and made a recommendation to City Council to approve the draft goals, policies, and programs.

City Council August 22, 2022: The Council reviewed the 2023-31 Housing Element draft Goals, Policies, and Programs and voted to approve them with minor modifications.

#### ADDITIONAL STAKEHOLDER MEETINGS

The City conducted additional sets of meetings and interviews with various populations of the community as part of the public outreach process. The following groups and meetings were held to collect feedback and information that could be implemented into the 6<sup>th</sup> cycle Housing Element.

➤ **Renters**

- In February 2022, City Staff met with the Palo Alto Renters Association (PARA) to discuss renter's needs in the City. The group's primary needs are safe and affordable housing as well as greater protections for renters.

➤ **Persons with Disabilities**

- On March 8, 2022, City staff met with Housing Choices, an advocacy organization to help persons with developmental and other disabilities secure housing. The group's primary feedback was that extremely low income (ELI) housing is greatly needed for persons with a variety of special needs.

➤ **Seniors**

- On March 16, 2022, City staff met with seniors to get their comments for housing. The City met with Ability Path, an organization whose mission is to empower people with special needs achieve their full potential through innovative and inclusive programs and community partnership. Their primary feedback was that ELI housing is greatly needed for seniors and other persons with various disabilities.

➤ **Other Community Organizations**

- On June 6, 2022, City staff presented the Housing Element Update to the Rotary Club of Palo Alto at their monthly community meeting. Approximately 20 people attended the hybrid Rotary Club of Palo Alto meeting.
- On June 9, 2022, city staff presented to the Palo Alto Chamber of Commerce. Approximately five people attended the virtual Chamber of Commerce meeting.

### HOUSING SITES SELECTION PROCESS

Of the many Housing Element requirements, one of the most significant is the requirement to identify housing sites to meet the Regional Housing Needs Allocation (RHNA). The RHNA requirement is a State mandate that requires the City to meet its future housing demand for all income levels for the designated planning period, in this instance 2023-31. The City must identify sites with the appropriate zoning and/or other land use policies that show the City can meet this estimated need. For the 2023-31 planning period, the City must show that it can accommodate 6,086 new housing units, a substantial increase compared to Cycle 5 planning period. The City is not required to construct the units but must show that adequate zoning or land use policies are in place to accommodate future housing growth.

The City of Palo Alto engaged in a detailed site selection process with the public. The City's opportunity sites were developed in consultation with the Housing Element Working Group, City Council Housing Element Ad Hoc Committee, Planning and Transportation Commission (PTC), City Council, and members of the public. During the selection process, various sites were identified and discussed, with the intent of narrowing down the sites to meet the RHNA need. After much deliberation, parcel-specific sites were chosen to meet the RHNA requirement and to provide a surplus of units. The identified sites have been included in the list of housing sites discussed in detail in Chapter 3 - Housing Resources and Sites.



## PUBLIC REVIEW COMMENTS

Palo Alto’s Draft 6<sup>th</sup> Cycle Housing Element was posted from November 7, 2022 through December 7, 2022. During the public review period, 25 emails and five letters were received from multiple members of the community and organizations, including Palo Alto Forward, Silicon Valley at Home, Taube-Koret Campus for Jewish Life, Greenheart Land Company, and a resident of Palo Alto. Comments and letters from the community varied, expressing both support and opposition for certain aspects of the Housing Element, in particular the site inventory.

The City also held a virtual public workshop on November 16, 2022 via Zoom to present the draft plan and take oral comments from the community. 49 individuals registered for the event. Attendees participated in an interactive poll and 10 individuals provided oral comments. Comments have been incorporated into Table 1-1.

In response to public comments, City staff made changes to the site inventory and revised the housing policies and programs to reflect public input on the Draft Housing Element. A comment matrix with the general comment themes and responses is provided below.

**TABLE 1-1: SUMMARY OF COMMENTS AND RESPONSES**

Comment Theme	Responses
<p><b>Concerns relating to the Site Inventory and the future availability of identified properties.</b></p>	<p>RHNA is a State mandate and the City must comply with State law by planning for future residential development through the identification of sites that can accommodate the assigned RHNA. Development of the City’s Site Inventory is detailed more in Chapter 4, and occurred through the identification of site selection strategies, which were developed through input provided by the Housing Element Working Group. Housing Element Working Group members completed group walking/drive by tours of the sites. Once complete, the Site Inventory was fully vetted by the Housing Element Working Group, the Planning and Transportation Commission and the City Council.</p> <p>The City undertook a number of additional engagement efforts related to the Site Inventory. A map of all identified sites has been available on the City’s Housing Element website since April 2022. The City also reached out to all property owners via a direct mail (USPS) marketing campaign. The City honored all requests from property owners who asked that their property(s) be removed from the Site Inventory. Moreover, the City communicated with various land owners whose sites were contemplated for inclusion or placed in the site inventory, including one prominent land owner where the City is proposing changes to the GM/ROLM zoning district.</p>

<p><b>Concerns relating to environmental and infrastructure constraints such as traffic, intersection safety, and bicycle and pedestrian safety.</b></p>	<p>Development of the sites inventory for RHNA took into consideration potential environmental constraints. Future development projects may be required to assess environmental impacts in CEQA documentation prepared for the specific project.</p>
<p><b>Programs should be objective and quantifiable.</b></p>	<p>Changes have been made to a number of programs to address this comment. Most notably, Program 6.6 (Fair Housing) has been significantly expanded to include more action items related to fair housing constraints, quantified objectives, and implementation timeframes for each.</p>
<p><b>City's existing zoning and development standards create constraints to housing and do not allow for financially feasible projects.</b></p>	<p>Changes to the City's Zoning Ordinance are planned to support development of housing and to comply with recently approved State legislation. The following are a selection of programs that aim to reduce constraints and improve project feasibility:</p> <p>Program 1.5: Initiate discussions with Stanford University regarding zoning modifications to support future residential development within the Stanford Research Park.</p> <p>Program 1.6: Develop lot consolidation provisions for affordable housing projects.</p> <p>Program 3.3: Amend the residential floor area ratios and height requirements for projects taking advantage of the affordable housing overlay regulations.</p> <p>Program 3.6: Amend Zoning Ordinance to maintain compliance with State legislation pertaining to ADUs.</p> <p>Program 3.7: Limit multi-family housing projects to two hearings before the City's ARB.</p> <p>Program 3.8: Create objective design standards for the SOFA area to streamline future development.</p> <p>Program 3.9: Compliance with State legislation.</p> <p>Program 6.2: Explore zoning changes to support larger units.</p> <p>Program 6.5: Encourage innovative housing structures through zoning regulations and address State legislation pertaining to low barrier navigation centers, emergency shelters, supportive and transitional housing, and employee housing.</p>
<p><b>Application processing timeframes can create a constraint to residential development if they are lengthy, as is the case in Palo Alto. The City should work to reduce application processing timeframes.</b></p>	<p>With the implementation of Program 3.7 the City will explore opportunities to improve the efficiency of the development review process, including expedited project review. This program will also limit multi-family projects to two hearings before the City's ARB. Furthermore, with the recently adopted objective design standards in 2022, the City created a streamlined review process for compliant projects that only requires one study session with the City's ARB.</p>

<p><b>Public participation should be fair and equitable to all.</b></p>	<p>The City has provided a detailed summary of the public engagement program implemented for this project in Chapter 1. This program included a number of study sessions with PTC and/or City Council, a dedicated website, and online survey, and multiple community workshops that were advertised in multiple languages.</p> <p>In addition, the City formed a Housing Element Working Group, comprised of 15 members and 2 alternates. Group members included homeowners and renters, Stanford employees, members of Palo Alto’s young adult and minority communities, an affordable housing developer (staff), and a member of the unhoused community. All meetings were open to the public (virtually) and the group took and responded to public comments at all meetings.</p>
<p><b>Strengthen the efforts to enhance affordability by providing fee waivers, securing new funding sources, expediting project review, and developing standards supportive of higher densities.</b></p>	<p>All these efforts are included in the Draft Housing Element. Specific programs include:</p> <p>Program 2.2: Continuation and expansion of the program to promote affordability.</p> <p>Program 3.1: The City will waive staff costs associated with affordable housing planning applications.</p> <p>Program 3.7: The City will explore opportunities to improve the efficiency of the development review process, including expedited project review.</p> <p>Program 3.8: The City will create objective design standards for the SOFA area.</p> <p>Program 5.1: Preservation of at-risk housing.</p>
<p><b>Expand support for programs that combat homelessness</b></p>	<p>Program 6.4 addresses the City’s efforts to combat homelessness. Expansion of the City’s Safe Parking Program is included.</p>
<p><b>Accessory Dwelling Units assumptions are too aggressive and do not appropriately address affordability of these types of units in the City.</b></p>	<p>ADU assumptions are detailed in Chapter 3 of the Housing Element and are based on actual ADU permitting trends for the 2019-2021 time period. That said, current trends from 2022 demonstrate an increase in ADU permitting in the City. Through these natural increases, and the implementation of Program 3.6, the City is confident that the ADU production numbers presented for the next 8 years can be realized.</p> <p>Affordability assumptions were based on the HCD approved technical guidance prepared by ABAG, as discussed in Chapter 3. The City does not have control over the rental market and the affordability of non-deed restricted units although the action items outlined in Program 3.6 support the program as a whole.</p>
<p><b>Tenant protection policies should be strengthened.</b></p>	<p>The City amended the Tenant Relocation Assistance requirements in January 2022. Tenant protection strategies have been further expanded across Program 6.6. Specifically:</p> <p>Program 6.6.I: Includes implementation for additional anti-displacement measures including relocation assistance, eviction reduction, security deposit limits and right to counsel.</p> <p>Program 6.6.J: Includes consideration of a Fair Chance Ordinance.</p>

# HOUSING NEEDS ASSESSMENT

# 2

## 2.1 INTRODUCTION TO NEEDS ASSESSMENT

The Bay Area continues to see growth in both population and jobs, which means more housing of various types and sizes is needed to ensure that residents across all income levels, ages, and abilities have a place to call home. While the number of people drawn to the region over the past 30 years has steadily increased, housing production has not kept pace, contributing to the housing shortage that communities are experiencing today. In many cities, this has resulted in residents being priced out, increased traffic congestion caused by longer commutes, and fewer people across incomes being able to purchase homes or meet surging rents.

## 2.2 DEMOGRAPHIC PROFILE

### SUMMARY OF KEY FACTS

- **Population.** Generally, the Bay Area has experienced natural growth and a strong economy that has continued to draw new residents to the region. The population of Palo Alto increased by 6 percent from 2010 to 2020, which is approximately 3 percent lower than growth in the Bay Area region.
- **Age.** In 2020, Palo Alto's youth population under the age of 18 was 15,509 and senior population 65 and older was 13,133. These age groups represent 22.8 percent and 19.3 percent, respectively, of Palo Alto's total population. In comparison, the Bay Area regional population under the age of 18 is 1,574,657, or 20.4 percent of the Bay Area regional population. The senior population is 1,186,599 or 15.3 percent of the Bay Area regional population.
- **Race/Ethnicity.** In 2020, 54.9 percent of Palo Alto's population was White, 1.8 percent was African American, 32.5 percent was Asian,

and 5.6 percent was Latinx. People of color in Palo Alto comprise a proportion below the overall proportion in the Bay Area as a whole.<sup>1</sup>

- **Employment.** Palo Alto residents most commonly work in the Financial & Professional Services industry. From January 2010 to January 2021, the unemployment rate in Palo Alto decreased by 4.5 percentage points from 8 percent in 2010 to 3.5 percent in 2021, recovering from the great recession. Since 2010, the number of jobs located in the jurisdiction increased by 20,470, nearly a 23 percent increase. Additionally, the jobs-household ratio in Palo Alto has increased from 2.78 jobs per household in 2002 to 4 jobs per household in 2018, indicating a jobs-rich community.
- **Number of Homes.** The number of new homes built in the Bay Area has not kept pace with demand, resulting in longer commutes, increasing prices, and exacerbating issues of displacement and homelessness. The number of new homes in Palo Alto increased 3.8 percent from 2010 to 2020, which is below the growth rate for Santa Clara County and below the growth rate of the region's housing stock during this time period. At the same time, Palo Alto's population increased 6 percent.
- **Home Ownership.** The median home price in Palo Alto rose to approximately \$3.6 million in 2021. Between 2020 and 2021, home prices increased by nearly 40 percent.
- **Rental Prices.** The median gross rent in Palo Alto was \$2,569 in 2019 (2019 ACS 5-Year Estimates) and rental prices increased by 55 percent from 2010 to 2019 (2010 ACS 5-Year Estimates). To rent

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<sup>1</sup> The Census Bureau's American Community Survey accounts for ethnic origin separate from racial identity. The numbers reported here use an accounting of both, such that the racial categories are shown exclusive of Latinx status, to allow for an accounting of the Latinx population regardless of racial identity. The term Hispanic has historically been used to describe people from numerous Central American, South American, and Caribbean countries. In recent years, the term Latino or Latinx has become preferred. This report generally uses Latinx, but occasionally when discussing US Census data, we use Hispanic or Non-Hispanic, to clearly link to the data source.

without cost burden, a household would need to make \$98,520 per year. As of 2022, the median rent increased to \$4,100 per month.<sup>2</sup>

- **Housing Type.** It is important to have a variety of housing types to meet the needs of a community today and in the future. In 2020, 56.6 percent of homes in Palo Alto were single-family detached, 4.2 percent were single-family attached, 6.6 percent were small multi-family (2-4 units), and 32.3 percent were medium or large multi-family (5+ units). Between 2010 and 2020, the number of multi-family units increased more than single-family units. Generally, in Palo Alto, the share of the housing stock that consists of detached single-family homes is above that of other jurisdictions in the region.
- **Cost Burden.** In Palo Alto, 17 percent of households spend 30 to 50 percent of their income on housing, while 14.1 percent of households are severely cost burdened and pay more than 50 percent of their income on housing.
- **Displacement/Gentrification.** According to research from The University of California, Berkeley, no neighborhoods in Palo Alto are at risk of, or undergoing, gentrification. However, 40.8 percent of households in Palo Alto live in neighborhoods with no low-income households, likely because low-income households are excluded due to prohibitive housing costs.
- **Neighborhood.** 100.0 percent of residents in Palo Alto live in neighborhoods identified as “Highest Resource” or “High Resource” areas by State-commissioned research. No neighborhoods are identified as “Low Resource” or “High Segregation and Poverty” areas.
- **Special Housing Needs.** In Palo Alto, 7.3 percent of residents have a disability of some kind and may require accessible housing. Additionally, 7.1 percent of Palo Alto households are larger households with five or more people, who likely need larger housing units with three bedrooms or more. Nearly 8 percent of

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<sup>2</sup> Zillow, 2022. <https://www.zillow.com/rental-manager/market-trends/palo-alto-ca/>

households are female-headed households, which are often at greater risk of housing insecurity.<sup>3</sup> The City is adjacent to Stanford University, which means the city has a large student population, though most Stanford students live on campus.<sup>4</sup>

## POPULATION CHARACTERISTICS AND TRENDS

The Bay Area is the fifth-largest metropolitan area in the nation and has seen a steady increase in population since 1990, except for a dip during the Great Recession. Many cities in the region have experienced significant growth in jobs and population. While these trends have led to a corresponding increase in demand for housing across the region, the regional production of housing has largely not kept pace with job and population growth.

During the decade from 1990 to 2000, Palo Alto's population grew by almost 5 percent, from 55,900 to 58,598, compared to a 12 percent increase for Santa Clara County as a whole. This was one of the lowest rates of population growth for communities in Santa Clara County for that decade. Conversely, between 2000 and 2010, the City grew to 64,403 persons, a 10 percent population increase. Over the same decade, Santa Clara County experienced a six percent increase in population. From 2010-2020, Palo Alto also saw a six percent increase in population. Palo Alto's growth can be attributed to an increase in the number of dwelling units and an increase in household size. (Table 2-1)

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<sup>3</sup> **Note on Data:** Many of the tables in this report are sourced from data from the Census Bureau's American Community Survey (ACS) or U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy (CHAS) data, both of which are samples and as such, are subject to sampling variability. This means that data is an estimate, and that other estimates could be possible if another set of respondents had been reached. In most tables, the five-year release of ACS data was used to get a larger data pool to minimize this "margin of error." A majority of the data and visualizations were incorporated from the Palo Alto Housing Needs Data Packet provided by Association of Bay Area Governments (ABAG) and Metropolitan Transportation Commission.

<sup>4</sup> Stanford University, Stanford Facts, 2022. <https://facts.stanford.edu/campuslife/>

**TABLE 2-1 POPULATION TRENDS OF NEIGHBORING JURISDICTIONS, 1990-2020**

Jurisdiction	1990	2000	2010	2020	Percent Change 2010-2020
Cupertino	40,263	50,546	58,302	59,244	2%
Gilroy	31,487	41,464	48,821	56,704	16%
Los Altos	26,303	27,693	28,976	30,754	6%
Los Gatos	27,357	28,592	29,413	31,087	6%
Mountain View	67,460	70,708	74,066	81,032	10%
<b>Palo Alto</b>	<b>55,225</b>	<b>58,598</b>	<b>64,403</b>	<b>68,145</b>	<b>6%</b>
San Jose	782,248	894,943	945,942	1,041,466	10%
Santa Clara	93,613	102,361	116,468	127,301	9%
Sunnyvale	117,229	131,760	140,081	154,252	10%
<b>Total County</b>	<b>1,497,557</b>	<b>1,682,585</b>	<b>1,781,642</b>	<b>1,934,171</b>	<b>9%</b>
Bay Area	6,020,147	6,784,348	7,150,739	7,790,537	3%

Sources: U.S. Census 1990, 2000, 2010 and California Department of Finance 2021

Between 2010 and 2020, Palo Alto was one of the slower growing cities in the County, with an overall six percent increase in population. In Santa Clara County, the population increased by nine percent during the same period. The population of Palo Alto now makes up roughly 3.5 percent of the Santa Clara County population. During the same decade, the regional population grew roughly three percent in the Bay Area, as shown in Table 2-1. Estimates of future growth indicate a moderate and steady increase in population over the next 20 years. By the year 2040, the Association of Bay Area Governments (ABAG) estimates that the population of Palo Alto will reach 86,510,<sup>5</sup> as seen in Table 2-2.

<sup>5</sup>Although newer population projections have been forecasted in the most recent Plan Bay Area 2050 documents, data was not made available below the “Superdistrict” level and included unincorporated areas outside of the City of Palo Alto. Therefore, the available projections for Plan Bay Area 2040 were used.



TABLE 2-2 HISTORICAL POPULATION AND GROWTH IN PALO ALTO, 1980-2040			
Year	Population	Numerical Change	Percent Change
1980	55,225	741	1%
1990	55,900	675	1%
2000	58,598	2,698	5%
2010	64,403	5,805	10%
2020	68,145	3,254	6%
2030 (projection)	82,835	15,178	22%
2040 (projection)	86,510	3,675	4%

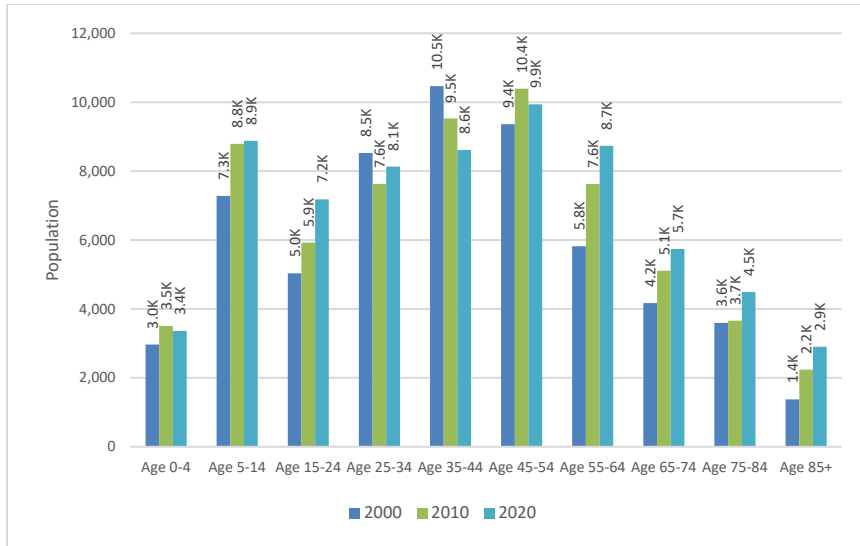
Sources: U.S. Census 1980, 1990, 2000, 2010, California Department of Finance 2021 and ABAG Plan Bay Area 2040 Projections

### AGE CHARACTERISTICS

The distribution of age groups in a city shapes what types of housing the community may need in the future. An increase in the older population may mean there is a developing need for more senior housing options, while higher numbers of children and young families can point to the need for more varied housing options. There has also been a move by many to age-in-place or downsize to age in community, which can mean more multi-family and accessible units are also needed.

In Palo Alto, the median age in 2000 was 39.7; by 2020, this figure had increased to 43 years. More specifically, the population of those under 14 has decreased since 2010, while the 65 and over population has increased (see Figure 2-1).

**Figure 2-1 Population by Age in Palo Alto, 2000-2020**



Universe: Total population

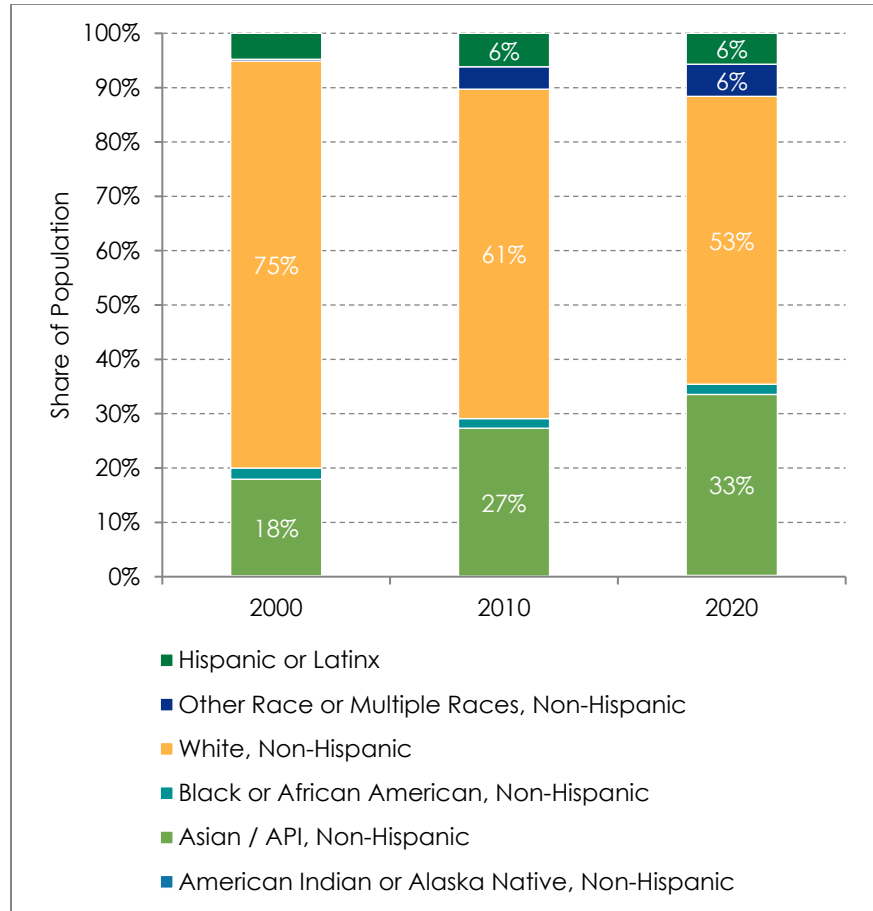
Source: U.S. Census Bureau, Census 2000 SF1, Table P12; U.S. Census Bureau, Census 2010 SF1, Table P12; U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B01001.

## RACE AND ETHNICITY

Understanding the racial makeup of a city and region is important for designing and implementing effective housing policies and programs. These patterns are shaped by both market factors and government actions, such as exclusionary zoning, discriminatory lending practices and displacement that has occurred over time and continues to impact communities of color today<sup>6</sup>. Since 2000, the percentage of residents in Palo Alto identifying as White has decreased – and by the same token the percentage of residents of all other races and ethnicities has increased by 20.0 percent, with the 2020 non-white population climbing to 36,013 (see Figure 2-2). In absolute terms, the Asian/Asian Pacific Islander (API), Non-Hispanic population increased the most while the White, Non-Hispanic population decreased the most.

<sup>6</sup> See, for example, Rothstein, R. (2017). *The color of law : a forgotten history of how our government segregated America*. New York, NY & London, UK: Liveright Publishing.

**Figure 2-2 Population by Race**



**Notes:**

Data for 2020 represents 2016-2020 ACS estimates.

The Census Bureau defines Hispanic/Latinx ethnicity separate from racial categories. For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

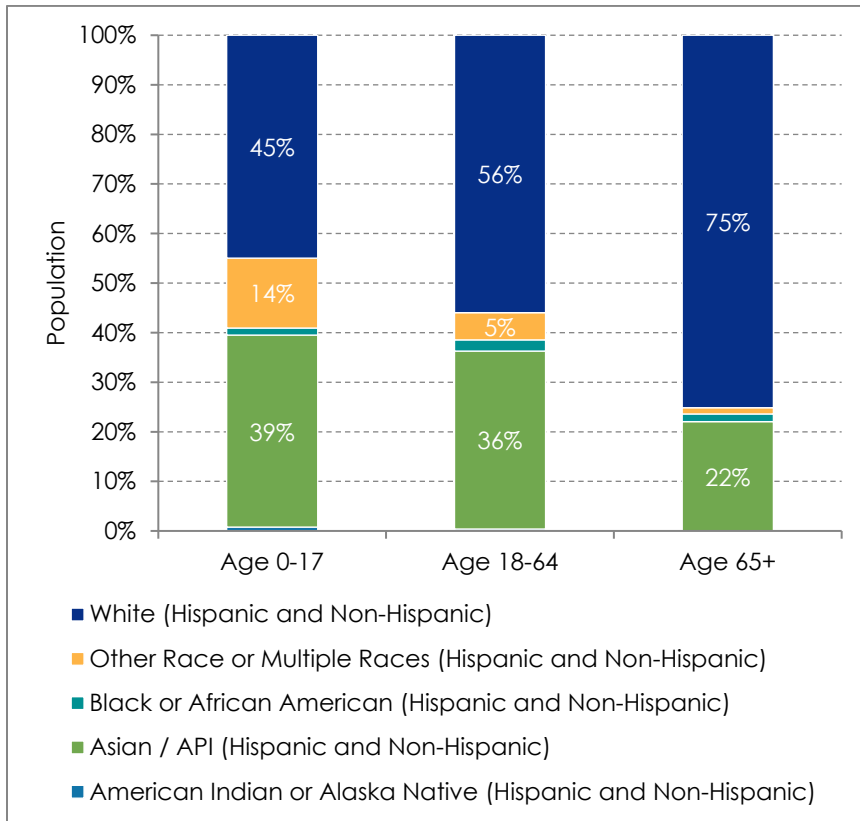
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B03002

Examining data for senior and youth population by race can add an additional layer of understanding, as families and seniors of color are even more likely to experience challenges finding adequate housing with the cultural practice of multi-generation living. People of color<sup>7</sup> make up

<sup>7</sup> All non-white racial groups.

25.6 percent of seniors and 51.0 percent of youth under 18 (see Figure 2-3) in Palo Alto.

**Figure 2-3 Senior and Youth Population by Race**



Universe: Total population.

Notes: In the sources for this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity, and an overlapping category of Hispanic / non-Hispanic groups has not been shown to avoid double counting in the stacked bar chart.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B01001(A-G)

## 2.3 EMPLOYMENT CHARACTERISTICS AND TRENDS

### LOCAL EMPLOYMENT GROWTH

On October 21, 2021, the Metropolitan Transportation Commission (MTC) and ABAG adopted *Plan Bay Area 2050* to address transportation, land use and housing in the region through the year 2050. According to estimates compiled for *Plan Bay Area 2050*, in 2015 there were 181,000

jobs in the two superdistricts, or a combination of cities, towns, and unincorporated areas, which encompass the City of Palo Alto (Northwest Santa Clara County District 8 and North Santa Clara County District 9), with projections that total jobs will reach 422,000 in 2050 (133 percent growth). This growth will account for 18 percent of the regional job growth.<sup>8</sup>

#### EMPLOYMENT SECTOR COMPOSITION

Palo Alto is one of the main economic drivers of Silicon Valley, home to many well-known companies and innovative technology firms. Stanford Research Park on Page Mill Road is a major research and office area, and Sand Hill Road is a hub for many venture capitalists. Many renowned companies and research facilities have headquarters or offices in Palo Alto, including HP Inc., Palantir, Google Nest, Amazon.com, A9.com, VMware, Genencor, SAP, Space Systems/Loral, Wilson Sonsini Goodrich & Rosati, and Tesla Motors.

Stanford Hospitals and Clinics and Stanford University continue to be two of the largest single employers, employing approximately 10,000 people in total. Three major hospital groups employ most of the employees in the Health and Educational sector: Stanford University Medical Center/Hospital, Lucille Packard Children's Hospital, and Veteran's Affairs Palo Alto Health Care System.

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<sup>8</sup> Plan Bay Area 2050 Final Blueprint Compendium.

**TABLE 2-3 MAJOR EMPLOYERS IN PALO ALTO, 2020**

<b>Employers</b>	<b>Approximate Number of Employees FY 2020<sup>1</sup></b>	<b>Percentage of Total City Employment FY 2020</b>	<b>Approximate Number of Employees FY 2011</b>	<b>Percentage of Total City Employment FY 2011</b>
Lucille Packard Children’s Hospital	6,060	4.5%	3,549	3.2%
Stanford Health Care <sup>2</sup>	5,500	4.1%	5,813	5.3%
Hewlett-Packard Company	5,000	3.7%	2,001	1.8%
Stanford University <sup>2</sup>	4,500	3.4%	10,223	9.3%
Veteran’s Affairs Palo Alto Health Care System	3,900	2.9%	3,500	3.2%
VMWare Inc.	3,500	2.6%	NA	NA
SAP Labs Inc.	3,500	2.6%	NA	NA
Palo Alto Medical Foundation	2,200	1.6%	2,000	1.8%
Varian Medical Systems	1,400	1.0%	NA	NA
Space Systems/Loral	1,250	0.9%	1,700	1.5%
Wilson Sonsini Goodrich & Rosati	NA	NA	NA	NA
Palo Alto Unified School District	NA	NA	1,318	1.2%
City of Palo Alto	NA	NA	1,019	0.9%

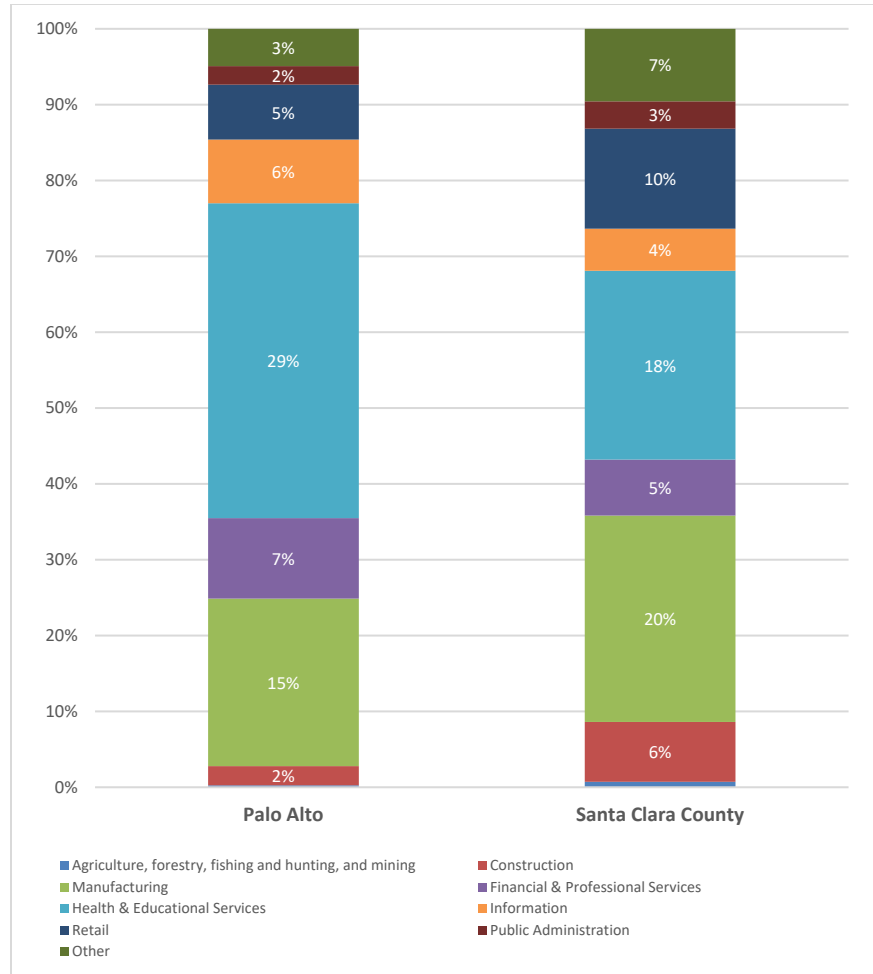
Source: City of Palo Alto Comprehensive Annual Financial Report, 2011 and 2020

<sup>1</sup> Available data sources are limited and may be unreliable. The City does not affirm the validity of this data. 2020 numbers are rounded. Figures may include employees not located within City limits.

<sup>2</sup> FY20 data was not available for Stanford Health Care and Stanford University. FY18 data was used.

As depicted in Figure 2-4, the most common occupational type in Palo Alto is within the Health, Educational, and Recreational Services sector (29 percent in 2020). The second most common occupational type is Manufacturing positions (15 percent in 2020). Typical hourly and mean wages of various occupations of Palo Alto residents are shown in Table 2-4 below. For the Bay Area as a whole, the Health and Educational Services industry employs the most workers.

**Figure 2-4 Resident Employment by Industry**



**Notes:**

*The data displayed shows the industries in which jurisdiction residents work, regardless of the location where those residents are employed (whether within the jurisdiction or not).*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table S2405*

**TABLE 2-4 TYPICAL HOURLY AND MEAN WAGES OF TYPICAL JOBS OF PALO ALTO RESIDENTS, JUNE 2021**

<b>Occupational Title</b>	<b>Mean Hourly Wage</b>	<b>Mean Annual Wage</b>
Management Occupations	\$91.77	\$190,880
Business and Financial Operations Occupations	\$51.80	\$107,738
Computer Software Engineers, Hardware Engineer Applications and Mathematical Occupations	\$70.36	\$146,340
Architecture and Engineering Occupations	\$62.89	\$130,811
Life, Physical, and Science Occupations	\$47.55	\$98,897
Community and Science Service Occupations	\$35.46	\$73,757
Legal Occupations	\$88.90	\$184,917
Education, Training, and Library Occupations	\$35.74	\$74,349
Arts, Design, Entertainment, Sports, and Media Occupations	\$41.13	\$85,551
Healthcare Practitioners and Technical Occupations	\$64.37	\$133,882
Retail Sales and Related Occupations	NA	NA

*Source: California Employment Development Department, Occupational Employment Statistics, June 2021.*

High housing costs can cause employees to live farther from where they work, as they may be unable to afford housing near where they work. The table below shows the commute travel time for Palo Alto residents 16 years of age and older who worked away from home between 2016-2020. About 70 percent of the total employed residents of Palo Alto (31,353 people) commuted less than 30 minutes to go to work, while 9.8 percent commuted for more than 45 minutes. About ten percent of employed residents in the City work from home. Prior to the COVID-19 pandemic, workers did not have the option to work from home; however, the pandemic has warranted companies to be more flexible in their work from home policy, thus allowing for an increase of people who work from home. Commuting and teleworking patterns are evolving in a post COVID-19 pandemic, and many companies have allowed a hybrid schedule, indicating that working from home is a lasting impact. However, it will take some time before the impact of these trends on commute times can be fully analyzed.



TABLE 2-5 TRAVEL TIME TO WORK FOR PALO ALTO RESIDENTS	
Estimated Travel Time to Work	Percent of Commuters
Less than 10 minutes	8.5%
10 to 14 minutes	14.6%
15 to 19 Minutes	19%
20 to 24 Minutes	20.7%
25 to 29 minutes	7.2%
30 to 34 minutes	13.4%
35 to 44 minutes	4.6%
45 to 59 minutes	5.4%
60 or more minutes	6.7%
Worked at Home	16.1%

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table S0801

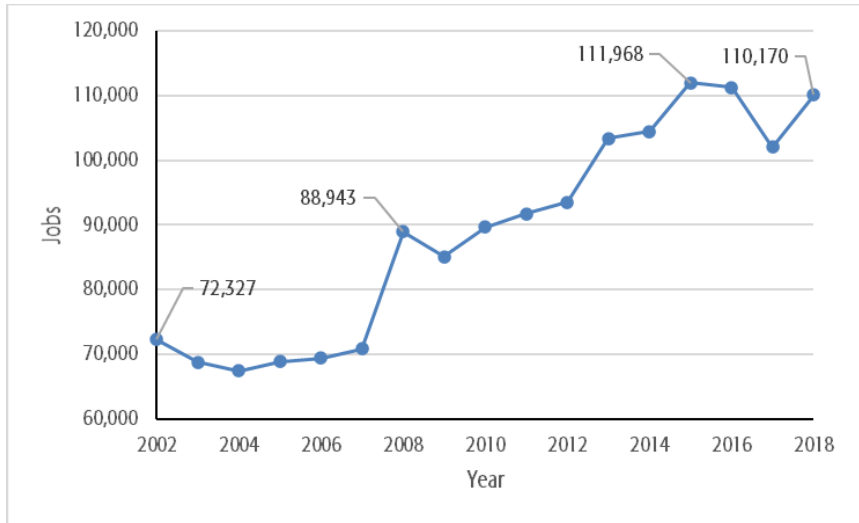
### BALANCE OF JOBS AND WORKERS

While some residents are able to work in the community where they live, sometimes employees must commute outside of their community for employment. Smaller cities typically will have more employed residents than jobs there and export workers, while larger cities tend to have a surplus of jobs and import workers. To some extent the regional transportation system is set up for this flow of workers to the region’s core job centers. At the same time, as more residents need to commute long distances for work, local jobs and worker populations can be imbalanced at the sub-regional scale. One measure of this is the relationship between workers and jobs. A city with a surplus of workers “exports” workers to other parts of the region, while a city with a surplus of jobs must “import” them. Between 2002 and 2018, the number of jobs in Palo Alto increased by 52.3 percent (see Figure 2-5).

Compared to Santa Clara County’s workforce, Palo Alto’s workforce contains a higher percentage of high-wage earners (i.e., individuals with jobs that pay more than \$75,000) than Santa Clara County.<sup>9</sup> Palo Alto has a lower share of middle-income workers than Santa Clara County, particularly in the \$25,000 to \$49,999 income range (Figure 2-6)

<sup>9</sup> The source table is top-coded at \$75,000; precluding more fine-grained analysis at the higher end of the wage spectrum.

**Figure 2-5 Jobs in Palo Alto**



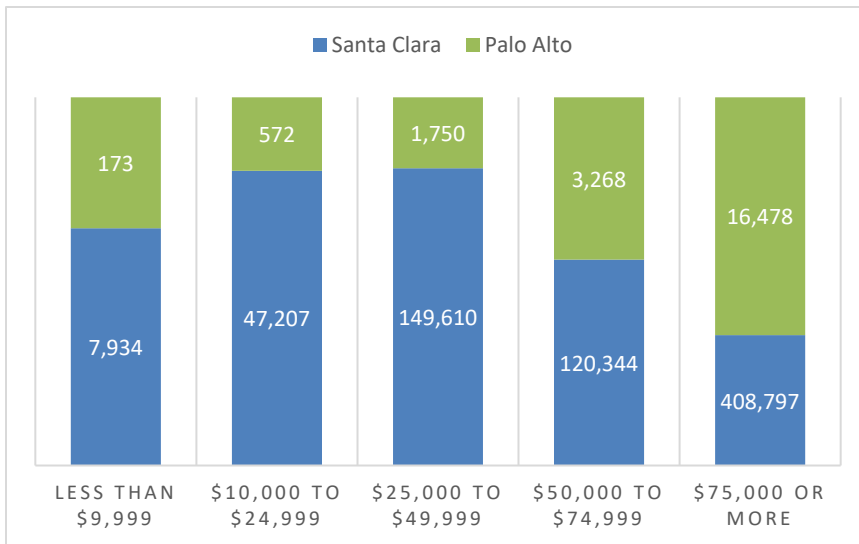
Notes:

Universe: Jobs from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment.

The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level. These are crosswalked to jurisdictions and summarized.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files, 2002-2018.

**Figure 2-6 Number of Workers, by Annual Salary in Palo Alto and Santa Clara**

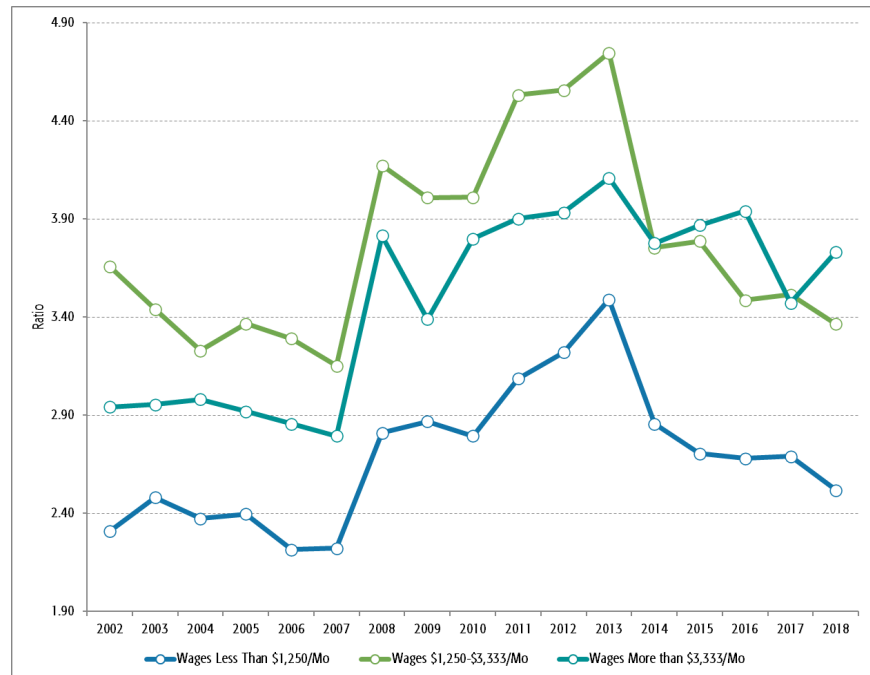


Universe: Workers 16 years and over with earnings, in 2020 Inflation

Source: U.S. Census Bureau, American Community Survey 5-Year Data 2016-2020.

Figure 2-7 shows the balance of a jurisdiction’s resident workers to the jobs located there for different wage groups as a ratio. A value of 1 means that a city has the same number of jobs in a wage group as it has resident workers. Values above 1 indicate a jurisdiction will need to import workers for jobs in a given wage group. At the regional scale, this ratio is 1.04 jobs for each worker, implying a modest import of workers from outside the region. However, the concept of jobs-housing balance is often complicated by household composition and cost of housing. For example, a high-cost area would require more than one wage earner in a household to afford the housing costs.

**Figure 2-7 Jobs-Worker Ratios in Palo Alto, by Wage Group**

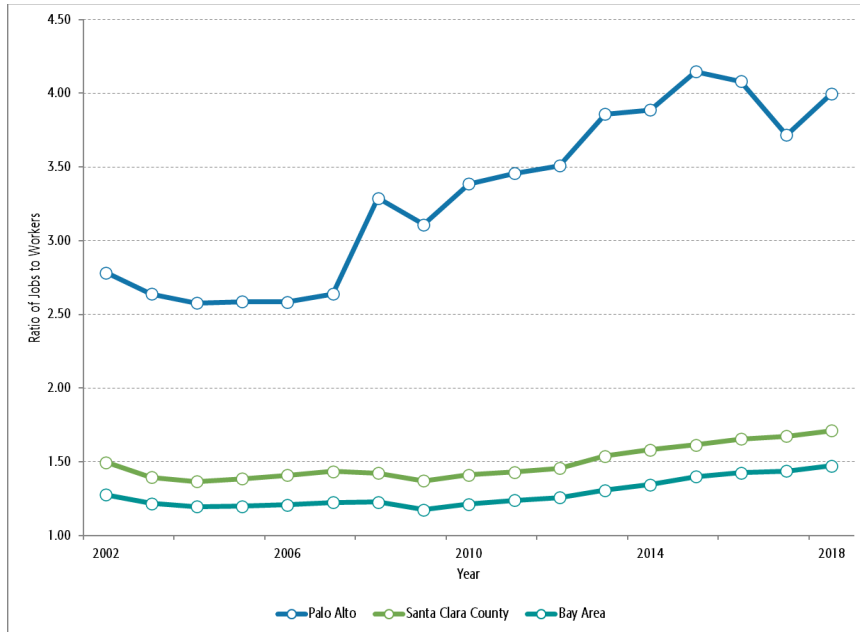


*Universe: Jobs in a jurisdiction from unemployment insurance-covered employment (private, state and local government) plus United States Office of Personnel Management-sourced Federal employment.*

*Notes: The ratio compares job counts by wage group from two tabulations of LEHD data: Counts by place of work relative to counts by place of residence.*

*Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs); Residence Area Characteristics (RAC) files (Employed Residents), 2010-2018.*

**Figure 2-8 Jobs-Household Ratio in the Region**



**Notes:**

The data is tabulated by place of work, regardless of where a worker lives. The source data is provided at the census block level. These are crosswalked to jurisdictions and summarized.

The ratio compares place of work wage and salary jobs with households, or occupied housing units.

A similar measure is the ratio of jobs to housing units. However, this jobs-household ratio serves to compare the number of jobs in a jurisdiction to the number of housing units that are actually occupied. The difference between a jurisdiction's jobs-housing ratio and jobs-household ratio will be most pronounced in jurisdictions with high vacancy rates, a high rate of units used for seasonal use, or a high rate of units used as short-term rentals.

Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics, Workplace Area Characteristics (WAC) files (Jobs), 2002-2018; California Department of Finance, E-5 (Households).

If there are more jobs than employed residents, it means a city is relatively jobs-rich and typically has a high jobs-to-household ratio. In Palo Alto, the jobs-to-household ratio has increased from 2.78 jobs per household in 2002, to 4 jobs per household in 2018 (see Figure 2-8).

Such imbalances between jobs and workers may directly influence the housing demand in a community. New jobs may draw new residents, and when there is high demand for housing relative to supply, many workers may be unable to afford to live where they work, particularly where job growth has been in relatively lower wage jobs. This dynamic not only means many workers may need to prepare for longer commutes and time

spent on the road, and in the aggregate, it contributes to traffic congestion and time lost for all road users.

There are 31,353 employed residents, and 99,977 jobs<sup>10</sup> in Palo Alto—the ratio of jobs to resident workers is 3.19. Palo Alto is a net importer of workers. A community may offer employment for relatively low-income workers and have relatively few housing options for those workers - or conversely, it may have a large supply of low-income housing, but offer few employment opportunities for them. Such relationships may cast light on potentially pent-up demand for housing in particular price categories. A surplus of jobs relative to residents in each wage category suggests the need to import those workers, while conversely, a surplus of workers in a wage group means the community will export those workers to other jurisdictions for work. Such flows are not inherently bad; though over time, sub-regional imbalances may appear.

Over the years, the City has attempted to address both aspects of its jobs-to-housing imbalance. The City now encourages mixed-use development, or development that incorporates retail and service uses and residential uses. This enables a good mix of land uses conducive to improving the jobs and housing imbalance. Zoning Code updates were completed in January 2014 (as directed in the 2007-2014 Housing Element) to include an amendment to the Neighborhood Commercial (CN) Zone to allow mixed-use residential developments with densities up to 20 dwelling units per acre, and development of a Density Bonus Ordinance consistent with Government Code Sections 65915 through 65918 to further encourage the development of affordable housing. In exchange for setting aside a portion of a proposed development as units affordable to lower- and moderate-income households, the Density Bonus Ordinance allows the City to grant a density bonus over the otherwise allowed maximum density. In addition, the City can allow regulatory incentives or concessions.

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<sup>10</sup> Employed residents in a jurisdiction is counted by place of residence (they may work elsewhere) while jobs in a jurisdiction are counted by place of work (they may live elsewhere). The jobs may differ from those reported in Figure 2-5 as the source for the time series is from administrative data, while the cross-sectional data is from a Survey.

Zoning Code updates completed in February 2019 further modified development standards to increase housing production and affordability. These changes included:

- Removal of residential density standards in the commercial mixed-use zoning districts and the establishment of minimum density requirements in multi-family residential districts
- Reductions in ground-floor commercial retail requirements for certain residential mixed-use projects
- Increases in FAR through the Housing Incentive Program (HIP)
- Reductions in residential open space and parking requirements

To address middle-income housing, the City has established a workforce housing zone overlay and has expanded the areas eligible for the HIP. Coupled with trying to add housing, the City has tried to curb job creation by implementing a cap on office development. The office cap limits the amount of commercial development in the City on an annual basis. By limiting commercial development, it limits the job creation in the City. The workforce housing overlay has only been used by one project to date; Program 6.3 refines the overlay to make it more effective.

## UNEMPLOYMENT

In Palo Alto, there was a 4.5 percent decrease in the unemployment rate between January 2010 and January 2021. In 2010, the economic conditions in the City were just gradually improving from the great recession. Jurisdictions through the region experienced a sharp rise in unemployment in 2020 due to impacts related to the COVID-19 pandemic, though with a general improvement and recovery in the later months of 2020. (See Figure 2-9.)

**Figure 2-9 Unemployment Rate in the Region**



*Universe: Civilian noninstitutional population ages 16 and older*

**Notes:**

-Unemployment rates for the jurisdiction level are derived from larger-geography estimates. This method assumes that the rates of change in employment and unemployment are exactly the same in each sub-county area as at the county level. If this assumption is not true for a specific sub-county area, then the estimates for that area may not be representative of the current economic conditions. Since this assumption is untested, caution should be employed when using these data.

-Only not seasonally adjusted labor force (unemployment rates) data are developed for cities and CDPs.

**Source:**

*California Employment Development Department, Local Area Unemployment Statistics (LAUS), Sub-county areas monthly updates, 2010-2021.*

**2.4 HOUSEHOLD CHARACTERISTICS AND TRENDS**

For purposes of evaluating housing supply and demand, it is useful to translate information from gross population figures to household numbers. The change in the number of households in a city is one of the prime determinants of the demand for housing.

According to 2020 ACS population estimates, there were 26,150 households in Palo Alto in 2020. This estimate indicates a minor increase from a total of 25,486 households in 2010.

## HOUSEHOLD TYPE AND SIZE

Household size and type of household are important considerations when addressing housing issues. A family household is one in which a householder lives with one or more persons related to him or her by birth, marriage, or adoption. A nonfamily household is one in which a householder lives alone, or with people who they are not related, exclusively.

In evaluating the data from a historical perspective, while the total population increased by almost 23 percent between 1980 and 2020, the number of households in the City increased by only 13 percent. During this time, the percentage of family households increased by 29 percent, whereas the number of non-family households increased initially, but has since declined below the 1980 level. In 2020, family households accounted for 67 percent of the total households in Palo Alto (see Table 2-6).

<b>Year</b>	<b>Family Households</b>	<b>Percentage of Total Households</b>	<b>Non-Family Households</b>	<b>Percentage of Total Households</b>
1980	13,594	59%	9,508	41%
1990	13,835	56%	10,865	44%
2000	14,593	58%	10,623	42%
2010	16,477	62%	10,016	38%
2012	16,820	64%	9,606	36%
2020	17,487	67%	8,663	33%

*Source: US Census 1990, 1980, 2000, and 2010-2012 ACS three-year estimates, 2016-2020 ACS five-year estimates, Table S1101.*

Although the number of single-parent households with children is less than families with children, their number is increasing gradually. Between 2000 and 2020, the overall number of family households with children increased 19 percent and comprised 67 percent of all families in Palo Alto. During the same time, the number of single-parent families increased four percent. In 2000, seven percent of all family households were single-parent, female-headed families with children under the age of 18 years at home. By 2020, the proportion of female-headed households with children decreased slightly to about five percent of all family households.



Changes in family households, particularly increases in families with children and single-parent families with children, may affect the demand for housing based on type and affordability for future housing in Palo Alto.

TABLE 2-7 FAMILY HOUSEHOLD CHARACTERISTICS, 2000-2020							
Household Type	2000		2012		2020		Percent Change in Households
	Number	Percent	Number	Percent	Number	Percent	
Families	14,593	58%	16,820	64%	17,487	67%	19%
With children	6,861	47%	8,749	52%	8,681	33%	27%
With no children	7,732	53%	8,071	48%	8,806	34%	12%
Single-parent families with children	1,337	9%	1,435	9%	1,391	8%	4%
Female-headed families with children	1,011	7%	1,159	7%	924	5%	-9%
Non-family Households	10,723	42%	9,606	46%	8,663	33%	-19%
<b>Total Households:</b>	<b>25,216</b>	<b>100%</b>	<b>26,426</b>	<b>100%</b>	<b>26,150</b>	<b>100%</b>	<b>4%</b>

Source: US Census 2000, 2010-2012 ACS three-year estimates, 2020 ACS five-year estimates (Table S1101).

The number of people occupying a housing unit and the type of occupants affects the demand for additional units of a certain size in the housing market. For example, a continued decrease in household size with an increase in population could indicate a demand for additional smaller housing units to accommodate the decreased household sizes. On the other hand, dramatic increases in household size could indicate a number of situations such as "unrelated" members of households living together or an increase in the number of households with children, indicating the need for larger housing units. The 2000 average household size in Palo Alto was 2.3 persons per household, which was a slight increase from the 1990 household size of 2.2 persons per household. The average household size has increased from 2.5 in 2013 to 2.6 in 2020.

TABLE 2-8 AVERAGE HOUSEHOLD SIZE IN PALO ALTO, 1970-2020	
Year	Household Size (Person per Household)
1970	2.7
1980	2.3
1990	2.2
2000	2.3
2010	2.4
2013	2.5
2020	2.6

Source: US Census 1970, 1980, 1990, 2000, 2010, Department of Finance 2013, and 2016-2020 ACS five-year estimates (Table S1101)

Increases in the number of children and households with extended families contributed to the increase in average household size in Palo Alto since 1980. This also could indicate that extended families are sharing housing due to the high housing costs of the region, which could lead to overcrowding situations in the future.

#### HOUSEHOLDS BY TENURE

Tenure and the ratio of homeowner to renter households are typically influenced by many factors, such as: housing cost (interest rates, economics, land supply, and development constraints), housing type, housing availability, and job availability. About 56 percent of the households in Palo Alto owned their homes in 2010, and 44 percent were renters. The proportion of renters and owners stayed the same in 2020.

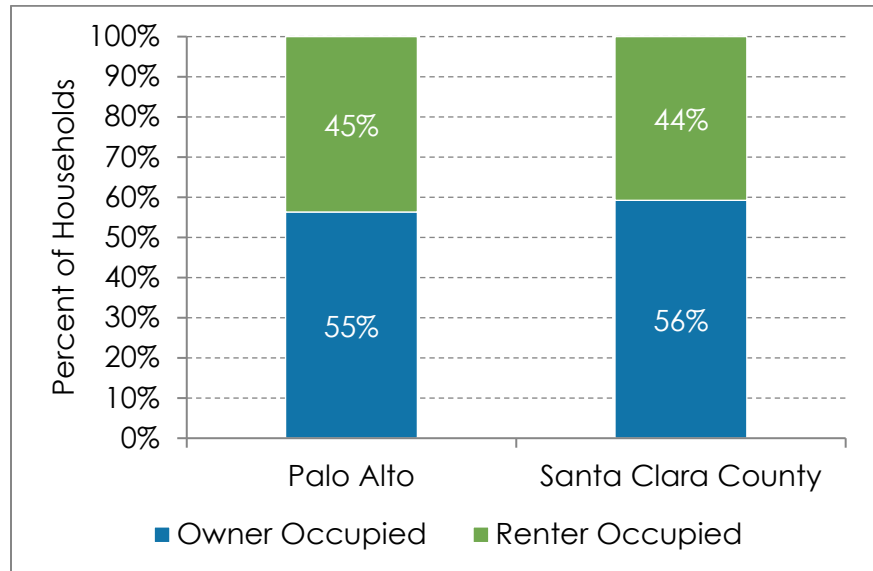
TABLE 2-9 TENURE OF OCCUPIED HOUSING IN PALO ALTO, 2000-2020								
Tenure Type	2000		2010		2012		2020	
Owner	14,420	57%	14,766	56%	14,732	56%	14,727	56%
Renter	10,796	43%	11,727	44%	11,694	44%	11,423	44%
<b>Total</b>	<b>25,216</b>	<b>100%</b>	<b>26,493</b>	<b>100%</b>	<b>26,426</b>	<b>100%</b>	<b>26,150</b>	<b>100%</b>

Source: US Census 2000, 2010, 2010-2012 ACS three-year estimates, and 2016-2020 ACS five-year estimates (Table B25003)

The number of residents who own their homes compared to those who rent their homes can help identify the level of housing insecurity (i.e., the ability for individuals to stay in their homes during periods when home prices increase) in a city and region. Generally, renters may be displaced more quickly if prices increase.

In Palo Alto there are a total of 26,150 occupied housing units, where approximately 11,423 residents are renters and approximately 14,727 are homeowners. Similarly, 44 percent of households in Santa Clara County are renters and 56 percent are homeowners, as seen in Figure 2-10.

**Figure 2-10 Housing Tenure**



*Universe: Occupied Housing Units.*

*Source: Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25003.*

It is estimated that 93 percent of owners and renters live in one- to four-person households in Palo Alto. This reflects the average size of the housing stock, which is mainly two- to four-bedroom homes (see Figure 2-26). According to 2020 estimates, the average household size was 2.72 for owner-occupied housing units and 2.39 for renter-occupied housing units<sup>11</sup>. In general, units available for rent in Palo Alto are smaller in size than ownership units.

<sup>11</sup> 2016-2020 U.S. Census ACS five-year estimates (Table B25010).

**TABLE 2-10 TENURE BY HOUSEHOLD SIZE IN PALO ALTO, 2020**

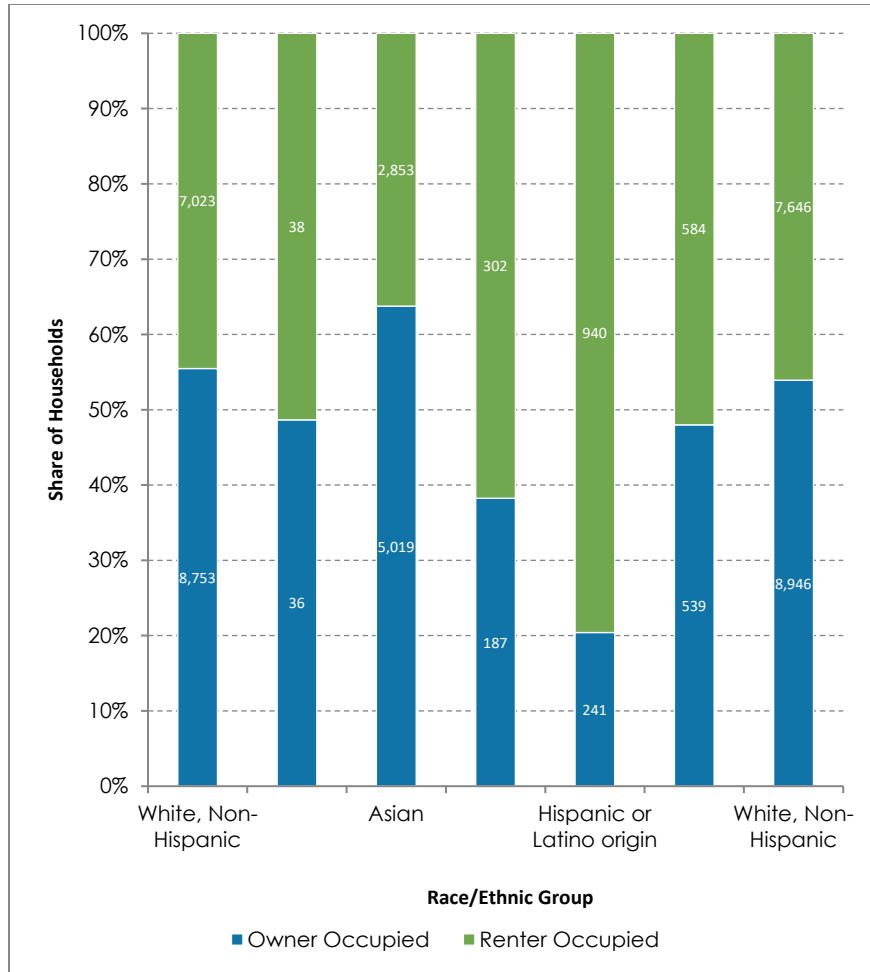
Household Tenure	1-4 persons		5+ persons		Total
	Number	Percent	Number	Percent	Number
Owner	13,756	53%	971	4%	14,727
Renter	10,546	40%	877	3%	11,423
<b>Total</b>	<b>24,302</b>	<b>93%</b>	<b>1,848</b>	<b>7%</b>	<b>26,150</b>

Source: 2016-2020 ACS five-year estimates (Table B25009).

Homeownership rates often vary considerably across race/ethnicity in the Bay Area and throughout the country. These disparities not only reflect differences in income and wealth, but also stemmed from federal, state, and local policies that facilitated homebuying for White residents. These same policies often limited access to homeownership for communities of color. While many of these policies (such as redlining) have been formally disbanded, the impacts of race-based policy are still evident across Bay Area communities.<sup>12</sup> In Palo Alto, 38.2 percent of Black households owned their homes, while homeownership rates were 63.7 percent for Asian households, 20.4 percent for Latinx households, and 53.4 percent for White households (see Figure 2-11). Notably, recent changes to state law require local jurisdictions to examine these dynamics and other fair housing issues when updating their Housing Elements.

<sup>12</sup> See, for example, Rothstein, R. (2017). *The color of law: a forgotten history of how our government segregated America*. New York, NY & London, UK: Liveright Publishing.

**Figure 2-11 Housing Tenure by Race of Householder in Palo Alto**



**Notes:**

For this data, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here.

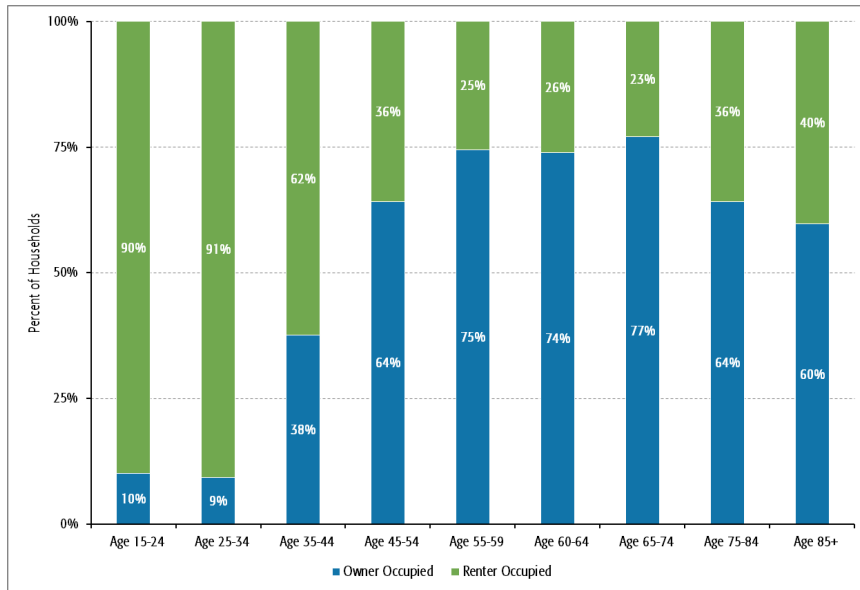
The racial/ethnic groups reported in this data are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table S2502

The age of residents who rent or own their home can also signal the housing challenges a community is experiencing. Younger households tend to rent and may struggle to buy a first home in the Bay Area due to

high housing costs. At the same time, senior homeowners seeking to downsize may have limited options in an expensive housing market. In Palo Alto, 94.4 percent of householders between the ages of 25 and 34 are renters; while 71 percent of householders over 65 are owners (see Figure 2-12).

**Figure 2-12 Housing Tenure by Age**

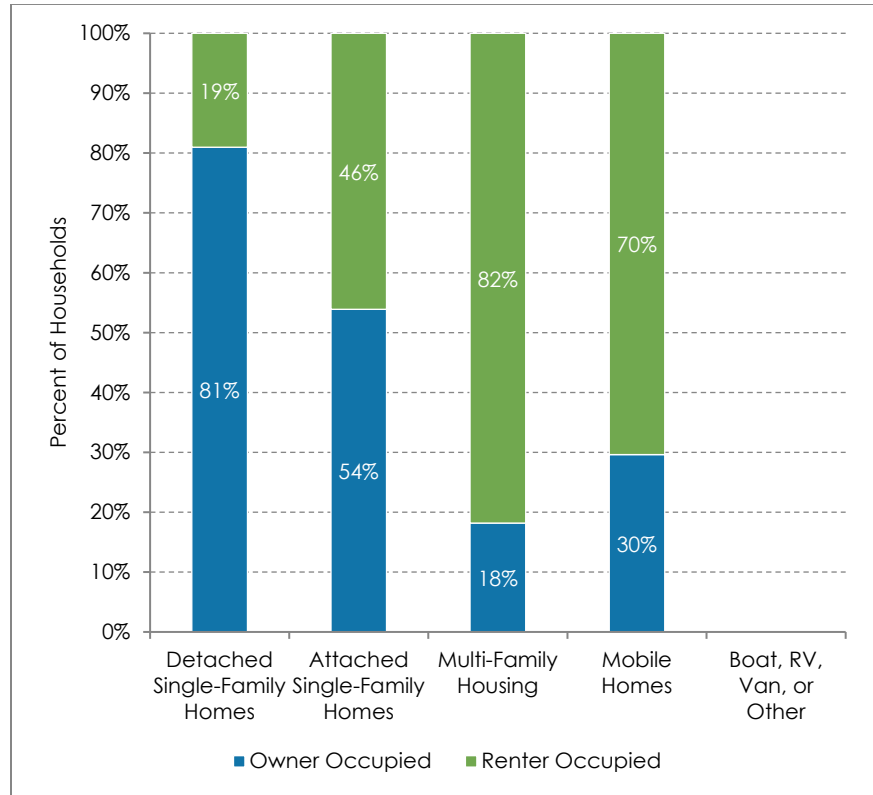


*Universe: Occupied housing units.*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25007.*

In many cities, homeownership rates for households in single-family homes are substantially higher than the rates for households in multi-family housing. In Palo Alto, 83.4 percent of households in detached single-family homes are homeowners, while 11.0 percent of households in multi-family housing are homeowners (see Figure 2-13).

**Figure 2-13 Housing Tenure by Housing Type**



*Universe: Occupied housing units*

*Source: U.S. Census Bureau, 2016-2020 ACS 5-Year estimates, Table B25032.*

## HOUSEHOLD INCOME

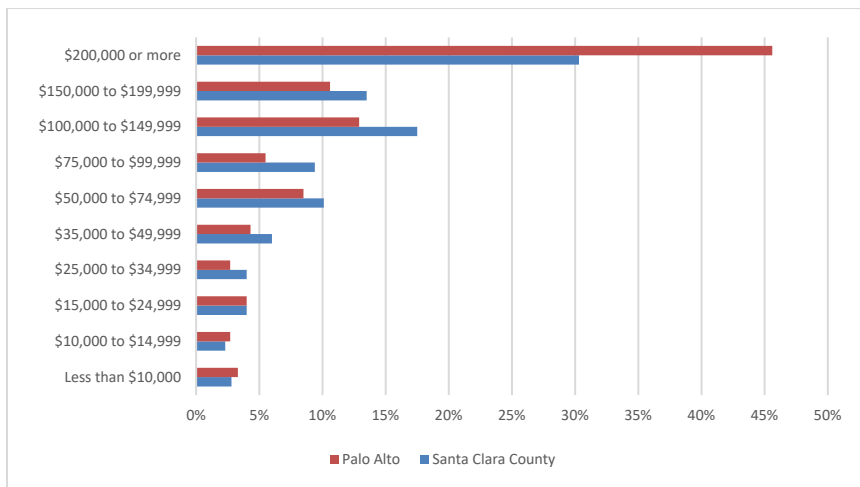
Palo Alto households have significantly higher incomes than households in the county as a whole. The 1990 Census data indicated that the median household income in Palo Alto was \$68,737, or 28 percent higher than the median household income of \$53,670 in the County of Santa Clara (see Table 2-11). This trend has continued, with 2020 estimates indicating that the difference between median household incomes in Palo Alto (\$174,003) and the county (\$130,890) is 33 percent.

TABLE 2-11 MEDIAN HOUSEHOLD INCOMES IN PALO ALTO AND SANTA CLARA COUNTY, 1990-2020				
	1990	2000	2010	2020
Palo Alto	\$68,737	\$90,377	\$120,670	\$174,003
Santa Clara County	\$53,670	\$74,335	\$86,850	\$130,890
Percent Difference	28%	22%	28%	33%

Source: US Census 1990, 2000, 2010-2012 ACS three-year estimates, and 2016-2020 ACS five-year estimates (Table S1903).

While there are many high-income households in Palo Alto, there are also households on more limited incomes as seen in Figure 2-14. However, the percent of households earning less than \$25,000 is decreasing in general. According to the five-year ACS estimates, in 2020, 10 percent of all households in Palo Alto earn less than \$25,000, while the share of all households in the Santa Clara County earning \$25,000 or less is 9 percent. Approximately 17 percent of Palo Alto households earn less than \$50,000, with approximately 14 percent of households earning between \$50,000 and \$100,000. Palo Alto has approximately 46 percent of households whose incomes are over \$200,000. It should be noted that a \$25,000 annual income is not an accurate reflection of the number of lower or “limited” income households in Palo Alto. In 2021, HCD considered a family of four earning \$82,850 or less and a single person earning \$49,700 or less and living in Santa Clara County to be very low-income households (see Table 2-12). Many senior households may also be income poor but assets rich.

**Figure 2-14 Household Income Distribution, 2020**



Source: 2016-2020 ACS five-year estimates (Table S1901).



**TABLE 2-12 HCD ANNUAL HOUSEHOLD INCOME LIMITS, 2021 SAN JOSE-SUNNYVALE-SANTA CLARA, CA HUD METRO FMR AREA**

Number of Persons in Household	Income Category		
	Extremely Low-Income	Very Low-Income	Low-Income
	(0-30% of AMI)	(31-50% of AMI)	(51-80% of AMI)
1	\$34,800	\$58,000	\$82,450
2	\$39,800	\$66,300	\$94,200
3	\$44,750	\$74,600	\$106,000
4	\$49,700	\$82,850	\$117,750
5	\$53,700	\$89,500	\$127,200
6	\$57,700	\$96,150	\$136,600

Source: HCD Income Limits, FY 2021.

Note: 2021 Santa Clara County Area Median Income for a family of four was \$151,300.

The definition of income level varies depending on the government entity or the program. For housing purposes, the jurisdictions in Santa Clara County, including Palo Alto, use HCD’s determination of County median income and its definition of household income levels described below:

- **Extremely Low Income:** Households with incomes between 0-30 percent of County median family income
- **Very Low Income:** Households with incomes between 31-50 percent of County median family income
- **Low Income:** Households with incomes between 51-80 percent of County median family income
- **Moderate Income:** Households with incomes between 81-120 percent of County median family income
- **Above Moderate Income:** Households with incomes greater than 120 percent of County median family income

In 2019, approximately 74 percent of Palo Alto households earned moderate or above moderate incomes, and only 26 percent earned lower incomes. In comparison, approximately 64 percent of Santa Clara County households earned moderate or above moderate incomes and 36 percent earned lower incomes, including 14 percent who earned

extremely low incomes. In Palo Alto, 12 percent of households earned extremely low incomes (see Table 2-13 and Figure 2-15).

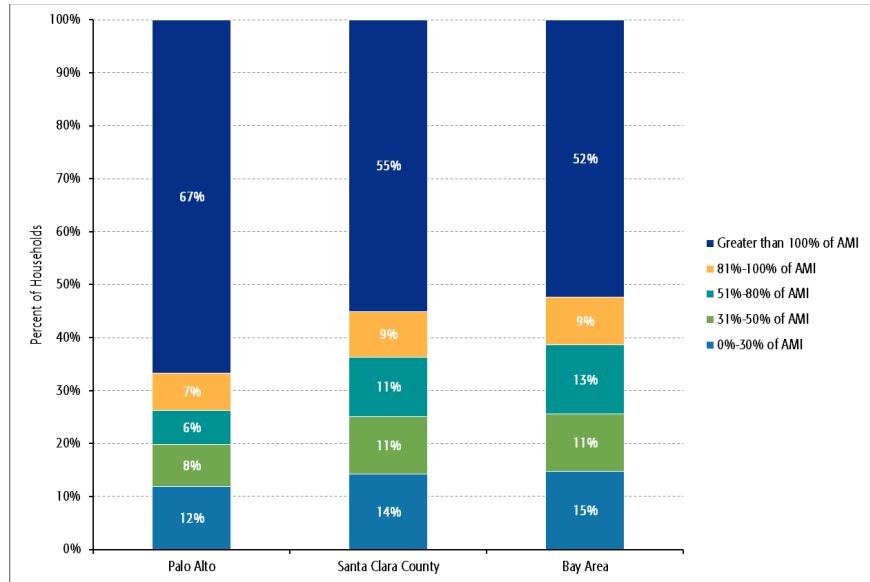
<b>TABLE 2-13 HOUSEHOLDS BY INCOME LEVEL</b>					
<b>Geography</b>	<b>Extremely Low (30% or less of AMI)</b>	<b>Very Low (31 to 50% of AMI)</b>	<b>Low (51 to 80% of AMI)</b>	<b>Moderate (81-100% of AMI)</b>	<b>Moderate and Above Moderate (greater than 100% of AMI)</b>
Palo Alto	3,124	2,084	1,665	1,870	17,495
Santa Clara County	89,828	67,770	71,315	54,544	346,985
Bay Area	396,952	294,189	350,599	245,810	1,413,483
<b>Totals</b>	<b>489,904</b>	<b>364,043</b>	<b>423,579</b>	<b>302,224</b>	<b>1,777,963</b>

*Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area for the San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County). The data that is reported for the Bay Area is not based on a regional AMI but instead refers to the regional total of households in an income group relative to the AMI for the county where that household is located.*

*Local jurisdictions are required to provide an estimate for their projected extremely low-income households (0-30% AMI) in their Housing Elements. HCD's official Housing Element guidance notes that jurisdictions can use their RHNA for very low-income households (those making 0-50% AMI) to calculate their projected extremely low-income households. As Bay Area jurisdictions have not yet received their final RHNA numbers, this document does not contain the required data point of projected extremely low-income households. The report portion of the housing data needs packet contains more specific guidance for how local staff can calculate an estimate for projected extremely low-income households once jurisdictions receive their 6th cycle RHNA numbers.*

*Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release.*

**Figure 2-15 Households by Income Level**



*Universe: Occupied housing units.*

*Notes:-Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located. The data that is reported for the Bay Area is not based on a regional AMI but instead refers to the regional total of households in an income group relative to the AMI for the county where that household is located.*

*-Local jurisdictions are required to provide an estimate for their projected extremely low-income households (0-30% AMI) in their Housing Elements. HCD's official Housing Element guidance notes that jurisdictions can use their RHNA for very low-income households (those making 0-50% AMI) to calculate their projected extremely low-income households. As Bay Area jurisdictions have not yet received their final RHNA numbers, this document does not contain the required data point of projected extremely low-income households. The report portion of the housing data needs packet contains more specific guidance for how local staff can calculate an estimate for projected extremely low-income households once jurisdictions receive their 6th cycle RHNA numbers.*

*Source:*

*U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release*

## DISPLACEMENT

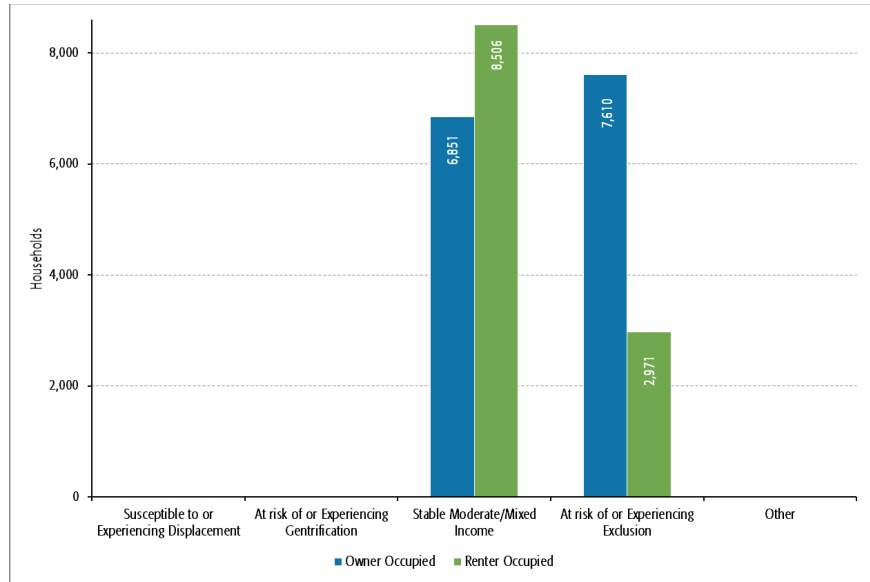
Because of increasing housing prices, displacement is a major concern in the Bay Area. Displacement has the most severe impacts on low- and moderate-income residents. When individuals or families are forced to leave their homes and communities, they also lose their support network. The Urban Displacement Project at the University of California, Berkeley has mapped all neighborhoods in the Bay Area, identifying their risk for gentrification. As discussed further in Appendix C, Assessment of Fair Housing, Displacement Risk, three census tracts qualify as sensitive communities which are at risk of displacement. Neighborhoods near Stanford University, as well as in the Ventura neighborhood are considered at risk of displacement.

Equally important, some neighborhoods in the Bay Area do not have housing appropriate for a broad section of the workforce. UC Berkeley estimates that 40.8 percent of households in Palo Alto live in neighborhoods where low-income households are likely to be excluded due to prohibitive housing costs.<sup>13</sup>

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<sup>13</sup> More information about this gentrification and displacement data is available at the Urban Displacement Project's webpage: <https://www.urbandisplacement.org/>. Specifically, one can learn more about the different gentrification/displacement typologies shown in Figure 18 at this link: [https://www.urbandisplacement.org/sites/default/files/typology\\_sheet\\_2018\\_0.png](https://www.urbandisplacement.org/sites/default/files/typology_sheet_2018_0.png). Additionally, one can view maps that show which typologies correspond to which parts of a jurisdiction here: <https://www.urbandisplacement.org/san-francisco/sf-bay-area-gentrification-and-displacement>

**Figure 2-16 Households by Displacement Risk and Tenure**



**Notes:**

*Displacement data is available at the census tract level. Staff aggregated tracts up to jurisdiction level using census 2010 population weights, assigning a tract to jurisdiction in proportion to block level population weights. Total household count may differ slightly from counts in other tables sourced from jurisdiction level sources.*

*Categories are combined as follows for simplicity:*

*At risk of or Experiencing Exclusion: At Risk of Becoming Exclusive; Becoming Exclusive; Stable/Advanced Exclusive*

*At risk of or Experiencing Gentrification: At Risk of Gentrification; Early/Ongoing Gentrification; Advanced Gentrification*

*Stable Moderate/Mixed Income: Stable Moderate/Mixed Income*

*Susceptible to or Experiencing Displacement: Low-Income/Susceptible to Displacement; Ongoing Displacement*

*Other: High Student Population; Unavailable or Unreliable Data*

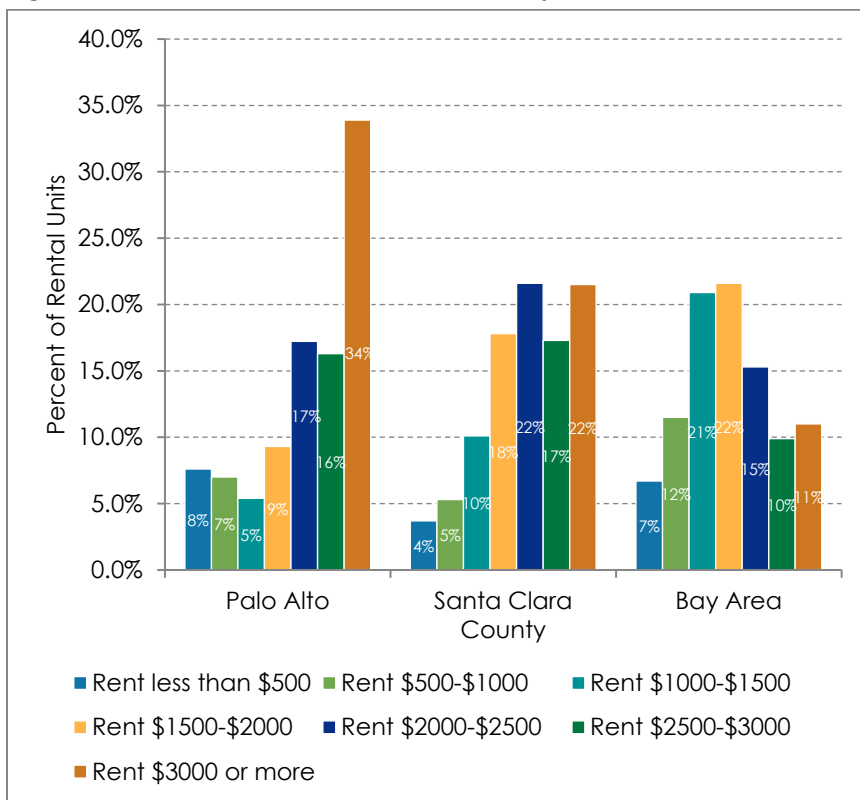
*Source: Urban Displacement Project for classification, American Community Survey 5-Year Data (2016-2020), Table B25003 for tenure.*

**RENTAL HOUSING COSTS**

Rents have increased dramatically across the Bay Area in recent years. Many renters have been priced out, evicted or displaced, particularly in communities of color. Residents finding themselves in one of these situations may have had to choose between commuting long distances to their jobs and schools or moving out of the region, and sometimes, out of the state.

Many renters have been priced out of the Palo Alto housing market. As shown in Figure 2-17, the largest proportion of rental units in the City, 33.9 percent, charged rental prices of \$3,000 or more per month, followed by 16.3 percent of units renting for \$2,500-\$3,000 per month. Looking beyond the City, the majority of rental units in Santa Clara County rented for \$2,000 to \$2,500 per month, while the majority of rental units in the Bay Area charged rental prices of \$1,500 to \$2,000 per month.

**Figure 2-17 Contract Rents for Renter-Occupied Units**



Universe: Renter-occupied housing units paying cash rent

No cash rent for Palo Alto – is 2%

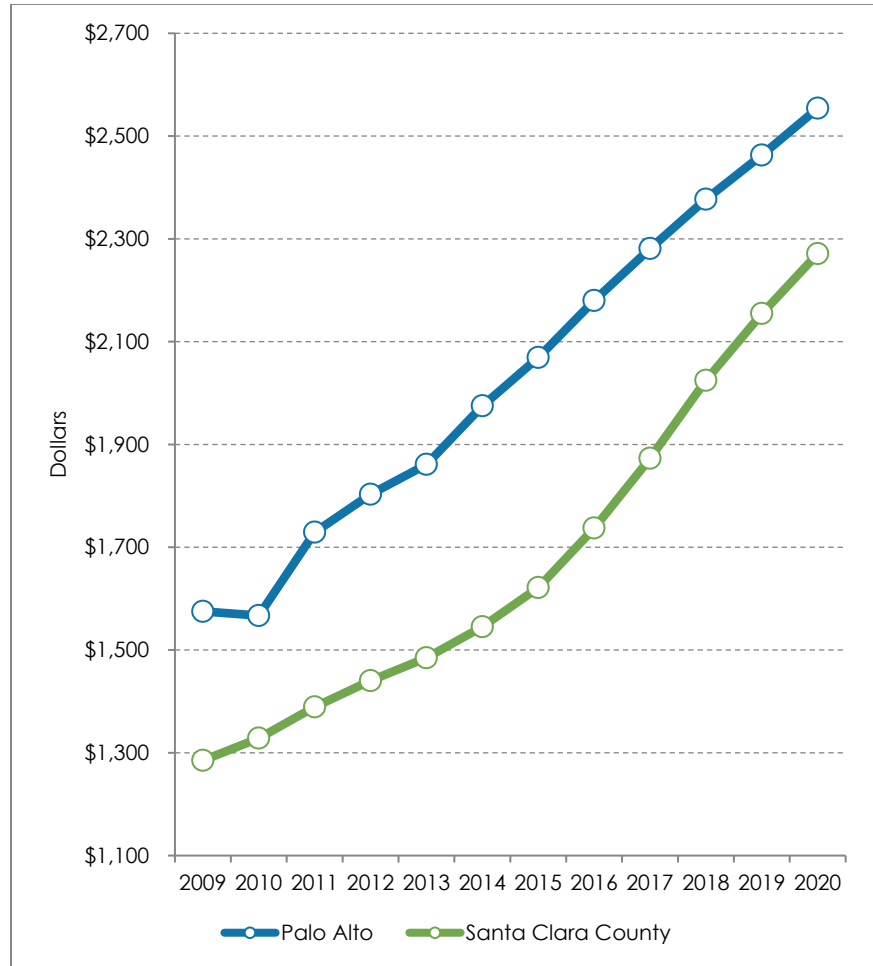
No cash rent for Santa Clara is 2%

No cash rent for Bay Area is 3%

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25056

Since 2009, the median rent has increased by 62 percent in Palo Alto, from \$1,575 to \$2,554 per month (see Figure 2-18). Since 2009, in Santa Clara County, the median rent has increased 77 percent, from \$1,285 to \$2,271.

**Figure 2-18 Median Contract Rent**



*Universe: Renter-occupied housing units paying cash rent*

*Notes:*

*For unincorporated areas, median is calculated using distribution in B25056.*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data releases, starting with 2005-2009 through 2015-2020, B25058, B25056 (for unincorporated areas).*

A survey of rental housing listings in Palo Alto was conducted to assess rental market conditions. The survey indicated that the majority of apartments available were one- and two-bedroom units.<sup>14</sup> Larger rental housing units with three bedrooms or more were primarily single-family homes available for rent<sup>15</sup>. Because four-bedroom apartments are rare,

<sup>14</sup> Average Rental Prices in Palo Alto on zumper.com, accessed on November 18, 2021.

<sup>15</sup> Palo Alto CA Houses for Rent on Zillow.com, accessed on November 18, 2021.

large families may need to rent a single-family home to avoid overcrowded conditions.

Rental prices in Palo Alto ranged from \$2,750 for a studio unit to \$6,500 for a four-bedroom apartment.<sup>16</sup> A review of rental housing rates in Palo Alto show that rents for two- to four-bedroom units in the City significantly exceed the HUD-determined fair market rents for Santa Clara County.

TABLE 2-14 RENTAL HOUSING RATES IN PALO ALTO, 2021		
Unit Size	Rental Range	Average
Studio/Efficiency	\$1,695-\$2,495	\$2,395
1 bedroom	\$1,534-\$3,895	\$2,750
2 bedroom	\$2,545-\$4,495	\$3,600
3 bedroom	\$2,900-\$7,150	\$4,950
4 bedroom	\$4,800-\$12,500	\$6,500

Sources: rentcafe.com, Zillow.com

Search performed on November 18, 2021

TABLE 2-15 FAIR MARKET RENTS IN SAN JOSE-SUNNYVALE-SANTA CLARA, CA HUD METRO FMR AREA FMRs FOR ALL BEDROOM SIZES, 2021				
Efficiency/Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$2,228	\$2,558	\$3,051	\$3,984	\$4,593

### OWNERSHIP HOUSING PRICES

Since 2020, home prices in Palo Alto have increased substantially. CoreLogic, a home sales analysis and reporting company, reported that the median home price for single-family residences and condominiums in Palo Alto increased by 38.9 percent between 2020 and 2021, from \$2,592,500 to \$3,600,000. Median home prices throughout Santa Clara County are also on the rise. However, the median home sales price in Palo Alto of \$3,600,000 in 2021 was more than two and a half times that of the County median price (\$1,300,000).

<sup>16</sup> Average Rental Prices in Palo Alto on zumper.com, accessed on November 18, 2021.



<b>TABLE 2-16 ANNUAL MEDIAN HOME PRICES, 2021</b>			
<b>Jurisdiction</b>	<b>2020</b>	<b>2021</b>	<b>% Change 2020-2021</b>
Campbell	\$1,410,000	\$1,420,000	0.7%
Cupertino	\$1,900,000	\$2,638,000	38.8%
Mountain View	\$1,642,500	\$1,752,500	6.7%
<b>Palo Alto</b>	<b>\$2,592,500</b>	<b>\$3,600,000</b>	<b>38.9%</b>
Santa Clara	\$1,300,000	\$1,370,000	5.4%
Saratoga	\$2,967,000	\$3,375,000	13.8%
Sunnyvale	\$1,464,000	\$1,701,750	16.2%
Santa Clara County	\$1,160,000	\$1,300,000	12.1%

Source: CoreLogic California Home Sale Activity by City, Home Sales Recorded in the Year 2021.

### COST BURDEN

The U.S. Department of Housing and Urban Development considers housing to be affordable for a household if the household spends less than 30 percent of its income on housing costs. A household is considered “cost-burdened” if it spends more than 30 percent of its monthly income on housing costs. Those who spend more than 50 percent of their income on housing costs are considered “severely cost-burdened.”

Housing is generally the greatest single expense item for California families. The impact of high housing costs falls disproportionately on extremely low, very low-income and low-income households, especially renters. While some higher-income households may choose to spend greater portions of their income for housing, low-income households that overpay for housing are left with insufficient funds to pay for basic needs. In addition, the gap in median household income for owner-occupied and renter-occupied units is significant. Although Palo Alto had a median household income of \$174,003 (in 2020 inflation-adjusted dollars), the median income for renter-occupied households was approximately half (\$113,400) of owner-occupied households (\$205,531). The income disparity between renters and owners was less in the County as owner-occupied household median income in Santa Clara County was \$155,139, and renter-occupied household median income was \$91,265<sup>17</sup>.

<sup>17</sup> 2016-2020 ACS five-year estimates (Table B25119).

The Out of Reach 2021<sup>18</sup> study performed by the National Low Income Housing Coalition indicated that low-income households in San Jose-Sunnyvale-Santa Clara HMFA (HUD Metro FMR Area) can only afford monthly rents of up to \$1,135, while the fair market rent for a two-bedroom unit was \$3,051 in the City. Extremely low- and low-income households who are overpaying for housing frequently have insufficient resources for other critical essentials including food and medicine. This is a significant hardship for many workers, families and seniors, but it also impacts local economies as money that might otherwise be spent in local stores generating sales tax revenues are being spent on housing. Low-income residents are the most impacted by high housing costs and experience the highest rates of cost burden. Spending such large portions of their income on housing puts low-income households at higher risk of displacement, eviction, or homelessness.

In 2018, despite the high median income in Palo Alto, 17 percent of all households were cost-burdened, or paying more than 30 percent of their income (see Table 2-17). According to the 2014-2018 American Community Survey, 17 percent of all renter households in the City were “cost burdened”, compared to 15 percent of homeowners. Although renters are more likely to overpay on housing, this figure has decreased from 2010 when about 33 percent of renters paid more than 30 percent of their income for housing.

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<sup>18</sup> National Low Income Housing Coalition. 2021. Out of Reach; The High Cost of Housing.

**TABLE 2-17 HOUSING COST BURDEN BY TENURE AND INCOME, PALO ALTO, 2018\***

<b>Household by Tenure, Income, and Housing Problem</b>	<b>Renters</b>	<b>Owners</b>	<b>Total Households</b>
Extremely Low (0-30%)	1,530	715	2,245
With any housing problem	68.76%	74.09%	70.38%
With cost burden >30%	64.27%	74.09%	67.24%
With cost burden >50%	41.80%	57.51%	63.75%
Very Low (31-50%)	785	290	1,075
With any housing problem	80.93%	42.34%	64.95%
With cost burden >30%	78.87%	42.34%	63.75%
With cost burden >50%	57.73%	18.98%	41.69%
Low (51-80%)	730	260	990
With any housing problem	72.64%	39.40%	59.46%
With cost burden >30%	61.69%	39.39%	52.85%
With cost burden >50%	29.85%	26.52%	28.53%
Moderate/Above Moderate (>80%)	1,885	2,365	4,250
With any housing problem	24.93%	19.49%	21.58%
With cost burden >30%	20.99%	18.29%	18.48%
With cost burden >50%	2.78%	4.37%	3.75%
<b>Total Households</b>	<b>11,765</b>	<b>14,450</b>	<b>26,215</b>
With any housing problem	41.90%	25.12%	32.66%
With cost burden >30%	17.00%	14.50%	16.52%
With cost burden >50%	17.00%	9.62%	12.93%

(\* ) Data presented in this table are based on special tabulations from 2014-2018 American Community Survey (ACS) data. Due to the small sample size, the margins for error can be significant. Interpretations of these data should focus on the proportion of households in need of assistance rather than on precise numbers.

*Notes:*

"Any housing problem" is defined as one of the following: incomplete kitchen facilities; incomplete plumbing facilities more than 1 person per room; and cost burden greater than 30%.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), based on the 2014-2018 ACS.

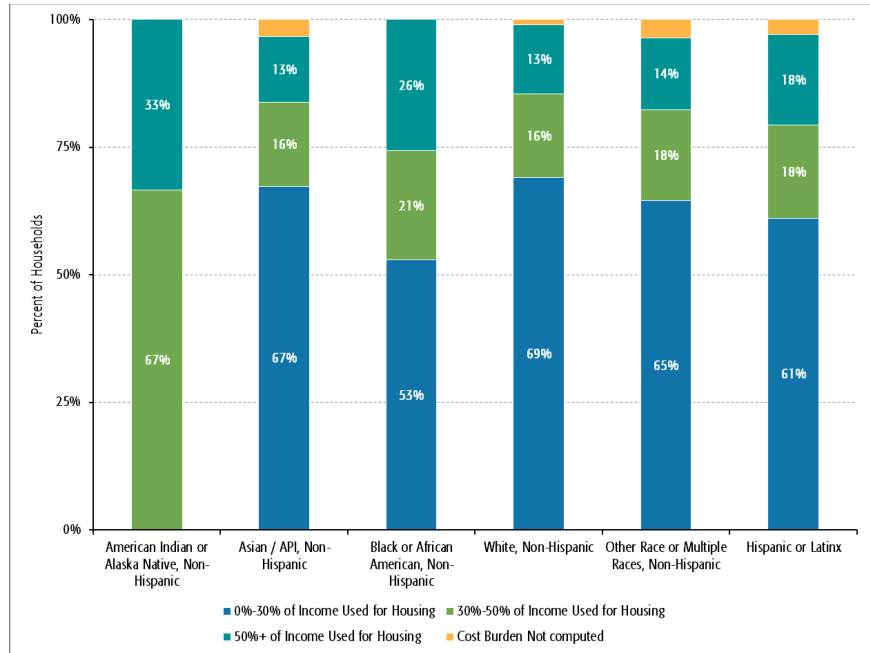
Historically, a large proportion of the City's lower-income households overpay for housing. Based on the 2014-2018 ACS, it is estimated that 64 percent of extremely low-income renter households paid over 30 percent of their income on housing, and 42 percent paid over 50 percent of their income on housing. Approximately 74 percent of extremely low-income owner households paid over 30 percent of their income, and 58 percent paid over 50 percent of their income on housing. Of the estimated 990

low-income households, 62 percent of renter households and 40 percent of homeowner households paid more than 30 percent of their income for housing.

Lower-income households are least able to devote 30 percent or more of their income to housing without significantly affecting other aspects of family health and quality of life. Since lower-income renter households are more likely to pay much higher rents proportionally than other households, the City has focused most of its affordable housing efforts towards increasing the supply of affordable rental housing.

Currently, people of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents. As a result, they often pay a greater percentage of their income on housing, and in turn, are at a greater risk of housing insecurity. In Palo Alto, American Indian or Alaska Native, Non-Hispanic residents are the most cost burdened with 66.7 percent spending 30 to 50 percent of their income on housing, and American Indian or Alaska Native, Non-Hispanic residents are the most severely cost burdened with 33.3 percent spending more than 50 percent of their income on housing (see Figure 2-19).

**Figure 2-19 Cost Burden by Race in Palo Alto**



Universe: Occupied housing units

Notes:

Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

For the purposes of this graph, the "Hispanic or Latinx" racial/ethnic group represents those who identify as having Hispanic/Latinx ethnicity and may also be members of any racial group. All other racial categories on this graph represent those who identify with that racial category and do not identify with Hispanic/Latinx ethnicity.

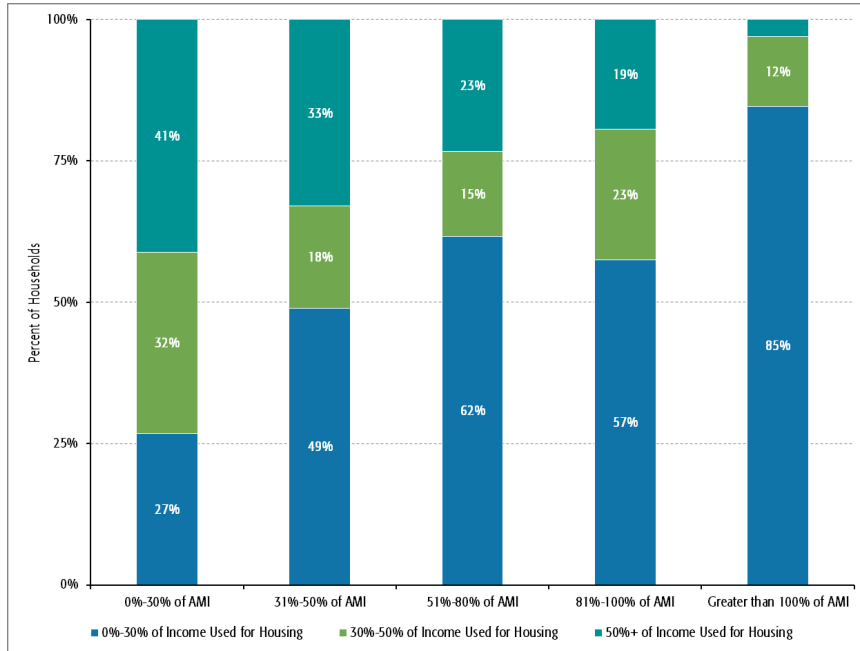
Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release.

Large family households often have special housing needs due to a lack of adequately sized affordable housing available. Cost burdens associated with large families is discussed in Section 2.4, Special Needs Groups.

When cost-burdened seniors are no longer able to make house payments or pay rents, displacement from their homes can occur, putting further stress on the local rental market or forcing residents out of the community they call home. Understanding how seniors might be cost-burdened is of particular importance due to their special housing needs,

particularly for low-income seniors. Approximately 41 percent of seniors making less than 30 percent of AMI are spending the majority of their income on housing (see Figure 2-20).

**Figure 2-20 Cost-Burdened Senior Households by Income Level**



Universe: Senior households

Notes:

For the purposes of this graph, senior households are those with a householder who is aged 62 or older.

Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro area where this jurisdiction is located.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

## AFFORDABILITY

Table 2-18 shows affordability of rental and ownership housing costs by income and household size. The amounts indicate the maximum amount families can afford to pay for housing to have sufficient resources for other critical essentials. The affordability calculations were based on the household income limits published by the California Department of Housing and Community Development, conventional financing terms, and assumed that households spend 30 to 35 percent of gross income on mortgage payments, taxes, and insurance.

When comparing the home prices and rents shown earlier in Figure 2-17, Figure 2-18, and Table 2-16 with the maximum affordable housing costs presented in Table 2-18 below, it is evident that extremely low-, very low- and low-income households in Palo Alto have almost no affordable housing options without substantial subsidies. For moderate-income households, adequately sized and affordable rental housing options are very limited as well. Homeownership is largely beyond the reach of most lower- and moderate-income households in Palo Alto.

The median priced home ownership units in the County require minimum household incomes upwards of \$296,580 for single-family units.<sup>19</sup> The median income for renter-households in Palo Alto is \$113,400 which equates to an affordable monthly housing cost of \$2,835. The median income for owner-households is \$205,531 which equates to an affordable monthly housing cost of \$5,138. In comparison, the County's median income for renter households in Santa Clara is \$91,265 which equates to affordable monthly housing cost of \$2,281. The median income for owner-households is \$155,139 which equates to affordable monthly housing cost of \$3,878. The upper end of the households in the above moderate-income range can afford typical rental units, but low- and very low- income- households have much more difficulty in finding rental properties in Palo Alto.

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<sup>19</sup> ABAG Missing Middle Housing Workgroup presentation Session 2: September 23, 2021, presented by ECONorthwest.

**TABLE 2-18 MAXIMUM AFFORDABLE HOUSING COSTS, SANTA CLARA COUNTY, 2021**

Annual Income Limits	Affordable Housing Cost		Utilities, Taxes and Insurance			Affordable Price		
	Rent	Ownership	Rent	Ownership	Taxes/ Insurance	Rent	Sale	
<b>Extremely Low Income (0-30% AMI)</b>								
1-Person	\$34,800	\$870	\$870	\$212	\$229	\$174	\$658	\$112,500
2-Person	\$39,800	\$995	\$995	\$222	\$243	\$199	\$773	\$130,000
3-Person	\$44,750	\$1,119	\$1,119	\$252	\$280	\$224	\$867	\$145,000
4 Person	\$49,700	\$1,243	\$1,243	\$281	\$320	\$249	\$962	\$165,000
5 Person	\$53,700	\$1,343	\$1,343	\$315	\$360	\$269	\$1,028	\$180,000
<b>Very Low Income (31-50% AMI)</b>								
1-Person	\$58,000	\$1,450	\$1,450	\$212	\$229	\$290	\$1,238	\$195,000
2-Person	\$66,300	\$1,658	\$1,658	\$222	\$243	\$332	\$1,435	\$225,000
3-Person	\$74,600	\$1,865	\$1,865	\$252	\$280	\$373	\$1,613	\$255,000
4 Person	\$82,850	\$2,071	\$2,071	\$281	\$320	\$414	\$1,790	\$285,000
5 Person	\$89,500	\$2,238	\$2,238	\$315	\$360	\$448	\$1,923	\$310,000
<b>Low Income (51-80% AMI)</b>								
1-Person	\$82,450	\$2,061	\$2,061	\$212	\$229	\$412	\$1,849	\$285,000
2-Person	\$94,200	\$2,355	\$2,355	\$22	\$243	\$471	\$2,133	\$330,000
3-Person	\$106,000	\$2,650	\$2,650	\$252	\$280	\$530	\$2,398	\$375,000
4 Person	\$117,750	\$2,944	\$2,944	\$281	\$320	\$589	\$2,663	\$420,000
5 Person	\$127,200	\$3,180	\$3,180	\$315	\$360	\$636	\$2,865	\$440,000
<b>Median Income (81-100% AMI)</b>								
1-Person	\$105,900	\$3,089	\$2,648	\$212	\$229	\$618	\$1,849	\$375,000
2-Person	\$121,050	\$3,531	\$3,026	\$222	\$243	\$706	\$3,309	\$435,000
3-Person	\$136,150	\$3,971	\$3,404	\$252	\$280	\$794	\$3,719	\$480,000
4 Person	\$151,300	\$4,413	\$3,783	\$281	\$320	\$883	\$4,132	\$535,000
5 Person	\$163,400	\$4,766	\$4,085	\$315	\$360	\$953	\$4,451	\$580,000
<b>Moderate Income (101-120% AMI)</b>								
1-Person	\$127,100	\$3,707	\$3,176	\$212	\$229	\$741	\$3,495	\$440,000
2-Person	\$145,250	\$4,237	\$3,632	\$222	\$243	\$847	\$4,015	\$515,000
3-Person	\$163,400	\$4,766	\$4,085	\$252	\$280	\$953	\$4,554	\$580,000
4 Person	\$181,550	\$5,295	\$4,539	\$281	\$320	\$1,059	\$5,014	\$645,000
5 Person	\$196,050	\$5,718	\$4,901	\$315	\$360	\$1,144	\$5,043	\$685,000

(\*) Assumptions: 2021 HCD income limits; 30.0% gross household income as affordable housing cost; 20.0% of monthly affordable cost for taxes and insurance; 3.5% downpayment; a private mortgage premium calculated pursuant to HUD's FHA methodology; and the highest national average mortgage interest rate (prior calendar year) for a 30-year Federal Housing Administration (FHA) mortgage loan. Utilities based on Housing Authority of Santa Clara 2021 County Utility Allowance.

Sources: California Department of Housing and Community Development, 2021; Housing Authority of the County of Santa Clara, 2021



## OVERCROWDING

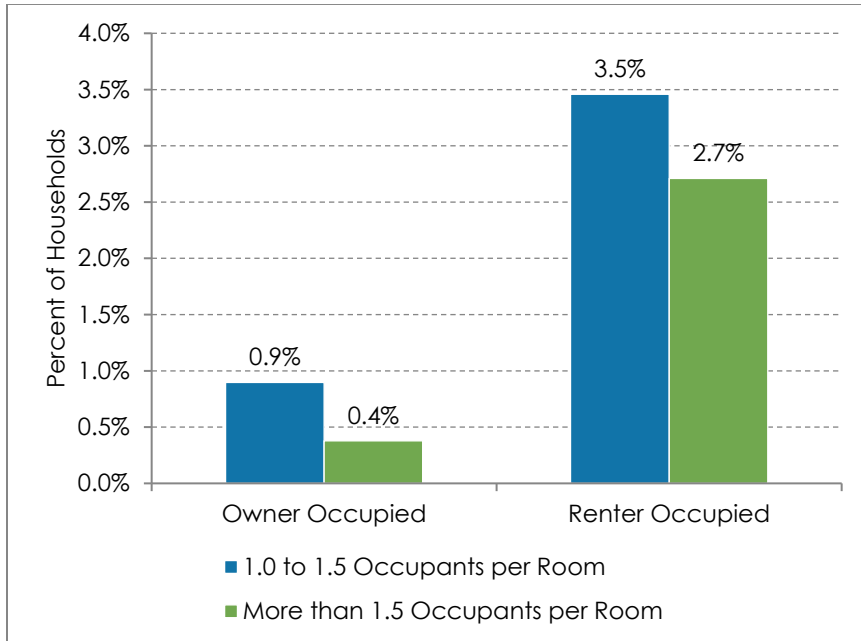
Overcrowding occurs when the number of people living in a household is greater than the home was designed to hold. The State defines an overcrowded unit as one occupied by more than one person per bedroom. Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure.

Overcrowding is often related to the cost of housing and the availability of suitable housing sizes. It can occur when demand in a city or region is high. In many cities, overcrowding is seen more amongst those that are renting, with multiple unrelated people or families sharing a unit to make it possible to stay in their communities.

Overcrowding affects both owners and renters; however, renters are generally more significantly affected. Overcrowding is particularly exacerbated where there is a mismatch between the number of large households, defined as households of five or more persons, and the number of available large housing units with three or more bedrooms.

In Palo Alto, 2.7 percent of households that rent are severely overcrowded (more than 1.5 occupants per room), compared to 0.4 percent of households that own (see Figure 32). In Palo Alto, 3.5 percent of renters experience moderate overcrowding (1 to 1.5 occupants per room), compared to 0.9 percent for owners (see Figure 2-21). Compared to the County, where the rates of overcrowding are at or less than the state average of 8.2 percent, Palo Alto's rate of overcrowding is low (*Appendix C, Assessment of Fair Housing*).

**Figure 2-21 Overcrowding by Tenure and Severity in Palo Alto**



Universe: Occupied housing units

Notes:

The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded.

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release.

Households do not typically choose to be overcrowded but end up in that situation because they cannot afford a housing unit that is of size appropriate to their needs. Traditionally, large households have difficulty securing and/or affording housing units of three or more bedrooms partially because of an insufficient supply of these larger units. Large renter households have difficulty in finding rental housing stock that is appropriate for their household size and also affordable.

The 2000 Census data indicated that there were 1,576 households in Palo Alto that had five or more persons. That number rose slightly to 1,848 in 2020. Approximately four percent of the owner-occupied units housed more than five-person households (971 households) and three percent of renter-occupied households housed more than five-person households. Moreover, even smaller households in Palo Alto have

difficulty in finding appropriately sized rental housing due to the high cost of housing. Census data confirms that a combination of factors including increase in household size, increase in the number of households with children and intergenerational living, and substantial increase in housing costs in the 2000s may have led to increased overcrowding.

<b>TABLE 2-19 HOUSEHOLD SIZE BY TENURE IN PALO ALTO, 2020</b>						
<b>Households</b>	<b>1-4 Persons</b>		<b>5+ Persons</b>		<b>Total</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
Owner	13,756	53%	971	4%	14,727	56%
Renter	10,546	40%	877	3%	11,423	44%
<b>Total</b>	<b>24,302</b>	<b>93%</b>	<b>1,848</b>	<b>7%</b>	<b>26,150</b>	<b>100%</b>

Source: 2016 -2020 ACS five-year estimates (Table B25009)

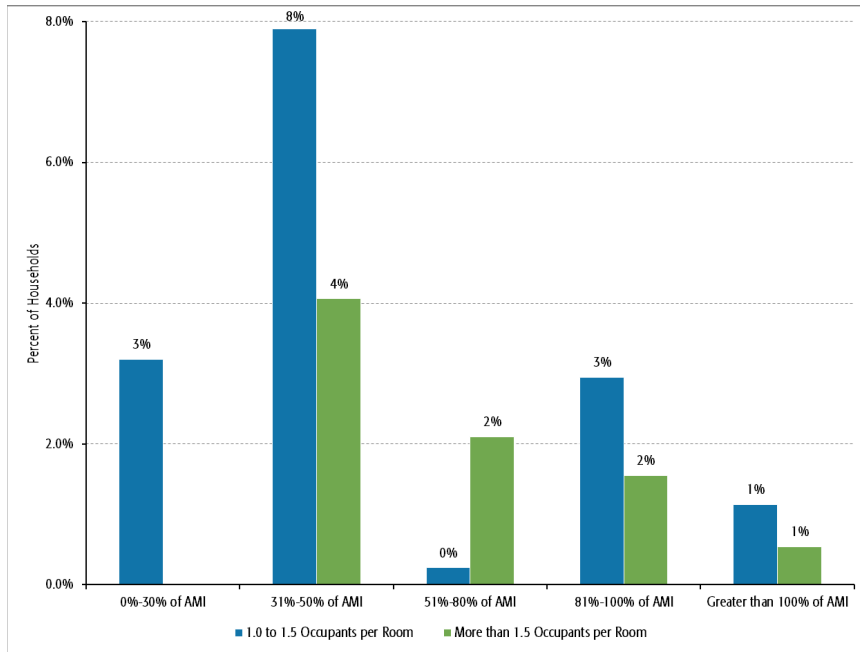
The most obvious need for overcrowded households in Palo Alto is large housing units that are adequately sized for large families. Typically, there is a need for three, four, and five-bedroom housing units for households that are overcrowded due to family size. In the past few decades, developers in Palo Alto have typically built three- and four-bedroom units, though these new units are usually expensive to rent or buy. Small households in Palo Alto are sometimes also overcrowded because of the high cost of housing. Affordable housing, primarily affordable rental housing, can help further reduce overcrowded households.

There are units in some of assisted housing developments in the City that are both of larger size and affordable. As an example, the Arastradero Park development includes fourteen three-bedroom units and four-bedroom units. Additionally, affordable housing developers Eden Housing and Community Working Group constructed a 50-unit affordable family housing development at 801 Alma Street that contains sixteen three-bedroom units. Some affordable three- and four-bedroom family units also exist in Colorado Park Apartments at 1141 Colorado Avenue and in Webster Wood Apartments at 941 Webster Street. The city does not have any five-bedroom affordable units.

Overcrowding often disproportionately impacts low-income households. Four percent of very low-income households (below 50 percent AMI)

experience severe overcrowding, while 0.5 percent of households above 100 percent AMI experience this level of overcrowding (see Figure 2-22).

**Figure 2-22 Overcrowding by Income Level and Severity**



Universe: Occupied housing units

Notes:

HCD defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded.

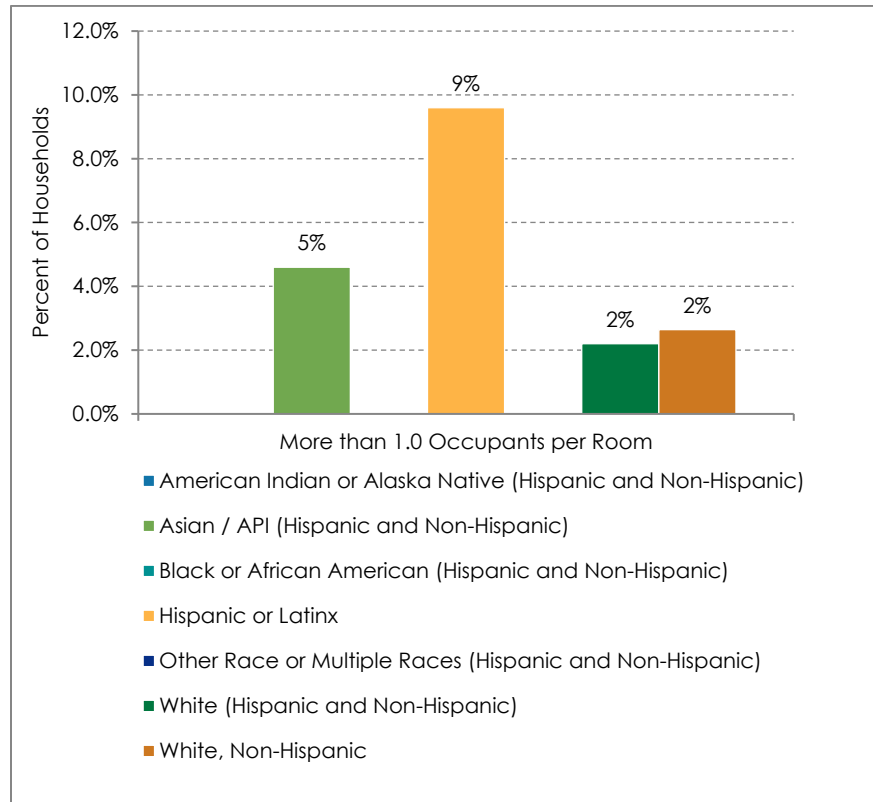
Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County).

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

Communities of color are more likely to experience overcrowding similar to how they are more likely to experience poverty, financial instability, and housing insecurity. People of color tend to experience overcrowding at higher rates than White residents. In Palo Alto, the racial group with

the largest overcrowding rate is Black or African American (Hispanic and Non-Hispanic). (See Figure 2-23.)

**Figure 2-23 Overcrowding by Race**



Universe: Occupied housing units

Notes:

The Census Bureau defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens), and units with more than 1.5 persons per room are considered severely overcrowded.

For this table, the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here.

The racial/ethnic groups reported in this table are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the total number of occupied housing units for this jurisdiction. However, all groups labelled "Hispanic and Non-Hispanic" are mutually exclusive, and the sum of the data for these groups is equivalent to the total number of occupied housing units.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25014

## 2.5 SPECIAL NEEDS GROUPS

Some population groups may have special housing needs that require specific program responses, and these groups may experience barriers to accessing stable housing due to their specific housing circumstances. They include disabled households, senior households, female-headed households, single-parent households, large households, farm worker households and homeless. State law identifies these groups as special needs households. A thorough analysis of these topics helps a locality identify groups with the most serious housing needs in order to develop and prioritize responsive programs. All special needs household groups mentioned above exist in Palo Alto, except for farm worker households.

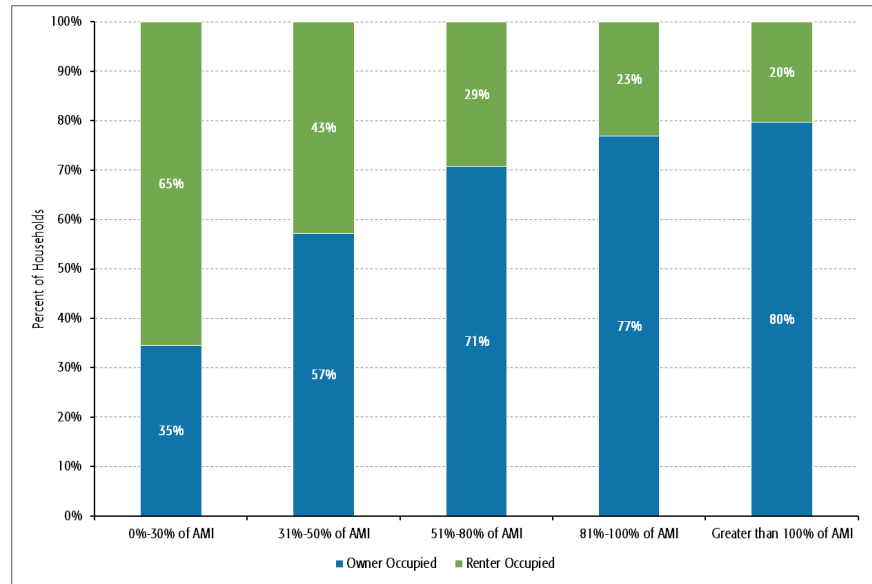
Information about each of these households is described in more detail in the paragraphs that follow. A general description of each of these household types is provided as well as a summary of the current resources available and a summary of their more significant housing needs.

### SENIOR HOUSEHOLDS

Seniors are defined as persons aged 65 and over. Seniors are considered a special needs group, as they are on fixed incomes, and need access to public services and medical facilities as they age. Associated aging health concerns may make it more difficult for seniors to live in typical housing and to live independently. Seniors with serious health problems may need to live in communities with extra services, such as assisted living facilities. Also, low- and moderate-income senior households are potentially in particular need for housing assistance. As mentioned, many seniors live on fixed incomes such as Social Security and pensions. Increases in living expenses would make it difficult for seniors to afford needed housing. Financially strained senior homeowners may have to defer their home maintenance needs. Seniors who rent may be at even greater risk for housing challenges than those who own, due to income differences and vulnerability to increasing rents. In the Bay Area, the largest proportion of senior households who rent generally earn in the 0-30 percent of AMI category, while the largest proportion of senior

households who are homeowners falls in the income group making greater than 100 percent of AMI (see Figure 2-24).

**Figure 2-24 Senior Households by Income and Tenure**



*Universe: Senior households*

*Notes:*

*For the purposes of this graph, senior households are those with a householder who is aged 62 or older.*

*Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the HUD metro San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County).*

*Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release*

The percentage of elderly persons in the City of Palo Alto has increased over the last three decades. In 1980, elderly (persons age 65 years and older) comprised about 13 percent of the population, and by 2020, the total number of elderly persons residing in Palo Alto was 13,133, or approximately 19 percent of the total population (see Figure 2-18). With longer life spans and age expectancies, it is anticipated that the

proportion of elderly in Palo Alto's population will continue to increase in future years.

TABLE 2-20 SENIOR POPULATION INCREASE IN PALO ALTO, 1980-2020							
Age	1980	1990	2000	2010	2020	Change (2010-2020)	
Senior (65 and over)	7,408	8,747	9,140	11,006	13,133	2,127	19%
<b>Total Persons</b>	<b>55,225</b>	<b>55,900</b>	<b>58,598</b>	<b>64,403</b>	<b>67,973</b>	<b>3,570</b>	<b>5%</b>

Source: US Census 1980, 1990, 2000, 2010, 2010-2012 ACS three-year estimates, and 2016-2020 ACS five-year estimates (Table DP05).

With the continued increase in the number and proportion of senior residents in Palo Alto, the need for providing affordable housing for the elderly will gain in importance. As reported in the City's current Consolidated Plan 2020-2025, the need for more affordable senior housing facilities is also illustrated by the long waiting lists at existing subsidized developments. There are 12 housing developments in Palo Alto that include 985 units specifically designed for elderly households (see Table 2-21). Some of these independent living facilities also provide meal plans and other services.

TABLE 2-21 AFFORDABLE HOUSING WITH SENIOR UNITS IN PALO ALTO, 2021			
Development	Total Units	Senior Units	Income Level Served
Alta Torre	56	56	Very Low-Income
Arastradero Park	66	13	Low-Income
Colorado Park	60	8	Low-Income
Fabian Way Senior Housing	56	56	Low-Income
Lytton I and II	268	268	Low-Income
Lytton Courtyard	51	51	Extremely Low- and Low-Income
Moldaw (Taube-Koret Campus)	170	170	24 Low-Income
Palo Alto Gardens	156	128	Very Low-Income
Sheridan Apartments	57	57	Low-Income
Stevenson House	128	128	Low-Income
Terman Apartments	92	24	Very Low-Income
Webster Wood Apartments	68	4	Low-Income
<b>Total</b>	<b>1,251</b>	<b>985</b>	

Source: City of Palo Alto, 2021.

Note: Some of these facilities also offer meal plans.



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The Moldaw Family Residences, located on the Taube Koret Campus for Jewish Life, offer a variety of assistance levels for seniors on a multi-generational campus.



Supportive living facilities for Palo Alto's elderly include nursing care facilities as well as non-profit and for-profit residential care facilities. Lytton III provides skilled nursing care for approximately 145 elderly persons. Lytton III is the assisted living part of the Lytton Gardens complex (Lytton I, II, III and IV [Lytton Courtyard]), which provides a full range of living options for lower income elderly ranging from independent living to assisted living to skilled nursing care. Moldaw Retirement Community referenced in the table above also provides a variety of assistance levels throughout the complex. Most units are independent living units, 12 units are used for assisted living, and 11 units provide for dementia care.

Table 2-22 lists the existing residential care facilities available for seniors in Palo Alto. Although the City has been active in the creation of additional senior housing facilities, there still is a great need for senior housing. As the senior population continues to increase, coupled with the fact that 19 percent of Palo Alto seniors earn less than \$50,000 annually, the demand will continue to increase. Although seniors in Palo Alto may have lower incomes, some seniors may be asset rich.

**TABLE 2-22 RESIDENTIAL CARE FACILITIES FOR THE ELDERLY POPULATION IN PALO ALTO, 2021**

Name of Facility	Persons Served	Type of Facility
Channing House	21	Nursing Facility
Channing House	285	Residential Care Facility
Lytton Gardens Community Care	55	Residential Care Facility
Lytton Gardens	145	Nursing Facility
Moldaw Family Residences	23	Assisted Living and Dementia Care
Palo Alto Sub-Acute & Rehab Center	63	Residential Care Facility
Palo Alto Commons	150	Residential Care Facility
Pine Shadow	6	Residential Care Facility
Shady Oak Place	6	Residential Care Facility
The Wright Place	6	Residential Care Facility
Sweet Little Home	6	Residential Care Facility
Sunrise Assisted Living of Palo Alto	97	Residential Care Facility
Vi At Palo Alto	876	Residential Care Facility
Webster House	54	Residential Care Facility

Source: City of Palo Alto, 2012; State of California Community Care Licensing Division, 2012

## PERSONS WITH DISABILITIES

Disabled households include households with family members who have mental, physical, and/or developmental disabilities that can prevent them from working, or restrict their mobility, thereby making it difficult to care for themselves. In addition, people with disabilities face housing access and safety challenges. Disabled people often have limited incomes which are devoted to cover housing costs. Many people with disabilities often rely on family members for assistance due to the high cost of care. When it comes to housing, people with disabilities are not only in need of affordable housing, especially extremely low-income units but housing accessible to people with disabilities, which offers greater mobility and opportunity for independence. Unfortunately, the need typically outweighs what is available, particularly in a housing market with such high demand. People with disabilities are at a high risk for housing insecurity, homelessness and institutionalization, particularly when they lose aging caregivers. Table 2-23 shows the rates at which different

disabilities are present among residents of Palo Alto. Overall, 7.7 percent of people in Palo Alto have a disability of some kind.<sup>20</sup>

It is estimated that in 2020, Palo Alto had 5,185 non-institutionalized disabled residents. More than a quarter of disabled residents were seniors. The percentages of disabled population in all age groups in the City and County are comparable.

TABLE 2-23 DISABILITY BY AGE, PALO ALTO			
2020			
Age Group	Total Persons	Persons with a Disability	% of Total Age Group
Under 5 Years	3,362	17	1%
5-17 Years	12,147	346	3%
18-64 Years	39,177	1,263	3%
Over 65 Years	12,830	3,559	28%
<b>Total</b>	<b>67,516</b>	<b>5,185</b>	<b>8%</b>

Source: 2016-2020 ACS five-year estimates (Table B18101).

Individuals with physical disabilities are in need of housing units that have been built or modified to improve accessibility. Examples of modifications that are helpful include widened doorways and hallways, bathroom and kitchen modifications (lowered counter heights, accessible tubs/ showers and toilets, etc.) entry and exit ramps, modified smoke detectors and alarm systems for individuals with visual or hearing impairments, and other improvements.

A priority need for households with disabilities is housing near transit and jobs. Persons with disabilities may need housing that is connected to the provision of individualized services including training, counseling, information and referral services, and rent subsidy services that allow the physically disabled to live in the community. Affordable housing is a high priority for persons with a disability that affects their ability to work or who live on a fixed income.

Palo Alto has a few subsidized housing units specifically designed for persons with physical disabilities. Implementation of Title 24 of the California Building Code relating to disabled accessibility and the federal

<sup>20</sup> These disabilities are counted separately and are not mutually exclusive, as an individual may report more than one disability. These counts should not be summed.

Americans with Disabilities Act (ADA) have resulted in an increase in these opportunities. Subsidized projects that have units specifically designed and adapted for persons with physical disabilities include California Park Apartments (1 unit), the Barker Hotel (5 units), and 330 Emerson Street (1 unit). Other projects, such as Lytton Courtyard, include units that can readily be adapted for persons with physical disabilities. The Alma Place Single Room Occupancy facility has 101 units adaptable for the disabled and 6 fully accessible units. Page Mill Court housing for the developmentally disabled has 16 of 24 units fully accessible and the remaining 8 units adaptable. A few older projects have had units adapted within the limitations of their existing construction including Webster Woods, Terman Park, and Sheridan Apartments. The first floor of the Oak Courts Apartments is also fully accessible. Units available at the Opportunity Center are also fully ADA accessible. The newly constructed Wilton Ct. has 15 accessible units, four communication accessible units, 9 mobility accessible units and 2 communication and mobility accessible units. In addition, Figure 2-22 lists the number of beds in licensed community care facilities in Santa Clara County that are available to serve Palo Alto residents with disabilities.

**TABLE 2-24 LICENSED COMMUNITY CARE FACILITIES IN SANTA CLARA COUNTY, 2021**

Type of Facility	Capacity	
	Facilities	Beds
Adult Residential (a)	310	4,925
Residential Care for the Elderly (b)	256	9,475
Group Homes (c)	20	297
Small Family Homes (d)	2	12
<b>Total</b>	<b>588</b>	<b>14,709</b>

*Notes:(a) Adult Residential Facilities provide 24-hour non-medical care for adults who are unable to provide for their own daily needs*

*(b) Residential Care Facilities for the Elderly provide care, supervision, and assistance with daily living activities*

*(c) Group homes provide non-medical care and supervision for children*

*(d) Small Family Homes provide 24-hour care in the licensee's family residence for six or fewer children who require special care and supervision due to mental or developmental disabilities or physical handicap*

*Source: State of California Community Care Licensing Division, 2021*

## DEVELOPMENTALLY DISABLED

The California Lanterman Developmental Disabilities Act ensures that “patterns and conditions of everyday life which are as close as possible to the norms and patterns of the mainstream of society” are available to these individuals with developmental disabilities. Furthermore, the *Olmstead v. L.C and E.W.* United States Supreme Court case required an “Integration Mandate” that “States are required to place persons with mental disabilities in community settings rather than institutions...when determined to be appropriate.” Despite these laws, people with developmental disabilities often have difficulty finding affordable, accessible, and appropriate housing that is inclusive in the local community.

State law also requires Housing Elements to examine the housing needs of people with developmental disabilities. A developmental disability is defined by the State as “a lifelong disability caused by a mental and/or physical impairment manifested prior to the age of 18 and expected to be lifelong.” The conditions under this definition include mental retardation, epilepsy, autism, cerebral palsy, and “other conditions needing services similar to a person with mental retardation.” Some people with developmental disabilities are unable to work, rely on Supplemental Security Income, and live with family members. In addition to their specific housing needs, they are at increased risk of housing insecurity after an aging parent or family member is no longer able to care for them. In Palo Alto, of the population with a developmental disability, children under the age of 18 make up 51.7 percent, while adults account for 48.3 percent (see Table 2-25).

**TABLE 2-25 POPULATION WITH DEVELOPMENTAL DISABILITIES BY AGE**

Age Group	Population	Percentage
Under 18	165	51.7%
18+	154	48.3%

*Universe: Population with developmental disabilities*

*Notes:*

*The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions.*

*The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were crosswalked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.*

*Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Age Group (2020)*

The State Department of Developmental Services (DDS) currently provides community-based services to approximately 347,000 persons with developmental disabilities and their families through a statewide system of 21 regional centers, four developmental centers, and two community-based facilities. The San Andreas Regional Center is one of 21 regional centers in the State of California that provides point of entry to services for people with developmental disabilities and serves the Santa Clara County area. The San Andreas Regional Center estimates that there were 525 persons with developmental disabilities living in Palo Alto as of September 2021 who access the services of the Regional Center. The number of persons with developmental disabilities may be higher than reported by the California DDS or the San Andreas Regional Center; national estimates indicate that approximately one to three percent of the population at large has a developmental disability.

Individuals with developmental disabilities are often independent and can live in their own apartments or homes with little support. Others who have more severe disabilities may require 24-hour assistance in homes that can accommodate their needs as individuals.

There are a number of housing types appropriate for people with a developmental disability: rent subsidized homes, licensed and unlicensed residential care facilities, and Housing Choice Vouchers. The design of housing-accessibility modifications, the proximity to services and transit,

and the availability of group living opportunities represent some of the types of considerations that are important in serving this need group. Incorporating barrier-free design in all new multi-family housing (as required by California and Federal Fair Housing laws) is especially important to provide the widest range of choices for disabled residents. Special consideration should also be given to the affordability of housing, as people with disabilities may be living on a fixed limited income.

The most severely disabled persons may require an institutional environment where medical attention and physical therapy are provided. Because developmental disabilities exist before adulthood, supportive housing for the developmentally disabled should focus on the transition from the person’s living situation as a child to an appropriate level of independence as an adult.

The most common living arrangement for individuals with developmental disabilities in Palo Alto is the home of parent /family /guardian (see Table 2-26).

TABLE 2-26 POPULATION WITH DEVELOPMENTAL DISABILITIES BY RESIDENCE	
Residence Type	Number
Home of Parent/Family/Guardian	276
Independent/Supported Living	37
Other	5
Intermediate Care Facility	5
Community Care Facility	5
Foster/Family Home	0

*Universe: Population with developmental disabilities*

*Notes:*

*The California Department of Developmental Services is responsible for overseeing the coordination and delivery of services to more than 330,000 Californians with developmental disabilities including cerebral palsy, intellectual disability, Down syndrome, autism, epilepsy, and related conditions.*

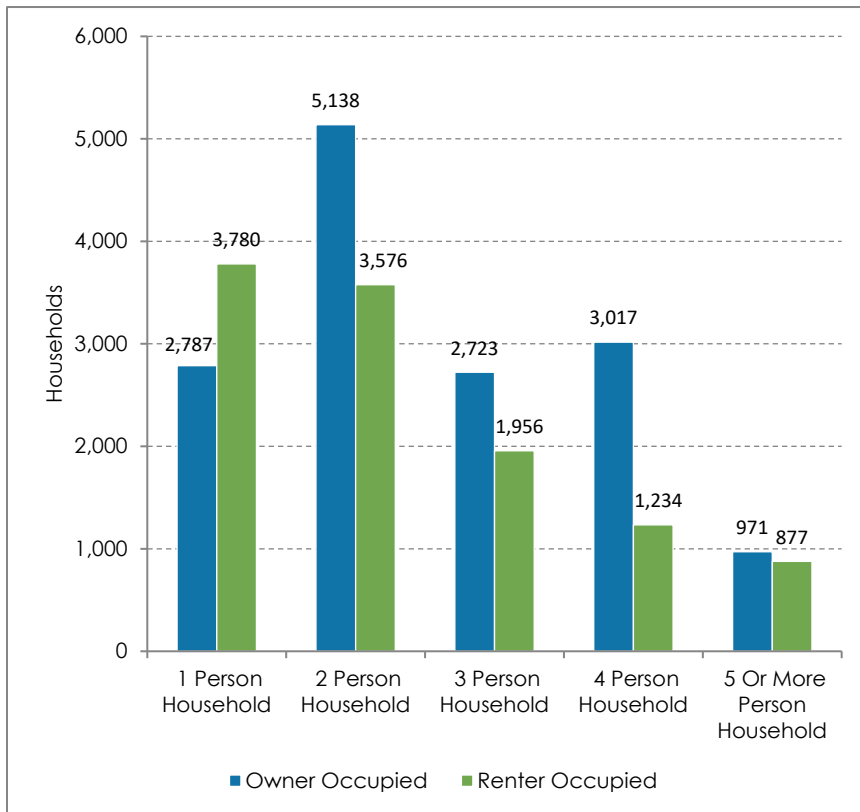
*The California Department of Developmental Services provides ZIP code level counts. To get jurisdiction-level estimates, ZIP code counts were crosswalked to jurisdictions using census block population counts from Census 2010 SF1 to determine the share of a ZIP code to assign to a given jurisdiction.*

*Source: California Department of Developmental Services, Consumer Count by California ZIP Code and Residence Type (2020)*

## LARGE HOUSEHOLDS

Large households are defined as households with five or more members, as discussed in Section 2.3 *Overcrowding*. In 2020, Palo Alto was estimated to have about 1,848 households with five or more members, representing approximately seven percent of total households (see Table 2-19 and Figure 2-25). These households are considered to have special needs, due to limited availability of large-size affordable units. In Palo Alto, 56.3 percent of the large households live in owner-occupied units and 43.6 percent live in rental units (see Table 2-19).

**Figure 2-25 Household Size by Tenure**



*Universe: Occupied housing units.*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25009.*

Sixty-nine percent of Palo Alto’s owner-occupied housing stock contains three- and four-bedrooms and approximately 13 percent contain five or more bedrooms (see Table 2-27). Most large units are owner-occupied



(see Figure 2-26). Large households are generally served by housing units with 3 or more bedrooms, of which there are 14,617 units in Palo Alto. Among these large units with 3 or more bedrooms, 17.9 percent are renter occupied and 82 percent are owner occupied.

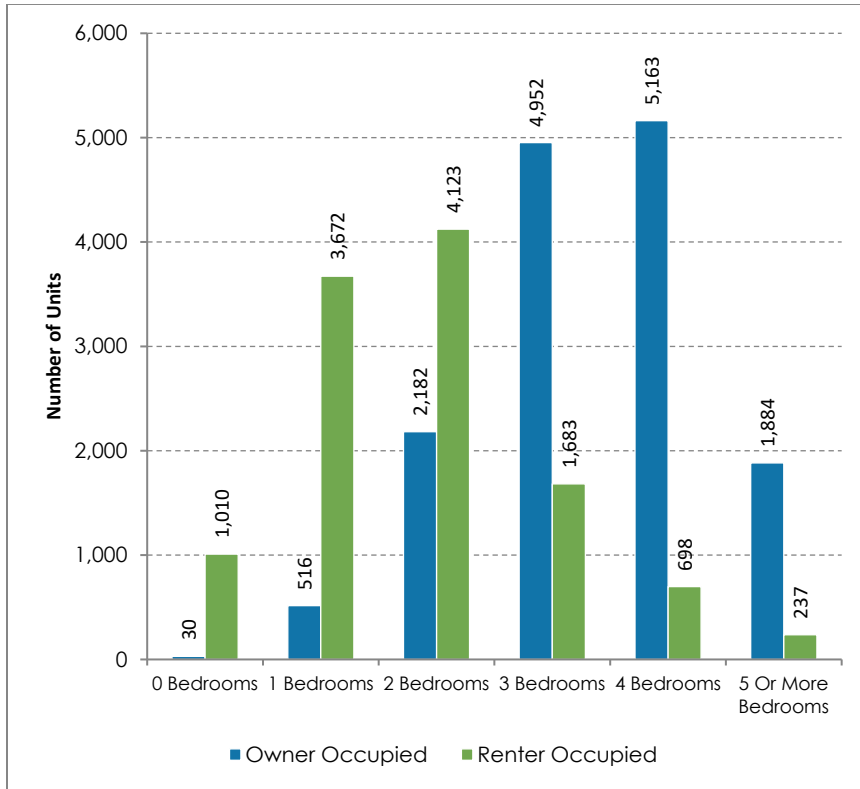
About 26 percent of the rental housing inventory contains three or more bedrooms. In Palo Alto, 65 percent of rental units have one or two bedrooms and ten percent are studio units. Because Palo Alto has a limited supply of larger rental units, large households may face difficulty in locating adequately sized, affordable housing.

<b>TABLE 2-27 OCCUPIED HOUSING STOCK BY NUMBER OF BEDROOMS, PALO ALTO 2020</b>						
<b>Unit Size (Number of Bedrooms)</b>	<b>Owner Households</b>		<b>Renter Households</b>		<b>All Households</b>	
	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>	<b>Number</b>	<b>Percent</b>
No Bedroom*	30	0%	1010	9%	1,040	4%
1 Bedrooms	516	4%	3672	32%	4,188	16%
2 Bedrooms	2182	15%	4123	36%	6,305	24%
3 -4 Bedrooms	10,115	69%	2,381	21%	12,496	48%
5+ Bedrooms	1,884	12%	237	2%	2,121	8%
<b>Total</b>	<b>14,727</b>	<b>100%</b>	<b>11,423</b>	<b>100%</b>	<b>26,150</b>	<b>100%</b>

*Universe: Housing units*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2015-2020), Table B25042*

**Figure 2-26 Housing Units by Number of Bedrooms**

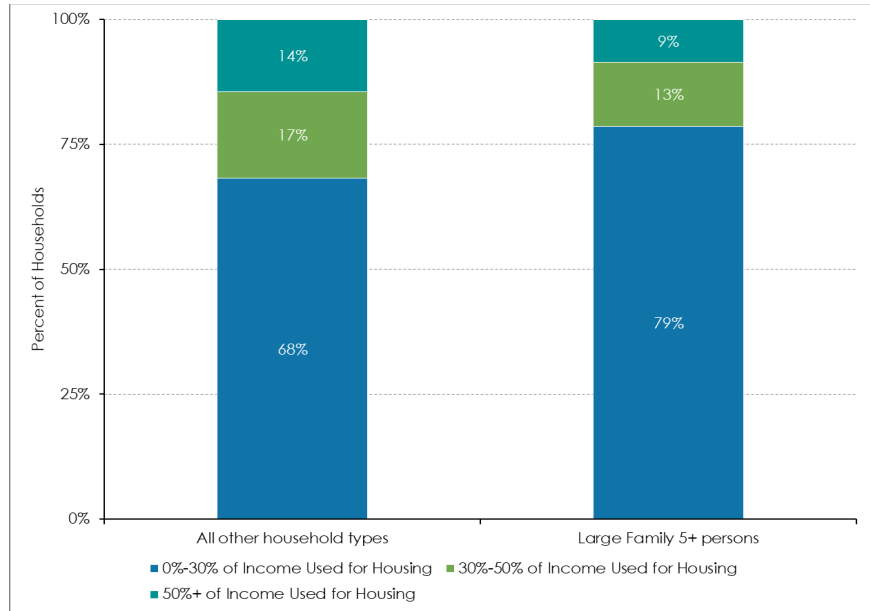


*Universe: Housing units*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25042.*

The higher costs required for homes with multiple bedrooms can also result in larger households experiencing a disproportionate cost burden than the rest of the population and can increase the risk of housing insecurity. In 2017, 15.4 percent of large households were very low-income, earning less than 50 percent of the area median income. Approximately 13 percent of large family households pay over 30 percent of income on housing, and nine percent spend more than half of their income on housing (see Figure 2-27).

**Figure 2-27 Cost Burden by Household Size**



*Universe: Occupied housing units*

**Notes:**

*Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.*

*Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release.*

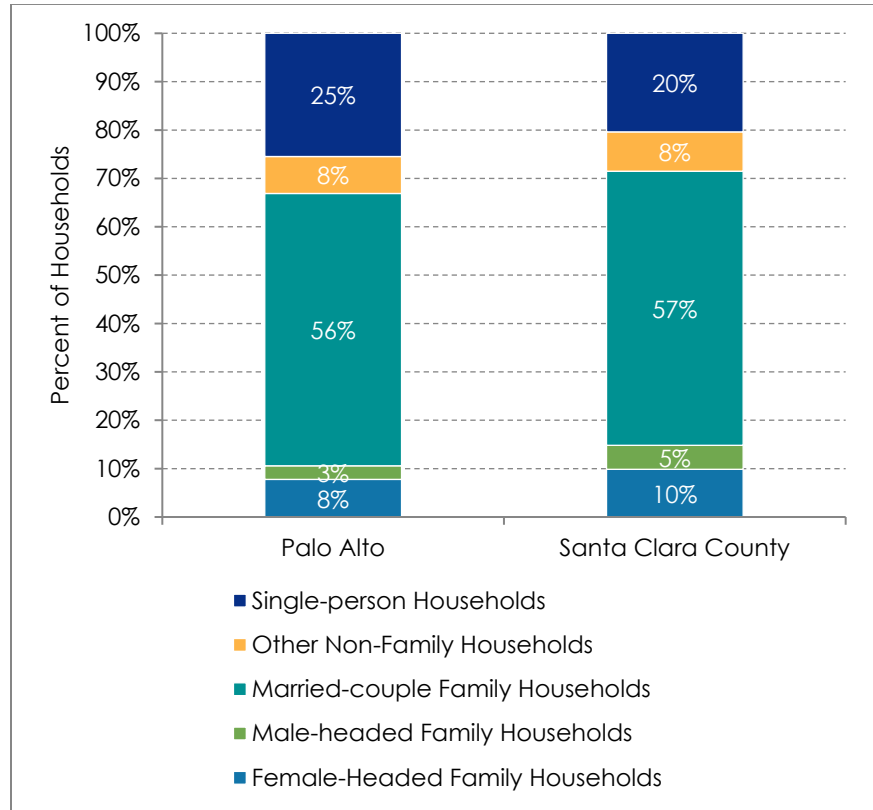
### SINGLE-PARENT AND FEMALE-HEADED HOUSEHOLDS

Over the years, the number of women rearing children alone in the United States has increased steadily. Households headed by one person are often at greater risk of housing insecurity, particularly female-headed households, who may be supporting children or a family with only one income. In 2020, nationwide, 15.3 percent of children lived with only their mothers, 4.5 percent lived with only their fathers, and four percent lived with neither of their parents. (The majority of children who live with neither of their parents are living with grandparents or other relatives.) Single-parent households, particularly female-headed households, generally have lower-incomes and higher living expenses. Providing decent, safe, and affordable housing is more difficult oftentimes for

single mothers because of generally lower incomes than male-headed households and high expenditures. These households also typically have additional special needs relating to access to day care/childcare, health care and other supportive services.

In 2020, approximately 2,035 female-headed households resided in Palo Alto. These households represented eight percent of all households (see Figure 2-28). Limited household income levels affect the ability of single-parent households to secure affordable housing. For a household of four in 2020, the federal poverty level is \$26,200. In 2020, it is estimated that three percent of total households were living below the poverty level in the City and over half of these (52 percent) were female-headed households (see Figure 2-29). In Palo Alto, 12.4 percent of female-headed households with children fall below the Federal Poverty Line, while 3.7 percent of female-headed households without children live in poverty (see Figure 2-29).

**Figure 2-28 Household Type**



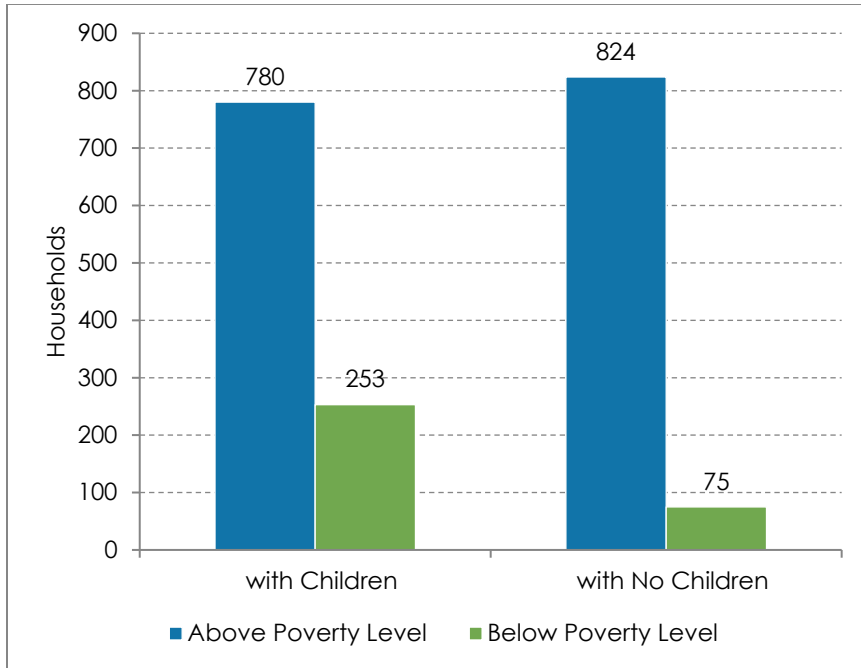
*Universe: Households*

*Notes:*

*For data from the Census Bureau, a “family household” is a household where two or more people are related by birth, marriage, or adoption. “Non-family households” are households of one person living alone, as well as households where none of the people are related to each other.*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B11001.*

**Figure 2-29 Female-Headed Households by Poverty Status**



Universe: Female Households

Notes:

The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income.

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B17012.

**TABLE 2-28 FEMALE-HEADED HOUSEHOLDS IN PALO ALTO, 2020**

Household Type	Number	Percent
Total Households	17,487	100%
Total Female-Headed Households	2,035	12%
Total Households Below the Poverty Level	655	4%
Total Female-Headed Households below the Poverty Level	338	2%
Total Households at or Above the Poverty Level	16,832	96%
Female-Headed Households at or Above the Poverty Level	1,697	10%

Source: 2016-2020 ACS five-year estimates (Tables B17012)

“Single-parent household” as used in this document is defined as a family household with one or more children under the age of 18 years and headed by either a female or a male head of household with no spouse present. In 2020, there were 1,391 single-parent households in Palo Alto,

a four percent increase from 2000 (see Table 2-7). Of these, 467 were headed by males and 924 had a female head of household. Single-parent families made up eight percent of the total family households.

Single-parent households typically have a higher-than-average need for day care and affordable housing. In addition, single mothers have a greater risk of falling into poverty than single fathers due to factors such as the wage gap between men and women, and inadequate child support. Limited household income levels affect the ability of these households to locate affordable housing and, consequently, this is one of the more significant housing problems of this household category. As a result, these households may have to pay more than they can afford for housing; or, they may have to rent a housing unit that is too small for their needs. Other housing-related needs that affect single-parent households include assistance with security deposits, locating housing near jobs, availability of child care services, and proximity to transit services.

The City of Palo Alto supports resources that are available to female head-of-households and single parent households. The City's Community Development Block Grant (CDBG) program has regularly provided funds to LifeMoves (formally known as InnVision) for the operation of the Opportunity Services Center (located in Palo Alto), including programs for at-risk families. The Opportunity Services Center serves singles and families with small children by providing a broad range of services, including family housing in the Bredt Family Center. Services include adult education classes and workshops, child development activities, computer/Internet access, health care, case management, and information and referrals.

#### FARMWORKERS

State law requires every jurisdiction in California to assess the need for farmworker housing. Across the state, housing for farmworkers has been recognized as an important and unique concern. Farmworkers generally receive wages that are considerably lower than other jobs and may have temporary housing needs. Finding decent and affordable housing can be challenging, particularly in the current housing market. In Palo Alto's

case, there is no significant need for farmworker housing since there is no significant farmworker or mining population in the City or in the neighboring jurisdictions. The 2019 estimates indicate that there are no farmworker households or mining operations in Palo Alto. There are no large agricultural areas in Palo Alto that are devoted to field crops, orchards or other agricultural uses that would require farmworker labor nor are there any active mining uses that would typically require mining labor; however, there may be Agriculture and Mining sector jobs in Palo Alto related to aspects of this sector not associated with field crops or orchard work or extractive mining work. In Palo Alto, there were no reported students of migrant workers in the 2019-20 school year. The trend for the region for the past few years has been a decline of 2.4 percent in the number of migrant worker students since the 2016-17 school year. The change at the county level is a 49.7 percent decrease in the number of migrant worker students since the 2016-17 school year (see Table 2-29).

<b>TABLE 2-29 MIGRANT WORKER STUDENT POPULATION</b>				
<b>Geography</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Palo Alto	0	0	0	0
Santa Clara County	978	732	645	492
Bay Area	4,630	4,607	4,075	3,976

*Universe: Total number of unduplicated primary and short-term enrollments within the academic year (July 1 to June 30), public schools*

*Notes:*

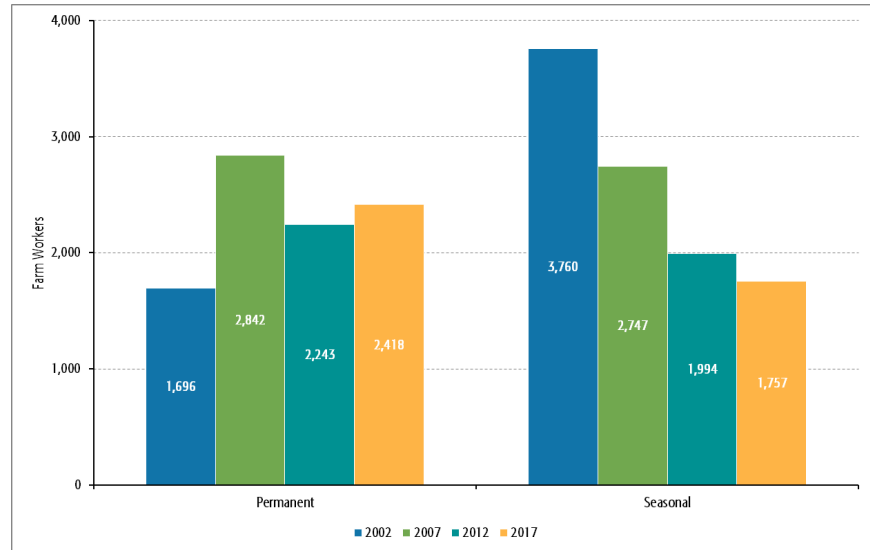
*The data used for this table was obtained at the school site level, matched to a file containing school locations, geocoded and assigned to jurisdiction, and finally summarized by geography.*

*Source: California Department of Education, California Longitudinal Pupil Achievement Data System (CALPADS), Cumulative Enrollment Data (Academic Years 2016-2017, 2017-2018, 2018-2019, 2019-2020)*

*According to the U.S. Department of Agriculture Census of Farmworkers, the number of permanent farm workers in Santa Clara County has increased since 2002, totaling 2,418 in 2017, while the number of seasonal farm workers has decreased, totaling 1,757 in 2017 (see Figure 2-30).*



**Figure 2-30 Farm Operations and Farm Labor by County, Santa Clara County**



*Universe: Hired farm workers (including direct hires and agricultural service workers who are often hired through labor contractors)*

*Notes:*

*Farm workers are considered seasonal if they work on a farm less than 150 days in a year, while farm workers who work on a farm more than 150 days are considered to be permanent workers for that farm.*

*Source: U.S. Department of Agriculture, Census of Farmworkers (2002, 2007, 2012, 2017), Table 7: Hired Farm Labor.*

Since there does not appear to be a significant number of farmworkers in Palo Alto, the City has not identified or set aside any special housing resources for farmworkers and the City does not foresee a need to provide farmworker housing pursuant to the State Employee Housing Act (Section 17000 of the Health and Safety Code).

### NON-ENGLISH SPEAKERS

California has long been an immigration gateway to the United States, which means that many languages are spoken throughout the Bay Area. Since learning a new language is universally challenging, it is not uncommon for residents who have immigrated to the United States to have limited English proficiency. This limit can lead to additional disparities if there is a disruption in housing, such as an eviction, because residents might not be aware of their rights, or they might be wary to

engage due to immigration status concerns. According to the 2020 ACS, 3.8 percent of City residents 5 years and older identify as speaking English not well or not at all. This is well below Santa Clara as a whole, where approximately 9 percent of residents identify as speaking English not well or not at all.

## HOMELESSNESS IN PALO ALTO

Homelessness in California is a continuing crisis that demands the effective involvement of both the public and private sectors. California has the highest population of homeless, with 24 percent of the nation's homeless population living on streets or in shelters in California<sup>21</sup>. Each county in California is making an effort through various programs to address this issue. Despite major efforts on the part of many agencies and non-profit organizations, homelessness remains a significant problem in Santa Clara County. Thousands of people experience an episode of homelessness here each year, including families with children; adults employed at lower wage jobs; people with disabilities such as severe mental illness, addiction disorders, HIV/AIDS, and/or developmental disabilities; youth, especially emancipated foster youth; victims of domestic violence; and veterans. Homelessness currently exists in all parts of the County, whether urban, suburban, or rural, but may be especially prevalent where there are pockets of persistent poverty.

It is very difficult to develop a precise and realistic description of individuals experiencing homelessness in a community. This is primarily due to the lack of good data on the number of those experiencing homelessness. Because many of the communities in Santa Clara and San Mateo Counties share boundaries, the best approach to address the issue of homelessness is on a regional basis, with coordination of efforts between the two counties, the individual communities and the non-profit agencies which serve these communities.

The primary source of data for estimating homeless population is the annual Point-In-Time (PIT) count. The 2019 Santa Clara County

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<sup>21</sup> Howle, Elaine (April 19, 2018). "Homelessness in California State Government and the Los Angeles Homeless Services Authority Need to Strengthen Their Efforts to Address Homelessness" California State Auditor.

Homelessness Census in Santa Clara County indicated that there were 9,706 individuals experiencing homelessness in the County, a 31 percent increase from the 2017 Census.

The *2019 Santa Clara County Homeless Census and Survey* showed that between 2017 and 2019, the total number of sheltered and unsheltered homeless count increased 13 percent (276 to 313) for the City of Palo Alto compared with an increase of eight percent (7,394 to 9,706) for the County. Chronically homeless individuals, veterans, and unaccompanied youth were primarily unsheltered, while 76 percent of homeless families were sheltered.

While a point-in-time count was scheduled for January 1, 2021, it was postponed due to COVID-19 public health and safety concerns. It was rescheduled and conducted on February 23 and 24, 2022. According to the 2022 survey, there were 10,028 individuals experiencing homelessness in the County. Of these individuals, 23 percent were sheltered, and 77 percent were unsheltered. Between 2019-2022 the number of unsheltered individuals decreased by 2.7 percent and the proportion of homeless individuals that were sheltered individuals increased by 30 percent. Part of the increase in sheltered individuals can be attributed to increased housing services throughout the County.

The number of homeless individuals in Palo Alto also decreased from 2019 to 2022 by 12 percent. The 2022 point-in-time count found 274 total homeless individuals in Palo Alto, with 263 of them being unsheltered.

Despite a decrease in homelessness in Santa Clara County and Palo Alto from 2019 to 2022, homelessness throughout the state has been steadily increasing, and the demand for services and shelters in Silicon Valley is expected to continue if not increase. Moreover, for the current Housing Element cycle, the continued high cost of housing in the City coupled with the closure of nearby shelters has created an unmet need. In an effort to meet the City of Palo Alto's homelessness needs, the City participates in the Santa Clara County Regional Housing Working Group and works with neighboring jurisdictions to develop additional shelter opportunities. The local homelessness services providers throughout the County have felt the demands from the increased number of unsheltered individuals

experiencing homelessness, reporting an increase in clients seeking assistance.

The City of Palo Alto participates in the Santa Clara County Continuum of Care (CoC), which is a broad group of stakeholders (city and county public agencies, homeless service and shelter providers, homeless population, housing advocates, affordable housing developers, and various private parties, including businesses and foundations) dedicated to ending and preventing homelessness in Santa Clara County. Service providers and organizations include Abode Services (administers tenant-based rental assistance; Destination Home, the policy group that works on homeless prevention and strategies to end homelessness; and LifeMoves, a shelter and homeless provider in San José and Palo Alto. The CoC is governed by the CoC Board, which until recently was also the Destination: Home Board (a public-private partnership that is committed to collective impact strategies to end chronic homelessness) is responsible for implementing by-laws and operational protocols of the CoC. The CoC updates The Community Plan to End Homelessness on a five-year cycle.

The City is represented on the CoC by its Human Services Manager. The key CoC responsibilities are ensuring community-wide implementation of efforts to end homelessness, as well as ensuring programmatic and systemic effectiveness, including prevention services, emergency shelter, and transitional and permanent affordable housing. The Santa Clara County Office of Supportive Services takes the role of Homeless Management Information System (HMIS) administration. The County, and its consultant Bitfocus, work jointly to operate and oversee HMIS. Both software and HMIS system administration are now provided by Bitfocus. Funding for HMIS in Santa Clara County comes from HUD, the County of Santa Clara, and the City of San José. The County's HMIS is used by many City service providers across the region to record information and report outcomes. Furthermore, the City is an entitlement City that receives Community Development Block Grant (CDBG) funding from the U.S. Department of Housing and Urban Development (HUD). HUD requires the City to create a five-year Consolidated Plan to direct and allocate CDBG funds. The Consolidated Plan is built on a community-oriented participatory process and functions as an application for federal

funds under HUD's CDBG program. The 2020-2025 Consolidated Plan identified a significant need for housing that is affordable, accessible for persons with special needs, and able to provide services for those experiencing homelessness. The City releases Annual Action Plans to outline specific actions for which CDBG funds will be used to implement the goals described by the Consolidated Plan.

Listed below is a description of the resources available to Palo Alto households through the City's association with the Continuum of Care.

### Prevention Services

The goal of this first level of resources is to prevent households from becoming homeless. Households who are at risk for becoming homeless are those who are lower income and who have a difficult time paying for their existing housing. Traditionally, these include households who are cost burdened (paying more than 30 percent of their income for housing) as well as households who experience job termination, salary reduction or marital separations. The prevention resources include the provision of emergency food and clothing funds as well as emergency rent funds and rental move-in assistance.

In Palo Alto, the Opportunity Service Center (OSC), operated by LifeMoves, is the primary provider of services to homeless persons. The OSC coordinates the provision of supportive services, counseling, job labor referral, transportation vouchers, shower passes, mental health services and maintains a message and mails system. Between 100 to 125 persons visit the drop-in center on a daily basis. The OSC drop-in center is located near a major inter-County transit terminal; therefore, it is reasonable to assume that some of their clients have connections to other communities and do not solely represent Palo Alto households. The OSC also coordinates the provision of groceries for needy individuals through the Food Closet located at All Saints Episcopal Church in downtown Palo Alto. The Food Closet serves more than 200 persons on a weekly basis. LifeMoves' "Breaking Bread" program also coordinates a daily hot meal program at various church locations, and over 150 meals are served weekly.

The American Red Cross distributes emergency assistance funds to families and individuals who are threatened with homelessness. The Red Cross is the local distributor of County Emergency Assistance Network Funds.

<b>TABLE 2-30 LISTS OF ORGANIZATIONS PROVIDING PREVENTION SERVICES FOR THE HOMELESS IN PALO ALTO</b>			
<b>Service Provider</b>	<b>Target Population</b>	<b>Services Provided</b>	<b>Number of Palo Alto Residents Served</b>
LifeMoves Opportunity Service Center (OSC)	Individuals and Families	Supportive services, counseling, job labor referral, transportation vouchers, shower passes, mental health services, maintains a message, and mails system.	100-125
Santa Clara County Homeless Prevention Program	Individuals and Families	Homeless prevention program and temporary financial assistance.	3,000-3,300
The American Red Cross	Individuals and Families	Emergency Assistance	All

Source: City of Palo Alto.

### Emergency Shelters

An emergency shelter as defined by HUD is any facility whose primary purpose is to provide temporary or transitional shelter for the homeless. One of the major causes of homelessness is the lack of affordable housing. Most homeless households are on limited or fixed incomes and cannot afford a housing unit in the City’s housing market. Emergency homeless shelters in Palo Alto address the immediate shelter needs of homeless persons who reside, or who once resided, in Palo Alto, but the historic high cost of real estate in Palo Alto has prevented construction of any new emergency shelters in Palo Alto by any non-profits even with considerable City contribution. As a result, many of Palo Alto’s homeless, families and individuals, have to receive emergency shelter outside of the City limits, in either Santa Clara County or San Mateo County, a factor that most likely contributes to the relatively lower number of homeless counted in Palo Alto compared with surrounding communities.

Currently, the Opportunity Service Center (OSC), through LifeMoves, operates the "Hotel de Zink" emergency shelter out of twelve churches, using a different church each month of the year. A maximum of 15 adults

each night can be provided with emergency shelter under this program. Meals are also provided as part of their service.

Heart and Home Collaborative (H+H) is a nonprofit corporation operated by a group of Stanford students, unhoused and formerly unhoused individuals, service providers, and community members. In 2011, H+H began a seasonal shelter for women in Palo Alto modeled after and in collaboration with LifeMoves Hotel de Zink. The program provides shelter housing, dinner and breakfast, storage, case management, on-site programming, and assistance with needs such as transportation, medical care, and employment for a maximum of eight women. The shelter is hosted at rotating places of worship throughout Palo Alto and operates from November to April.

To address the need of the homeless in the City, the City of Palo Alto, in conjunction with other CDBG entitlement jurisdictions throughout Santa Clara and San Mateo counties, has financed the development of different homeless facilities that serve the Palo Alto homeless population. However, individual emergency shelter service providers do not keep track of the origin of the residents so it is difficult to quantify the actual number of Palo Alto homeless residents receiving these services. Thus, the City cannot take credit for these funded services and apply towards its unmet homeless need.

The following is a list of emergency shelters within Santa Clara County that serve the needs the homeless countywide including Palo Alto residents.

<b>TABLE 2-31 HOMELESS FACILITIES IN SANTA CLARA COUNTY, 2014</b>			
<b>Organization</b>	<b>Facility</b>	<b>Address</b>	<b>Total Capacity</b>
<b>Emergency Shelters</b>			
Asian Women’s Home	Emergency (Victims of Domestic Violence)	Asian Women's Home 2400 Moorpark Avenue, Suite 300 San Jose, CA, 95128	12 persons
Bill Wilson Center in Santa Clara	Emergency (Youth)	3490 The Alameda Santa Clara, CA 95050	20 Persons (Year Round) 250 Persons (December 2 to March 31)
Heart and Home Collaborative	Emergency (Women and Children)	Heart and Home Collaborative hosted at alternate locations in Palo Alto	N/A
HomeFirst Boccardo Family Living Center	Emergency	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, CA 95125	200 Persons (Year Round) 250 Persons (December 2 to March 31)
HomeFirst Sabrato Family Living Center	Emergency and Transitional (Young Adults and Families)	HomeFirst Sobrato Family Living Center 496 S. 3 <sup>rd</sup> Street San Jose, CA 95112	10 Beds
HomeFirst Bocarro – Veterans Services	Emergency (Veterans)	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, CA 95125	40 Persons (December 2 to March 31)
Family Supportive Housing	Emergency (Families)	San Jose Family Shelter 692 North King Road San Jose, CA 95133	35 Families
Faith In Action Silicon Valley Rotating Shelter	Emergency	Faith In Action Silicon Valley Rotating Shelter 1669-2 Hollenbeck Ave. #220 Sunnyvale, CA 94087	15 Persons
LifeMoves	Emergency	Hotel de Zink hosted at alternate locations in Palo Alto	15 Beds
LifeMoves	Emergency	Julian Street Inn 546 West Julian Street San Jose, CA 95110	85 Persons
LifeMoves	Emergency (Women and Children)	Georgia Travis House 260 Commercial Street San Jose, CA 95112	12 Families and 15 Individuals
LiveMoves	Emergency (Men and Veterans)	Montgomery Street Inn 358 N. Montgomery Street San Jose, CA 95110	90 Persons
National Guard Armory	Emergency	Sunnyvale National Guard Armory 620 E. Maude Sunnyvale, CA 94086	175 Beds
WeHOPE Shelter	Emergency (Single Men and Women)	WeHOPE 1854 Bay Road East Palo Alto, CA 94303	73 Persons
Next Door Solutions to Domestic Violence	Emergency (Victims of Domestic Violence)	The Shelter Next Door Santa Clara County (a)	20 Persons
YWCA Silicon Valley	Emergency (Victims of Domestic Violence - Women and Children)	YWCA Domestic Violence and Support Network (a)	20 Persons

(a) Location is confidential.

Source: Santa Clara County 2-1-1, 2021.



### Transitional Affordable Housing

Transitional housing facilitates movement of homeless individuals and families to permanent housing within a reasonable amount of time, usually 24 months. Palo Alto has several transitional housing facilities to meet the demand of the homeless population. These facilities are generally administered by County agencies or Alta Housing (formerly known as Palo Alto Housing Corporation).

In August 2022, the City was awarded \$26.6 million in State Homekey funding to develop a City-owned property for transitional housing. Partnering with a LifeMoves, a local non-profit housing and service provider, the Homekey Palo Alto project will provide transitional housing along with intensive, customized case management for its clients. The project is slated to be completed by August 2023.

<b>TABLE 2-32 TRANSITIONAL HOUSING FACILITIES IN SANTA CLARA COUNTY, 2021</b>			
<b>Organization</b>	<b>Facility</b>	<b>Address</b>	<b>Total Capacity</b>
<b>Transitional Housing</b>			
Free at Last	Transitional (Men and Women)	Free at Last 1796 Bay Road East Palo Alto, CA 94303	18 Beds
HomeFirst	Transitional (Families With Children)	Boccardo Family Living Center 13545 Monterey Road San Martin, CA 95046	26 Units
HomeFirst	Transitional (Veterans)	Boccardo Regional Reception Center 2011 Little Orchard St. San Jose, CA 95125	20 Beds
HomeFirst	Transitional (Youth)	Sobrato House Youth Center 496 S. Third Street San Jose, CA 95112	9 Units
Family Supportive Housing	Transitional (Families)	Scattered Sites in Santa Clara County	N/A
LifeMoves	Transitional	Montgomery Street Inn 358 N. Montgomery Street San Jose, CA 95110	85 Persons
LifeMoves	Transitional (Women and Children)	Villa 184 South 11th Street San Jose, CA 95112	55 Persons
Next Door Solutions to Domestic Violence	Transitional (Victims of Domestic Violence)	The HomeSafes in San Jose and Santa Clara (a)	48 Units
Alta Housing	Transitional (Disabled)	Barker Hotel 439 Emerson Street Palo Alto, CA 94301	26 units
Alta Housing	Transitional (Disabled)	Alma Place 753 Alma Street Palo Alto, CA 94301	107 units
Retraining the Village	Transitional (Men and Veterans)	Retraining the Village 2399 Menalto Avenue East Palo Alto, CA 94303	12 Beds
WeHOPE Shelter	Emergency (Single Men and Women)	WeHOPE 1854 Bay Road East Palo Alto, CA 94303	N/A
West Valley Community Services	Transitional (Men and Single Mothers)	10311-10321 Greenwood Ct. Cupertino, CA 95014	12 Single Men and 6 Single Mothers

(a) Location is confidential.

Source: Santa Clara County 2-1-1, 2021, City of Palo Alto

The Continuum of Care is administered by the County of Santa Clara Office of Supportive Housing, and a number of stakeholders including the Santa Clara County Housing Authority. Through the Housing Authority, it provides Section 8 rental subsidies to eligible, case-managed homeless persons with a disability. The program has been successfully implemented in both the Barker Hotel (a rehabilitated 26-unit single room occupancy hotel) and Alma Place (a 107-unit single room occupancy residency hotel).

In addition to the case-management provided under the Continuum of Care Program, Alta Housing provides additional, extensive counseling and supportive services to its residents at the Barker Hotel, the majority of whom were previously homeless, or at-risk of becoming homeless. The program, funded with Palo Alto CDBG funds, has significantly reduced the turnover rate at the Barker Hotel, keeping at-risk persons in their homes. The Opportunity Service Center (OSC) provides 88 single-room-occupancy (SRO) permanent and transitional units for individuals and families to serve Palo Alto residents. In addition, the Opportunity Center operates a day use and service center for homeless adults and families.

#### EXTREMELY LOW-INCOME HOUSEHOLDS

Despite the economic and job growth experienced throughout the region since 1990, the income gap has continued to widen. California is one of the most economically unequal states in the nation, and the Bay Area has the highest income inequality between high- and low-income households in the state<sup>22</sup>.

Extremely low-income households are those households with income less than 30 percent of the area median income. The Fiscal Year 2021 HUD-published area median income for the San Jose-Sunnyvale-Santa Clara, CA HUD Metro Fair Market Rent Area for a family of four was \$151,300. According to HCD, households earning \$49,700 or less for a four-person household or \$34,800 or less for a one-person household are qualified as extremely low-income (see Table 2-12). In Palo Alto, 67 percent of households make more than 100 percent of the Area Median

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<sup>22</sup> Bohn, S. et al. 2020. Income Inequality and Economic Opportunity in California. Public Policy Institute of California.

Income (AMI)<sup>23</sup>, compared to 12 percent making less than 30 percent of AMI, which is considered extremely low-income (see Table 2-17).

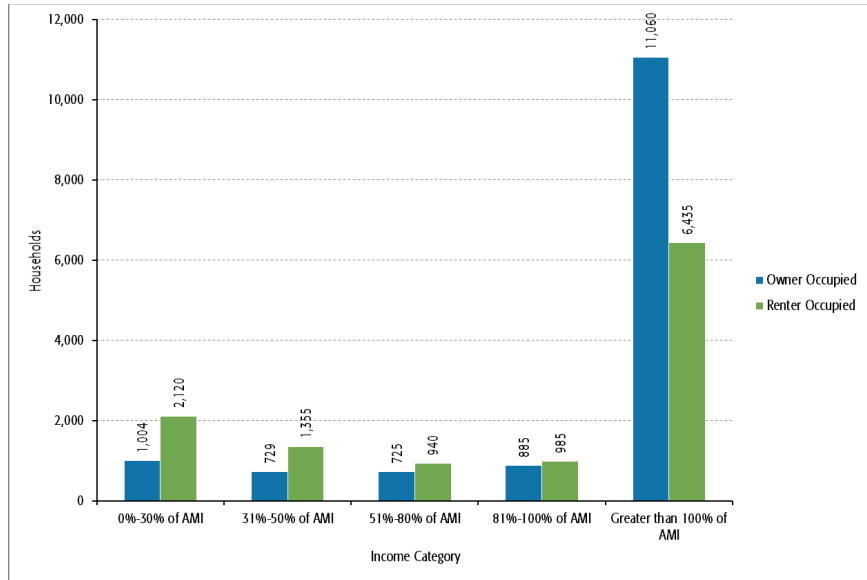
Regionally, 15 percent of households make less than 30 percent AMI. Many households with multiple wage earners—including food service workers, full-time students, teachers, farmworkers, and healthcare professionals—can fall into lower AMI categories due to relatively stagnant wages in many industries.

Most families and individuals receiving public assistance such as social security insurance (SSI) or disability insurance (SSDI) are considered extremely low-income households. At the same time, a minimum wage worker (earning \$23.89 per hour) would be considered an extremely low-income household with an annual income of \$49,700. California Employment Development Department data shows in the San Jose-Santa Clara-Sunnyvale MSA, occupations like childcare workers earn around \$17 per hour; manicurists, pedicurists, and hair stylists earn around \$16 per hour; waiters and servers earn around \$18 per hour; and food preparation and serving related workers earn about \$17 per hour. Individuals with these occupations could also qualify as extremely low-income households. The area median rent for housing has increased considerably over the last decade, making it practically impossible to survive on the above-mentioned wages in Palo Alto (see Figure 2-18). Throughout the region, there are disparities between the incomes of homeowners and renters. Typically, the number of low-income renters greatly outpaces the amount of housing available that is affordable for these households. In Palo Alto, the largest proportion of renters and owners falls in the greater than 100 percent of AMI income group (see Figure 2-31).

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<sup>23</sup> 13 Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County). Households making between 80 and 120 percent of the AMI are moderate-income, those making 50 to 80 percent are low-income, those making 30 to 50 percent are very low-income, and those making less than 30 percent are extremely low-income. This is then adjusted for household size.

**Figure 2-31 Household Income Level by Tenure in Palo Alto**



*Universe: Occupied housing units*

**Notes:**

*Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County).*

*Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release*

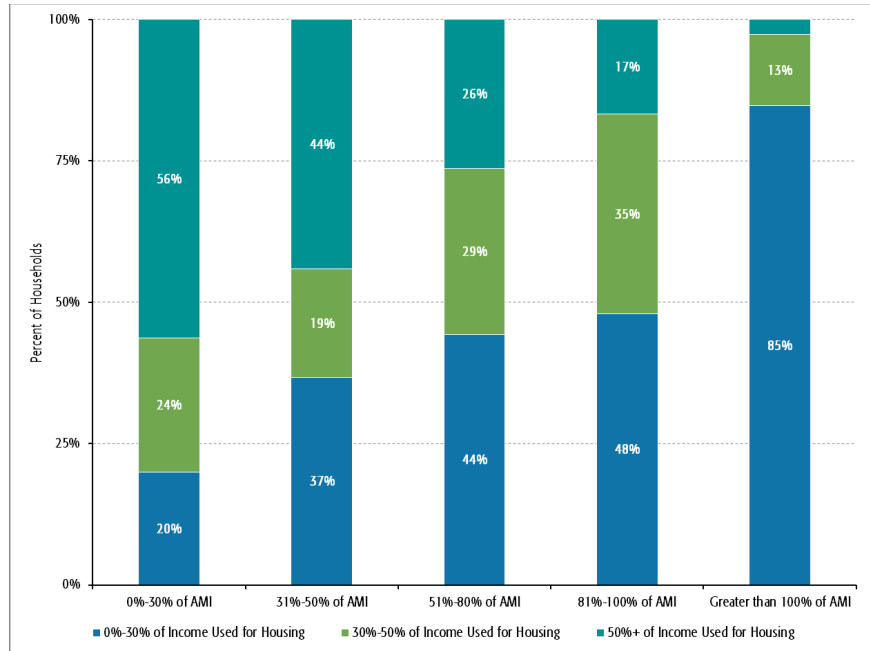
Extremely low-income households represented approximately seven percent of all homeowners and 18 percent of the City’s renter households. Both renters and owners in the extremely low-income category experienced a high incidence of housing problems. According to 2014-2018 CHAS data (see Table 2-17), 70 percent of extremely low-income renter households faced housing problems (defined as cost burden greater than 30 percent of income and/or overcrowding and/or without complete kitchen or plumbing facilities) and 67 percent were in cost burden situations. Moreover, 64 percent of extremely low-income households (renters and owners) paid more than 50 percent of their income toward housing costs, compared to 6 percent for all households (see Figure 2-32).

Currently, people of color are more likely to experience poverty and financial instability as a result of federal and local housing policies that have historically excluded them from the same opportunities extended to white residents<sup>24</sup>. These economic disparities also leave communities of color at higher risk for housing insecurity, displacement or homelessness. In Palo Alto, those that identify as Other Race or Multiple Races (Hispanic and Non-Hispanic) experience the highest rates of poverty, followed by Hispanic or Latinx at 15 percent of the group experiencing poverty. Those that identify as American Indian or Alaska Native (Hispanic and Non-Hispanic) also experience high rates of poverty at 14 percent, although this group makes up the smallest percent of ethnic/racial group (see Figure 2-33).

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<sup>24</sup> Moore, E., Montojo, N. and Mauri, N., 2019. Roots, Race & Place: A History of Racially Exclusionary Housing the San Francisco Bay Area. Hass Institute.

**Figure 2-32 Cost Burden by Income Level**



Universe: Occupied housing units

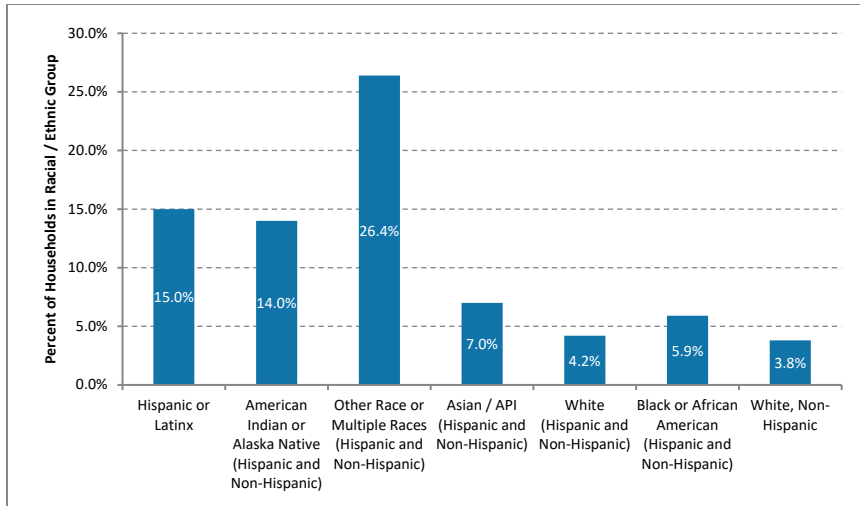
Notes:

Cost burden is the ratio of housing costs to household income. For renters, housing cost is gross rent (contract rent plus utilities). For owners, housing cost is "select monthly owner costs", which includes mortgage payment, utilities, association fees, insurance, and real estate taxes. HUD defines cost-burdened households as those whose monthly housing costs exceed 30% of monthly income, while severely cost-burdened households are those whose monthly housing costs exceed 50% of monthly income.

Income groups are based on HUD calculations for Area Median Income (AMI). HUD calculates the AMI for different metropolitan areas, and the nine county Bay Area includes the following metropolitan areas: Napa Metro Area (Napa County), Oakland-Fremont Metro Area (Alameda and Contra Costa Counties), San Francisco Metro Area (Marin, San Francisco, and San Mateo Counties), San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County), Santa Rosa Metro Area (Sonoma County), and Vallejo-Fairfield Metro Area (Solano County). The AMI levels in this chart are based on the San Jose-Sunnyvale-Santa Clara Metro Area (Santa Clara County).

Source: U.S. Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS) ACS tabulation, 2013-2017 release

**Figure 2-33 Poverty Status by Race**



**Notes:**

*The Census Bureau uses a federally defined poverty threshold that remains constant throughout the country and does not correspond to Area Median Income.*

*For this data the Census Bureau does not disaggregate racial groups by Hispanic/Latinx ethnicity. However, data for the white racial group is also reported for white householders who are not Hispanic/Latinx. Since residents who identify as white and Hispanic/Latinx may have very different experiences within the housing market and the economy from those who identify as white and non-Hispanic/Latinx, data for multiple white sub-groups are reported here.*

*The racial/ethnic groups reported in this data are not all mutually exclusive. Therefore, the data should not be summed as the sum exceeds the population for whom poverty status is determined for this jurisdiction. However, all groups labelled “Hispanic and Non-Hispanic” are mutually exclusive, and the sum of the data for these groups is equivalent to the population for whom poverty status is determined.*

*Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table S1701*

**PROJECTED HOUSING NEEDS FOR EXTREMELY LOW-INCOME HOUSEHOLDS**

The California Department of Housing and Community Development determines the region’s housing needs, as described in more detail in Section 2.6. These needs are referred to as the Regional Housing Needs Allocation (RHNA). RHNA is distributed into units under four affordability levels: very low-income, low-income, moderate-income, above moderate-income. The very low-income affordability level includes extremely low-income households. State law requires that local jurisdictions also plan for the housing needs of extremely low-income households (up to 30 percent AMI). The City has a RHNA requirement of



1,556 very low-income units (inclusive of extremely low-income units). Pursuant to state law (AB2634), the City must use one of two methods to project the number of extremely low-income housing needs. The first method is based on Census income distribution and the second method assumes 50 percent of the very low-income units as extremely low.

The following are options for projecting the number of extremely low-income households within the City of Palo Alto:

- Assume that 60.0 percent of Palo Alto's very low-income RHNA is for extremely low-income households. According to the data shown below (Figure 11), 5,208 of Palo Alto's households are 0-50 percent AMI while 3,124 are extremely low-income. Therefore, extremely low-income households represent 60.0 percent of households who are 0-50% AMI, as 3,124 divided by 5,208 is 60.0 percent. This option aligns with HCD's guidance to use U.S. Census data to calculate the percentage of very low-income RHNA that qualifies for extremely low-income households, as the information in Figure 2-10 represents a tabulation of Census Bureau Data.
- Assume that 50 percent of Palo Alto's very low-income RHNA is for extremely low-income households. HCD's guidance notes that instead of using U.S. Census data to calculate the percentage of very low-income RHNA that qualifies for extremely low-income households, local jurisdictions can presume that 50 percent of their RHNA for very low-income households qualifies for extremely low-income households.

ABAG allocated 1,556 units to very low-income households (Table 2-33). To calculate the projected need for housing to accommodate extremely low-income households, the City assumed 50 percent of its very low-income regional housing need is from extremely low-income households. Based on the need for 1,556 very low-income units, the City has a projected need for 778 units to serve extremely low-income households.

**TABLE 2-33 ABAG’S NEW CONSTRUCTION NEED BY HOUSEHOLD INCOME LEVEL IN PALO ALTO, 2023-2031**

Income Level	Number of Units	% of Total Need
Extremely Low-Income	778	12.8%
Very Low-Income	778	12.8%
Low-Income	896	14.7%
Moderate-Income	1,013	16.6%
Above Moderate-Income	2,621	43.1%
<b>Total</b>	<b>6,086</b>	<b>100%</b>

Source: ABAG Regional Housing Needs Allocation, 2021

Many extremely low-income households will be seeking rental housing and most likely facing cost burden, overcrowding or substandard housing condition. To address the range of needs, the City employs as part of this Housing Element a detailed housing strategy including promoting a variety of housing types, such as single-room occupancy (SRO) units, senior housing and, adequately sized affordable housing.

## 2.6 HOUSING STOCK CHARACTERISTICS

### HOUSING DEVELOPMENT

In the year 2000, there were 26,048 residential units in Palo Alto, an increase of 967 (3.8 percent) from 1990. By 2012, there was an estimated total of 28,134 residential units, an increase of 1,979 units, double the growth rate over the previous decade. In 2020 there was an estimated total of 29,298 residential units, an increase of 3.8 percent from 2010.

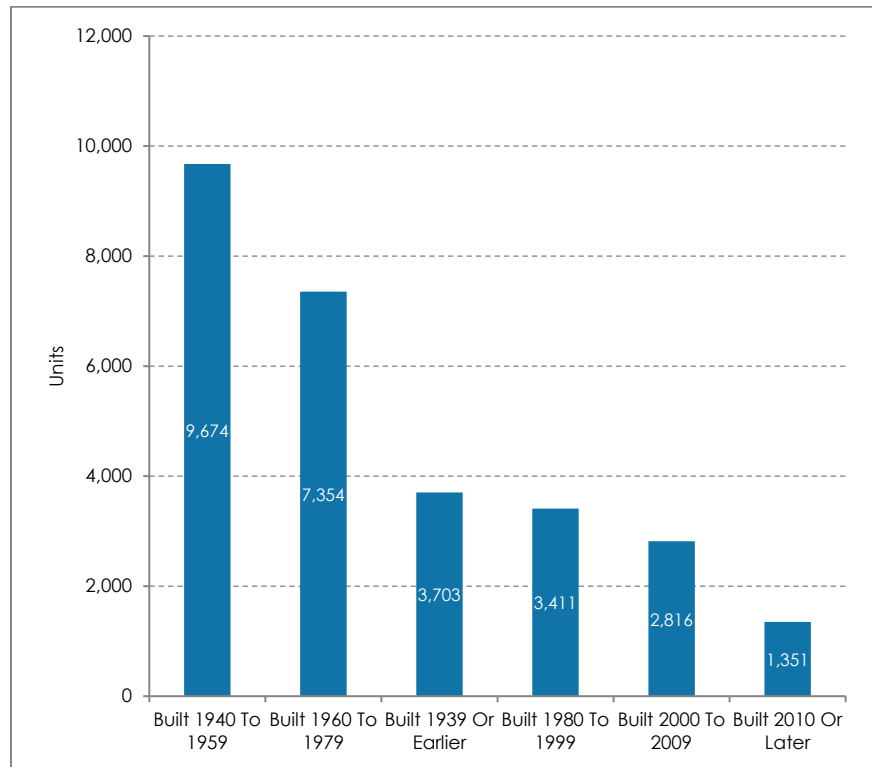
**TABLE 2-34 TOTAL NUMBER OF HOUSING UNITS IN PALO ALTO, 1970-2020**

Year	Total Number of Units
1970	21,338
1980	23,747
1990	25,188
2000	26,048
2010	28,216
2012	28,134
2020	29,298

Source: U.S. Census 1970, 1980, 1990, 2000, 2010; 2010-2012 ACS three-year estimates, 2020 Department of Finance E-5 Series.

Production has not kept up with housing demand for several decades in the Bay Area, as the total number of units built and available has not yet come close to meeting the population and job growth experienced throughout the region. In Palo Alto, the largest proportion of the housing stock was built 1940 to 1959, with 9,334 units constructed during this period (see Figure 2-34). Since 2010, 3.8 percent of the current housing stock was built, which is 1,061 units.

**Figure 2-34 Housing Units by Year Structure Built**



Universe: Housing units

Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25034

Between 2015 and 2022, 1,035 housing units were issued permits in Palo Alto. 69.9 percent of permits issued in Palo Alto were for above moderate-income housing, 2.7 percent were for moderate-income housing, and 27.4 percent were for low- or very low-income housing (see Table 2-35).

**TABLE 2-35 HOUSING PERMITTING**

Income Group	Number
Very Low-Income Permits	218
Low-Income Permits	66
Moderate-Income Permits	28
Above-Moderate Income Permits	723

*Universe: Housing permits issued between 2015 and 2019*

*Notes:*

*HCD uses the following definitions for the four income categories:*

**Very Low Income:** units affordable to households making less than 50% of the Area Median Income for the county in which the jurisdiction is located.

**Low Income:** units affordable to households making between 50% and 80% of the Area Median Income for the county in which the jurisdiction is located.

**Moderate Income:** units affordable to households making between 80% and 120% of the Area Median Income for the county in which the jurisdiction is located.

**Above Moderate Income:** units affordable to households making above 120% of the Area Median Income for the county in which the jurisdiction is located.

*Source: California Department of Housing and Community Development (HCD), 5th Cycle Annual Progress Report Permit Summary (2020)*

The developable area within Palo Alto, located between Junipero Serra Boulevard and the Bayshore Freeway (US 101) is essentially built out. Less than 0.5 percent of the developable land area is vacant. A large percentage of City land is also undeveloped bayland and foothills. The opportunity to annex additional land to the City is limited because the City is bordered to the east and west by the cities of Mountain View, East Palo Alto, Menlo Park, and Los Altos, with San Francisco Bay and Stanford University to the northeast and southwest.

During the mid- and late-1990s, the Silicon Valley economy boomed with the expansion of the Internet and the significant growth in high technology businesses. As the number of workers and their incomes rose, housing demand increased and so did housing production. However, production could not keep pace with demand thus driving up the cost of housing even more rapidly than the growth of the economy. Land costs increased very rapidly, particularly in Palo Alto given the limited supply of available residential land which increased financing costs. These factors, combined with increased materials and construction costs, made it much more difficult to produce housing, and especially affordable

housing. Furthermore, the economic slow-downs in 2000 and 2008-2010 and the related regional decline in property values and increase in foreclosures had very little effect on the Palo Alto housing market. The lack of available land and stricter financing regulations will continue to be important variables in determining the amount and the rate of new housing produced in the City.

### VACANCY RATES

The Census Bureau classifies a unit as vacant if no one is occupying it when census interviewers are conducting the American Community Survey or Decennial Census. Vacant units classified as “for recreational or occasional use” are those that are held for short-term periods of use throughout the year. Accordingly, vacation rentals and short-term rentals like AirBnB are likely to fall in this category. The Census Bureau classifies units as “other vacant” if they are vacant due to foreclosure, personal/family reasons, legal proceedings, repairs/renovations, abandonment, preparation for being rented or sold, or vacant for an extended absence for reasons such as a work assignment, military duty, or incarceration.<sup>25</sup> In a region with a thriving economy and housing market like the Bay Area, units being renovated/repared and prepared for rental or sale are likely to represent a large portion of the “other vacant” category. Additionally, the need for seismic retrofitting in older housing stock could also influence the proportion of “other vacant” units in some jurisdictions.<sup>26</sup>

Vacancy rates have traditionally been used as a gauge to measure the health of a community's housing market. Vacancy trends in housing are analyzed using a “vacancy rate” which establishes the relationship between housing supply and demand. For example, if the demand for housing is greater than the available supply, then the vacancy rate is low, and the price of housing will most likely increase. Additionally, the vacancy rate indicates whether or not the City has an adequate housing supply to provide choice and mobility. HUD standards indicate that a

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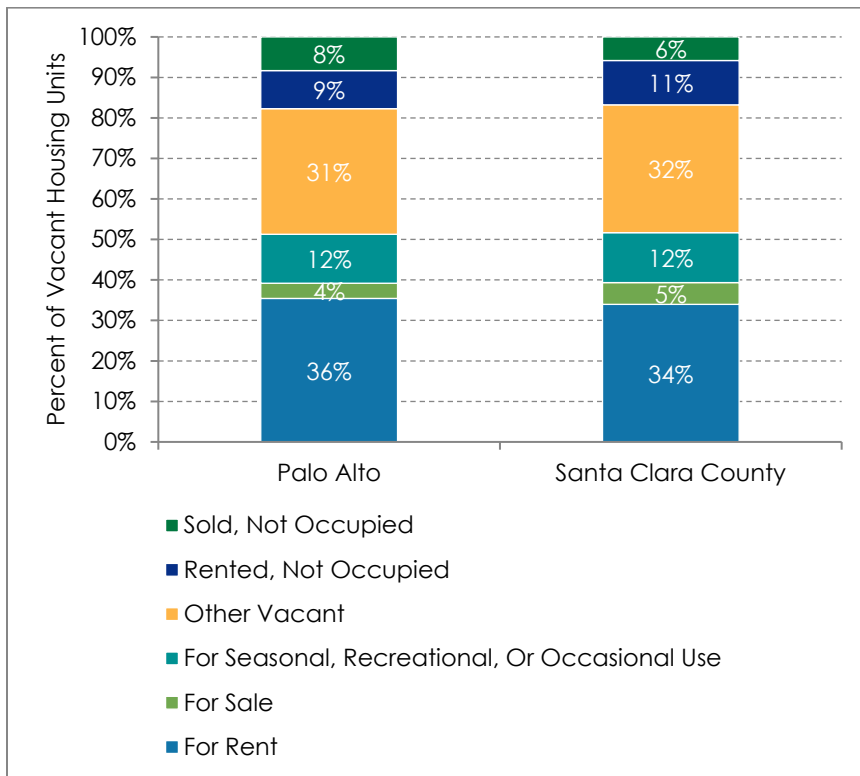
<sup>25</sup> For more information, see pages 3 through 6 of this list of definitions prepared by the Census Bureau: <https://www.census.gov/housing/hvs/definitions.pdf>.

<sup>26</sup> See Dow, P. (2018). Unpacking the Growth in San Francisco's Vacant Housing Stock: Client Report for the San Francisco Planning Department. University of California, Berkeley.

vacancy rate of five percent is sufficient to provide choice and mobility. Low vacancy rates (typically defined as anything less than 3 percent for homeowner units and 5 percent or less for renter units) indicate a tight housing market with few vacant units and increasing demand for those vacant units which then drive up rental costs. With a housing stock comprised of 44 percent rental units and 56 percent owner-occupied units in Palo Alto, the optimum vacancy rate is approximately 3.4 percent.

Vacant units make up approximately 7 percent of the overall housing stock in Palo Alto, with 93 percent occupied housing units, similar to Santa Clara County, where Santa Clara County as a whole has 5 percent vacant units. Of the vacant units in Palo Alto, the most common type of vacancy is For Rent (see Figure 2-35).<sup>27</sup>

**Figure 2-35 Vacant Units by Type**



<sup>27</sup> The vacancy rates by tenure is for a smaller universe than the total vacancy rate first reported, which in principle includes the full stock (6.7%). The vacancy by tenure counts are rates relative to the rental stock (occupied and vacant) and ownership stock (occupied and vacant) - but exclude a significant number of vacancy categories, including the numerically significant *other vacant*.

Universe: Vacant housing units

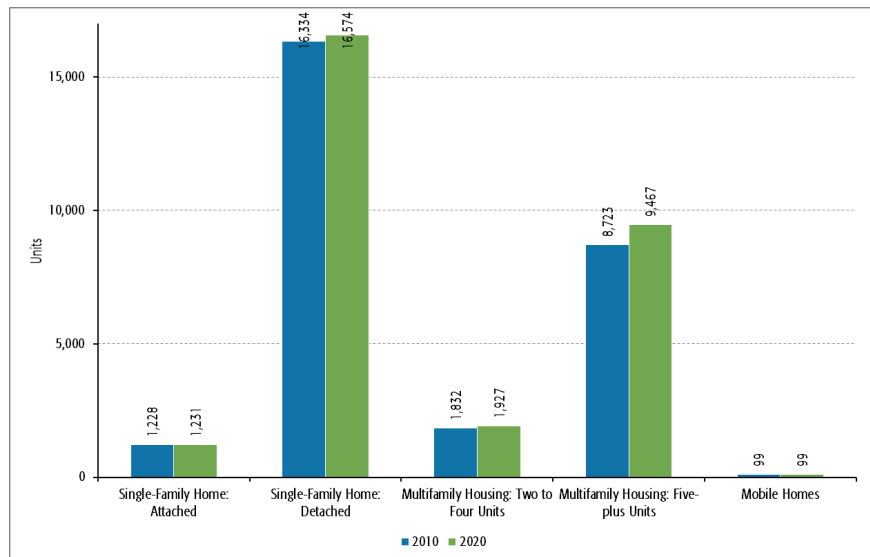
Source: U.S. Census Bureau, American Community Survey 5-Year Data (2016-2020), Table B25004

## HOUSING TYPES

In recent years, most housing produced in the region and across the state consisted of single-family homes and larger multi-unit buildings. However, some households are increasingly interested in “missing middle housing” – including duplexes, triplexes, townhomes, cottage clusters and accessory dwelling units (ADUs). These housing types may open up more options across incomes and tenure, from young households seeking homeownership options to seniors looking to downsize and age-in-place.

The housing stock of Palo Alto in 2020 was made up of 56.6 percent single-family detached homes, 4.2 percent single-family attached homes, 6.6 percent multi-family homes with 2 to 4 units, 32.3 percent multi-family homes with 5 or more units, and 0.3 percent mobile homes (see Figure 2-36). In Palo Alto, the housing type that experienced the most growth between 2010 and 2020 was Multifamily Housing: Five-plus Units.

**Figure 2-36 Housing Type Trends**



Universe: Housing units

Source: California Department of Finance, E-5 series

The character of Palo Alto’s housing stock has changed little since 1990 when single-family homes constituted more than half of housing stock. Increased construction of multiple family housing in Palo Alto rose in the late 1990s.

Housing Type	2000		2013		2021		2000-2021 Percent Change in Units
	Number of Units	Percent of Total	Number of Units	Percent of Total	Number of Units	Percent of Total	
Single-Family Detached	–	44%	16,385	58%	16,625	57%	Unknown
Single-Family Attached	–	14%	1,229	4%	1,237	4%	Unknown
<b>Total Single-Family</b>	<b>16,298</b>	<b>58%</b>	<b>17,614</b>	62%	17,862	61%	13%
Multi-Family 2-4 Units	1,728	11%	1,841	6%	1,954	6%	6%
Multi-Family 5+ Units	7,897	27%	8,903	31%	9,491	32%	20%
<b>Total Multi-Family</b>	<b>9,586</b>	<b>38%</b>	<b>10,744</b>	38%	11,445	39%	19%
Mobile Homes, Trailer & Other	164	5%	99	0.35%	99	0.3%	-40%
<b>Total</b>	<b>26,048</b>	<b>100%</b>	<b>28,457</b>	<b>100%</b>	<b>29,406</b>	<b>100%</b>	<b>13%</b>

Source: U.S. Census 2000; CA Department of Finance, 2013, and 2021

In 2012, approximately 56 percent of the 26,426 occupied units in the City were owner occupied. Homeowners lived in 14,732 of the occupied units and renter households occupied the remaining 11,694 units. From 2000 to 2012, the home ownership rate mostly held steady, from 57 to 56 percent.

According to the State Department of Finance, the City’s housing stock grew by 13 percent between 2000 to 2021. The largest growth in the proportion of housing unit type during this time was multi-family units (19 percent). Single-family homes grew by 13 percent, while mobile homes or trailers decreased by 40 percent.



In 2012, the owner of the Buena Vista Mobile Home Park submitted an application to close the park in accordance with the City's Mobile Home Park Conversion Ordinance, Chapter 9.76 of the Palo Alto Municipal Code. As the City and the owner proceeded with the closure process, City residents began to build support for the purchase of the park as the mobile home park housed an estimated 400 residents, consisting of 104 mobile homes, 12 studio units, and one single-family home. Consequently, sufficient financial support was raised by the City, and Santa Clara County agreed to help the Santa Clara Housing Authority purchase and implement long-term affordability restrictions on the property in 2017. The Housing Authority is in the process of replacing coaches and park infrastructure to improve the park. The preservation of the park should provide continued housing opportunity for residents of the park.

#### HOUSING AGE AND CONDITIONS/SUBSTANDARD HOUSING

Like many other California communities, Palo Alto experienced a huge spurt of growth in the decade after World War II. Approximately 26 percent the City's current housing stock was built in the decade between 1950 and 1960. The median year in which a typical Palo Alto housing unit was constructed was 1955. The housing stock appears to be divided into three periods of construction or age. Roughly 47 percent of the units were constructed prior to 1959, approximately 25 percent were constructed between 1960 and 1979 and approximately 13 percent were built between 1980 and 1999. Only 14 percent of the construction took place between 2000 to present.

Housing costs in the region are among the highest in the country, which could result in households, particularly renters, needing to live in substandard conditions to afford housing. Generally, there is limited data on the extent of substandard housing issues in a community. However, the Census Bureau data included in the graph below gives a sense of some of the substandard conditions that may be present in Palo Alto. For example, 4.6 percent of renters in Palo Alto reported lacking a kitchen and 0.1 percent of renters lack plumbing, compared to 0.4 percent of owners who lack a kitchen and 0.1 percent of owners who lack plumbing

(see Table 2-37). Census data indicates that Palo Alto's housing stock is at risk for having severely deteriorated units because more than half of the units were built over 50 years ago. However, there are limited numbers of very old housing units (50+ years) in the City that have not been improved or rehabilitated. Because of the City's home values, many have been substantially upgraded over the past 20 years.

<b>TABLE 2-37 AGE OF HOUSING STOCK, 2020</b>	
<b>Year Built</b>	<b>% of All Housing Units</b>
2014 or later	2.5%
2010 to 2013	2.3%
2000 to 2009	9.9%
1990 to 1999	6.1%
1980 to 1989	5.9%
1970-1979	12.3%
1960 to 1969	13.7%
1950 to 1959	26.4%
1940 to 1949	7.8%
1939 or earlier	13.1%

Source: 2016-2020 ACS five-year estimates (Table CP04).

While a formal "windshield" survey has not been conducted in Palo Alto in recent years, there have been periodic and extensive drive-through observations of the neighborhoods in Palo Alto by both staff and consultants. Because of the high market value and income levels in many Palo Alto neighborhoods, the units generally appear to be in good condition and there appear to be very few, if any, pockets of deteriorating units. In reviewing code enforcement complaints, a small percentage of the complaints involve substandard housing.<sup>28</sup> City staff has also observed that in Palo Alto there does not appear to be a correlation between the age of a structure and deterioration. Furthermore, the State Department of Housing and Community Development (HCD) reports that Santa Clara County's housing stock is in significantly better condition than other areas of the State.

<sup>28</sup> City of Palo Alto, 2022. Approximately 4 percent of Code Enforcement cases were primarily for building safety issues or substandard housing. Annually, Code Enforcement receives approximately 20 to 30 complaints regarding substandard housing.

Assuming that the percent of owner-occupied units estimated to be substandard remains the same, only about 428 of the 14,277 owner-occupied units in Palo Alto could be considered substandard. The actual number of substandard homes is probably less, however, given the high real estate values of the City and the high level of investment property owners are likely to spend to maintain these values.

The City's rental housing stock is "younger" than its total housing stock with the median year of construction estimated at 1967. According to current estimates, 44 percent of occupied rental units were built before 1960, making them over 50 years old today. While it does not appear that there is a serious problem with the condition of rental units, it should be noted that the City has been active in trying to maintain the condition of its existing affordable rental housing stock. Using federal funds and bond authority, several rental housing developments in Palo Alto have been rehabilitated in recent years. In 1998-99, the City assisted the Palo Alto Housing Corporation in preserving and rehabilitating the 57-unit Sheridan Apartments and, in 1999-2000, assisted the Mid-Peninsula Housing Coalition in preserving and rehabilitating the 156-unit Palo Alto Gardens. The City assisted with the acquisition and rehabilitation of the 66-unit Arastradero Park Apartments in 1995. With City assistance, the Palo Alto Housing Corporation rehabilitated the 10-unit Plum Tree Apartments in 1991 and the 26-unit Barker Hotel project in 1994. In 2013, the City committed \$1 million for the complete rehabilitation of Stevenson House, which was completed in 2017. The City continues to monitor the maintenance and repair needs of its affordable rental housing stock. The City assisted the Palo Alto Housing Corporation with additional funds to help rehabilitate their Colorado Park property in 2017.

#### ASSISTED HOUSING AT-RISK OF CONVERSION

Conservation of the existing affordable housing stock is critical given the extraordinarily high cost of housing in Palo Alto and lack of vacant land to construct new affordable housing. Additionally, it is typically faster and less expensive to preserve currently affordable units that are at risk of converting to market-rate than it is to build new affordable housing. State Housing Element Law requires communities to inventory affordable units

that might be “at risk” of converting to market rate units within a 10-year time frame of Housing Element adoption. This includes conversion through termination of a subsidy contract, mortgage prepayment, or expiring use restriction. The Housing Element must also include a list of entities with the capacity to acquire multifamily developments at risk.

The data in Table 2-38 below comes from the California Housing Partnership’s Preservation Database, the state’s most comprehensive source of information on subsidized affordable housing at risk of losing its affordable status and converting to market-rate housing. However, this database does not include all deed-restricted affordable units in the state, so there may be at-risk assisted units in a jurisdiction that are not captured in this data table. The Preservation Database indicates there are 21 affordable housing projects in Palo Alto, providing a total of 1,446 assisted units. Of these units, five percent are at High Risk or Very High Risk of conversion.<sup>29</sup>

<b>TABLE 2-38 ASSISTED UNITS AT RISK OF CONVERSION</b>			
<b>Income</b>	<b>Palo Alto</b>	<b>Santa Clara County</b>	<b>Bay Area</b>
Low	1,093	28,001	110,177
Moderate	284	1,471	3,375
High	72	422	1,854
Very High	0	270	1,053
<b>Total Assisted Units in Database</b>	<b>1,449</b>	<b>30,164</b>	<b>116,459</b>

*Universe: HUD, Low-Income Housing Tax Credit (LIHTC), USDA, and CalHFA projects. Subsidized or assisted developments that do not have one of the aforementioned financing sources may not be included.*

<sup>29</sup> California Housing Partnership uses the following categories for assisted housing developments in its database:

Very-High Risk: affordable homes that are at-risk of converting to market rate within the next year that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

High Risk: affordable homes that are at-risk of converting to market rate in the next 1-5 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

Moderate Risk: affordable homes that are at-risk of converting to market rate in the next 5-10 years that do not have a known overlapping subsidy that would extend affordability and are not owned by a large/stable non-profit, mission-driven developer.

Low Risk: affordable homes that are at-risk of converting to market rate in 10+ years and/or are owned by a large/stable non-profit, mission-driven developer.

The inventory includes all multi-family rental units that have been funded with federal, State, or local assistance. A review of multi-family units in Palo Alto indicates that ten projects have been assisted with federal funds and four projects have been assisted by State funds. The City has a “Below Market Rate” (BMR) program that requires developers of projects with three or more units to provide for at least 15 percent of the units to be affordable (at below market rates). Projects of seven or more units must provide one or more BMR units within the development. The initial BMR sales prices are set by the City’s Director of Planning and Development Services, and the buyer selection process is administered by Alta Housing. Alta Housing is a private, non-profit organization under contract to the City. The units in the BMR program have resale and affordability controls for 55-99 years, and these covenants renew each time the property title is transferred. This provision substantially reduces the risk of affordable ownership units from converting to market rate.

Table 2-39 lists assisted housing units that are at risk of converting to market-rate housing before January 31, 2033, based on information from the National Housing Preservation Database. Palo Alto has 436 units in five developments of very low- and low-income housing that are subject to increases in rent or conversion to market-rate housing to varying degrees. Of these units, 103 are considered at higher risk of conversion, while the remaining 333 units are at low risk of conversion. To address potential conversions, the City is proposing to extend the affordability of the units for the life of the building.

These projects are assisted in part by HUD with Section 8 project-based rental assistance in which a direct subsidy is provided to the owner. Many subsidized affordable housing developments receive government funding that requires units are made affordable for a specified amount of time. Affordable developments owned by for-profit entities are more at-risk of converting to market rate in the next ten years, whereas commitment and mission to preserve affordability of the nonprofits’ development significantly lowers the risk of conversion of those units. While it is difficult to predict the direction of federal funding for the Section 8 program and affordable housing funding in general, the City will

continue to advocate for maintaining or increasing funding for affordable housing.

Of the 436 at-risk units, 261 units (Alma Place and Palo Alto Gardens) are financed with Low Income Housing Tax Credits. These units represent approximately 60 percent of the at-risk units. Alma Place is managed by Alta Housing (a local non-profit agency that builds, develops, acquires, and manages low- and moderate-income housing in the Region). Palo Alto Gardens is owned by Midpen Housing (a 501(c)(3) nonprofit organization). Of these two properties, Palo Alto Gardens (36 percent of the at-risk units) is more likely to convert to market rate (if the tax credits expire) because it has a lower income tax credit rate and is not affiliated with any non-profit agencies.

#### EXPIRATION OF SECTION 8 PROJECT-BASED SUBSIDIES

Section 8 rental subsidies are subsidies provided directly to the project owner and the amount of the subsidy is typically determined based on the tenant's income and the rent charged. The subsidy helps tenants afford their monthly rent by paying a portion of the rent for them to the property owner. HUD and the property owner enter into a contract for a specified period of time during which Section 8 rental subsidy assistance will be provided. Formerly property owners were required to renew the Section 8 assistance in periods of 5-15 years, depending on the contract. Currently, HUD renews Section 8 assistance on a five-year contract basis, subject to Congressional funding.

The effects of a loss of Section 8 subsidies differ depending on many factors including the underlying mortgage assistance, the percentage of households receiving rental assistance and their income levels, and each project's annual operating costs. Of the 436 at-risk units, 128 units (Terman Apartments and The Sheridan) are subsidized with Section 8 funding (see Table 2-39). If these units lose Section 8 subsidies, the aforementioned factors could create circumstances which lead to a higher probability of conversion to market rates. These circumstances could include the loss of underlying mortgage assistance, a high percentage of subsidized lower-income households present in the units, and annual operating costs which are considerably higher than the net

income of the properties, then almost 30 percent of the at-risk units could convert to market rates. Table 2-39 contains information on the principal types of mortgage assistance which financed the affected at-risk projects.

<b>TABLE 2-39 SUMMARY OF GOVERNMENT ASSISTED UNITS "AT RISK" FOR CONVERSION IN PALO ALTO, 2021</b>					
<b>Project Name</b>	<b>Type of Tenant</b>	<b>Total Number of Units</b>	<b>Units At Risk for Conversion</b>	<b>Type of Subsidy/ Funding Program</b>	<b>Earliest Conversion Date</b>
<b>For Profit Ownership (at higher risk of conversion)</b>					
Terman Apartments 4230 Terman Dr. Palo Alto, CA	Family, Elderly	92	72	223(a), (7)/221(d)(4)M, Section 8 NC	03/30/2027
Palo Alto Gardens 648 San Antonio Rd Palo Alto, CA	Non-targeted	156	155	4% LIHTC	12/31/2028
<b>Non-Profit Ownership (at lower risk of conversion; possible risk of higher rents if Section 8 subsidy is lost)</b>					
The Sheridan Apartments 360 Sheridan Ave Palo Alto, CA	Elderly	56	56	Sec 8 NC	12/31/2028
Arastradero Park Apartments 574 Arastradero Rd Palo Alto, CA		66	47	HUD Financing – Preservation; 207- 223(f)	3/30/2027
<b>Total</b>		<b>477</b>	<b>436</b>		

*Source: National Housing Preservation Database, 2021; City of Palo Alto, 2021*

### SECTION 8 MODERATE REHABILITATION PROGRAM PROJECTS

Under this HUD program, HUD offered five-to-10-year contracts for Section 8 assistance to owners of existing rental housing occupied by eligible very low- and low-income households if the owner performed at least a minimum amount of property rehabilitation. The program was repealed in 1991 and no new projects are authorized for development. In many cases, the rehabilitation work was funded by loans from local housing programs using CDBG funds or other HUD funds. The effect of a loss of Section 8 assistance depends on the specific financial circumstances of each project, especially the degree to which the owner's

ability to cover debt service and operating costs depends on the revenue from the Section 8 rental contract.

Alta Housing owns and manages three Section 8 Moderate Rehabilitation projects in Palo Alto, namely, Curtner Apartments, Emerson South Apartments, and Oak Manor Townhouses. The original Housing Assistance Payments (HAP) contracts of these properties have expired, but they are renewed annually. None of these projects are considered at-risk during the Cycle 6 Housing Element planning period.

The Section 8 contract assistance enables Alta Housing to provide affordable housing to very low-income households. Without the Section 8 assistance, Alta Housing would need to increase the rents paid by the tenants, which would mean that occupancy would shift to somewhat higher income households over time. However, since these properties carry relatively low amounts of amortized mortgage debt, Alta Housing should be able to maintain them as affordable rental units for low-income households even without the Section 8 assistance. At present, HUD continues to offer owners of five or more units a one-year extension of their Section 8 contract.

Alta Housing controls other projects with multi-year term Section 8 HAP contracts: Webster Wood Apartments, Sheridan Apartments, and Arastradero Park Apartments. These projects are larger than those subsidized under the Moderate Rehabilitation Program. Webster Wood was developed by Alta Housing in the 1970s to respond to the need for affordable housing in the City of Palo Alto. Webster Wood is not considered to be at-risk of conversion to market rate during the Cycle 6 Housing Element planning period. In the 1990s, Alta Housing acquired Arastradero Park and the Sheridan Apartments to preserve and maintain them in the affordable housing stock. As shown in Table 2-38, both Arastradero Park Apartments and The Sheridan Apartments are considered at-risk of converting to market rate during the Cycle 6 planning period. As discussed above, The Sheridan Apartments has potential to convert to market rate if there is a combination of factors that include the loss of Section 8 subsidies.



Projects that were acquired and rehabilitated by Alta Housing have complicated financing structures in which loans, funded from tax-exempt bonds, covered a major portion of the costs. Rental income, on par with the current Section 8 contract level, is needed for Alta Housing to continue to meet operating costs and repay the loans. Should Alta Housing not meet operating costs and repay the loans on Arastradero Park Apartments, approximately 10 percent of the at-risk units could convert to market rate.

### COST ANALYSIS

Conservation of at-risk projects can be achieved in a variety of ways, with adequate funding availability. These include:

- Transfer of ownership to nonprofit developers and housing organizations
- Providing rental assistance to renters through other funding sources
- Purchase affordability covenants
- Refinance mortgage revenue bonds

Alternatively, units that are converted to market rate may be replaced with new assisted multi-family units with specified affordability timeframes.

The cost to conserve the units in the developments that have Project Based Section 8 Subsidies as very low- and low-income housing is as varied as the projects themselves. Some of the developments have zoning controls or deed restrictions, some have longer term contracts, and some have low mortgage debt. However, as noted previously, replacement is extremely difficult given the scarcity of available land. Most of these projects have been able to extend their Section 8 contracts on a year-to-year basis.

Out of 436 affordable housing units at risk of converting to market rate, 258 are owned by non-profit affordable housing organizations. It is considered highly unlikely that these 258 units would convert to market rate. Although they are in danger of losing their Project Based Section 8

rental assistance, they would likely result in a modified mortgage arrangement with HUD and/or some increase in rents, but still remain well below market rates, due to the owners' missions to provide affordable housing. In addition, because of the quality and desirable location of the projects, tenants receiving tenant-based Section 8 subsidies are likely to continue living in the properties for some time.

Potential funding sources to pay for the cost of conserving these units are limited. Similar to the Palo Alto Gardens and Sheridan projects, City staff would assist in pursuing such funding sources as bond financing, State of California housing program funds, HOME funds, CDBG funds and City funds. Other potential funding sources might include Low Income Housing Tax Credits and Affordable Housing Program Funds from the Federal Home Loan Bank. All of these funding sources are, however, limited. In 2014, the City, along with the Cities of Cupertino and Gilroy, joined the Santa Clara County HOME Consortium (SCCHC). The SCCHC was formed to pursue additional funding from the HUD HOME program. The funds are primarily to be used for new affordable housing development or acquisition and rehabilitation of existing units. There is also the option of using the HOME funds for Tenant Based Rental Assistance (TBRA), a program similar to the Section 8 Project Based Rental Assistance (PBRA) program. TBRA allows the tenants to keep their rental assistance when they move to another location outside of their original location. However, TBRA limits the assistance to a maximum of two years.

#### TRANSFER OF OWNERSHIP

Transferring ownership of the affordable units to a nonprofit housing organization is a viable way to preserve affordable housing for the long term and increase the number of government resources available to the project. In Palo Alto, the estimated market value for the 436 affordable units in the at-risk projects is evaluated in Table 2-40 below. The current market value for all affordable at-risk units is estimated to be over \$167 million.

**TABLE 2-40 MARKET VALUE OF AT-RISK PROJECTS, PALO ALTO 2021**

Type of Units	Total Units At-Risk
Studio (0-bedroom)	106
1-bedroom	220
2-bedroom	82
3-bedroom	25
4-bedroom	3
<b>Total</b>	<b>436</b>
Annual Operating Costs	(\$1,576,500)
Gross Annual Income	\$15,567,840
Net Annual Income	\$13,991,340
<b>Market Value</b>	<b>\$174,891,750</b>

1. Median Rent: studio/0-bed = \$2,395, 1-bed = \$2,750, 2-bed = \$3,600, 3-bed=\$4,950, 4-bed = \$6,500

2. Average Size: Studio = 500 sqft, 1-bed = 700 sqft, 2-bed = 900 sqft, 3-bed = 1200 sqft, 4-bed = 1500 sqft

3. 5% vacancy rate and annual operating expenses per square foot = \$5.00

4. Market value = Annual net project income \* multiplication factor

5. Multiplication factor for a building in good condition = 12.5

### RENTAL ASSISTANCE

State, local, or other funding sources also can be used to provide rental subsidies to maintain the affordability of at-risk projects. These subsidies can be structured to mirror the Section 8 Housing Choice Voucher program, whereby the subsidy covers the cost of the unit above what is determined to be affordable for the tenant’s household income (including a utility allowance) up to the fair market value of the apartment. Under Section 8, HUD pays the difference between what tenants can pay (defined as 30 percent of household income) and what HUD estimates as fair market rents (FMR) on the unit. In the San Jose-Sunnyvale-Santa Clara HUD Metro FMR Area, the 2021 FMR was \$2,228 for an efficiency (studio) unit. Given the mix of unit sizes and affordability of the at-risk developments, the total annual subsidy to maintain the 436 at-risk units is estimated at over \$5.3 million.

**TABLE 2-41 RENT SUBSIDIES REQUIRED TO PRESERVE AT-RISK RENTAL UNITS**

Unit Size/Household Size	Number of Units	Fair Market Rent <sup>30</sup>	Household Annual Income <sup>31</sup>	Affordable Housing Cost <sup>32</sup>	Monthly per Unit Subsidy <sup>33</sup>	Total Monthly Subsidy	Total Annual Subsidy
<b>Very Low-Income (50% AMI)<sup>34</sup></b>							
Efficiency/ 1 person household	106	\$2,228	\$58,000	\$1,238	\$990	\$104,940	\$1,259,280
1 Bedroom/ 2 person household	220	\$2,558	\$66,300	\$1,435	\$1,123	\$247,060	\$2,964,720
<b>Low-Income (80% AMI)<sup>35</sup></b>							
2 Bedroom/ 3 person household	82	\$3,051	\$106,000	\$2,398	\$653	\$53,546	\$642,552
3 Bedroom/ 4 person household	25	\$3,984	\$117,750	\$2,663	\$1,321	\$33,025	\$396,300
4 Bedroom/ 5 person household	3	\$4,593	\$127,200	\$2,865	\$1,728	\$5,184	\$62,208
<b>Total</b>						<b>\$5,325,060</b>	

## FINANCIAL RESTRUCTURING

Another option to preserve the affordability of at-risk projects is to restructure the financing of the projects by paying off the remaining balance or writing down the interest rate on the remaining loan balance. The feasibility of this option depends on whether the complexes are too highly leveraged.

## CONSTRUCTION OF REPLACEMENT UNITS

The construction of new low-income housing can be a means to replace at-risk units. The cost of developing new housing depends on a variety of factors, including density, size of units, construction quality and type, location, and land cost, as discussed in the Non-Governmental

<sup>30</sup> Fair Market Rent (FMR) is determined by HUD. These calculations use the 2021 HUD FMR for the San Jose-Sunnyvale-Santa Clara HUD Metro FMR Area

<sup>31</sup> FY 2021 Income Limits Summary for the San Jose-Sunnyvale-Santa Clara HUD Metro FMR Area.

<sup>32</sup> The affordable housing cost is calculated based on 30% of the AMI, minus utilities for rentals

<sup>33</sup> The monthly subsidy covers the gap between the FMR and the affordable housing cost

<sup>34</sup> Rents are restricted to 50% AMI in these buildings, which puts residents in the Very Low Income Category, set by the California Department of Housing and Community Development (HCD)

<sup>35</sup> Rents are restricted to 80% AMI in these buildings, which puts residents in the Low Income Category, set by the California Department of Housing and Community Development (HCD)

Constraints section of Chapter 4 Constraints in this Cycle 6 Housing Element document. Assuming an average construction cost of approximately \$303 per square foot for a multi-family rental unit, accounting for the higher construction costs associated with the Bay Area and parking and landscaping costs, the cost of construction alone for replacing all 436 affordable at-risk units would be approximately \$76.6 million. This cost excludes land costs and other soft costs (such as financing, architecture, and engineering). When considering these additional costs, the total costs to develop replacement units would be significantly higher. This analysis, however, likely understates the true cost of replacing the units, as it would be quite difficult to assemble an appropriate combination of subsidies to develop a similar project with the same mix of unit sizes and affordability levels—and the lack of available vacant land in Palo Alto makes this option virtually impossible.

## 2.7 REGIONAL HOUSING NEEDS

### HOUSING NEEDS ALLOCATION DETERMINATION PROCESS

State law requires every city and county in California to show how it will accommodate its “fair share” of the housing need for the region in which it is located. Based on regional housing need estimates established by the State, the Association of Bay Area Governments (ABAG) has formulated estimates of housing needs by different income levels, which it assigned to each city and county in the San Francisco Bay Area through a Regional Housing Needs Determination (RHND) process. Bay Area jurisdictions provide input on the RHND to ABAG, which results in the Regional Housing Needs Allocation (RHNA). The RHNA represents the housing need that each jurisdiction must plan for during the 2023-2031 period that is covered by the Housing Element.

State law recognizes that local jurisdictions are rarely involved in the actual construction of housing. The law neither requires them to produce or provide financial assistance for the units that ABAG allocates. The primary objective is for cities and counties to adopt plans that provide sites that could feasibly accommodate housing to meet its share of the regional need and to adopt and implement policies and programs that will help to make this possible.

## REGIONAL HOUSING NEEDS DETERMINATION

The Plan Bay Area 2050<sup>36</sup> Final Blueprint forecasts that the nine-county Bay Area will add 1.4 million new households between 2015 and 2050. For the eight-year time frame covered by this Housing Element Update, the Department of Housing and Community Development (HCD) has identified the region's housing need as 441,176 units. For this RHNA cycle, the RHND increased by 135 percent, from 187,990 to 441,776.

The total number of housing units assigned by HCD is separated into four income categories that cover housing types for all income levels, from very low-income households to market rate housing.<sup>37</sup> The purpose of this division of housing need by income level is to more equitably distribute the type of households by income category throughout a region so that no one community is "impacted" with a particular household income group and to ensure that each jurisdiction addresses the housing needs of each economic segment in their communities. This calculation, known as the Regional Housing Needs Determination (RHND), is based on population projections produced by the California Department of Finance as well as adjustments that incorporate the region's existing housing need. The adjustments result from recent legislation requiring HCD to apply additional adjustment factors to the baseline growth projection from California Department of Finance, in order for the regions to get closer to healthy housing markets. To this end, adjustments focus on the region's vacancy rate, level of overcrowding and the share of cost burdened households and seek to bring the region more in line with comparable ones.<sup>38</sup> These new laws governing the methodology for how HCD calculates the RHND resulted in

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<sup>36</sup> Plan Bay Area 2050 is a long-range plan charting the course for the future of the nine-county San Francisco Bay Area. It covers four key issues: the economy, the environment, housing, and transportation.

<sup>37</sup> HCD divides the RHND into the following four income categories:

Very Low-income: 0-50% of Area Median Income

Low-income: 50-80% of Area Median Income

Moderate-income: 80-120% of Area Median Income

Above Moderate-income: 120% or more of Area Median Income

<sup>38</sup> For more information on HCD's RHND calculation for the Bay Area, see letter sent to ABAG from HCD on June 9, 2020: [https://www.hcd.ca.gov/community-development/housing-element/docs/abagrna-final060920\(r\).pdf](https://www.hcd.ca.gov/community-development/housing-element/docs/abagrna-final060920(r).pdf)

a significantly higher number of housing units for which the Bay Area must plan compared to previous RHNA cycles.

On May 20, 2021, the ABAG Executive Board approved the Final Regional Housing Needs Allocation Methodology and Draft Allocations. Approval of the Final RHNA Methodology followed the California Department of Housing and Community Development's (HCD) finding (April 2021) that the Draft RHNA Methodology furthered the RHNA objectives. Almost all jurisdictions in the Bay Area received a larger RHNA this cycle compared to the last cycle, primarily due to changes in state law that led to a considerably higher RHND compared to previous cycles. Release of the Draft RHNA Allocations initiated the appeals phase of the RHNA process. ABAG received 28 appeals from Bay Area jurisdictions including the City of Palo Alto. The ABAG Administrative Committee conducted public hearings to consider the appeals and comments received about those appeals. Only one appeal was partially approved on a technicality. All other appeals were denied. The Administrative Committee ratified a written final determination on each appeal. ABAG issued Final RHNA Allocations that adjusted allocations as a result of successful appeals in December 2021. Consequently, Palo Alto's RHNA was determined as follows in Table 2-42. In Cycle 6, Palo Alto received a substantial increase of 4,098 more units than in Cycle 5; an increase of approximately 206 percent from the total of 1,988 units required in Cycle 5.

The City of Palo Alto may count certain housing units toward satisfying RHNA goals for this planning period. These units must have not been granted final occupancy before June 30, 2022. These units could include those under construction, permitted, approved, or pending approval.

**TABLE 2-42 REGIONAL HOUSING NEEDS ALLOCATION, 2023-2031**

Income Level	Santa Clara			Palo Alto Percent	Santa Clara	
	Palo Alto Units	County Units	Bay Area Units		County Percent	Bay Area Percent
Extremely Low-Income (<30% of AMI) <sup>1</sup>	778	NA	NA	12.8%	NA	NA
Very Low-Income (<50% of AMI)	778	32,316	114,442	12.8%	24.9%	25.9%
Low-Income (50%-80% of AMI)	896	18,607	65,892	14.7%	14.4%	14.9%
Moderate-Income (80%-120% of AMI)	1,013	21,296	72,712	16.6%	16.9%	16.5%
Above Moderate- Income (>120% of AMI)	2,621	56,728	188,130	43.1%	43.8%	42.6%
<b>Total</b>	<b>6,086</b>	<b>129,577</b>	<b>441,176</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Association of Bay Area Governments Methodology and numbers were approved by ABAG's Executive board on January 21, 2021 (Resolution No. 02-2021).

<sup>1</sup> State law requires that local jurisdictions also plan for the housing needs of extremely low-income households (up to 30 percent AMI). The City has a RHNA allocation of 1,556 very low-income units (inclusive of extremely low-income units). Pursuant to state law (AB2634), the City must use one of two methods to project the number of extremely low-income housing needs. The first method is based on Census income distribution and the second method assumes 50 percent of the very low-income units as extremely low. Using the 2013-2017 CHAS data developed by HUD, the first methodology indicates that approximately 12 percent of City households earned incomes below 30 percent of AMI (extremely low), and approximately eight percent of City households earned incomes between 31 to 50 percent of AMI (very low-income). ABAG allocated 1,556 units to very low-income households. The City assumed 50 percent of its very low-income regional housing needs are extremely low-income households. Therefore, the City of Palo Alto has a future housing need of 778 extremely low-income units and 778 very low-income units.



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# HOUSING RESOURCES AND OPPORTUNITIES

# 3

## 3.1 INTRODUCTION

A Housing Element must include an inventory of available land that is appropriately zoned and suitable for housing development to accommodate a jurisdiction's Regional Housing Needs Allocation (RHNA) as required by State law. Palo Alto's Site Inventory focuses on sites that are available for housing development affordable to households of varying income levels. This chapter summarizes the evaluation of potential housing sites and the adequacy of sites to accommodate the City's regional housing needs for the 2023-2031 planning period.

California law (Government Code Sections 65583 (a)(3)) requires that the Housing Element contain an inventory of land suitable for residential development, including vacant sites and non-vacant (i.e., underutilized) sites having potential for development. State law also requires an analysis of the relationship to zoning and services to these sites as well as identifying sites throughout the community, in a manner that is consistent with its duty to affirmatively further fair housing (AFFH).

The analysis presented in this chapter demonstrates that, with rezoning, there is an adequate supply of suitable land to accommodate the city's housing allocation of 6,086 units, plus a surplus of over 780 additional units to act as a "buffer" if sites develop to non-residential uses or at different affordability levels than assumed in the Site Inventory. This section is organized by the following topics:

- Future housing needs;
- RHNA credits;

- Site selection methodology;
- Suitability of vacant and non-vacant sites;
- Local and regional development trends;
- Inventory of vacant and non-vacant opportunity sites;
- Available Infrastructure and Environmental Constraints; and,
- Financial and Administrative Resources.

## 3.2 FUTURE HOUSING NEEDS

### RHNA REQUIREMENT

The City's housing target for the eight-year planning period (January 31, 2023, to January 31, 2031) is defined by its RHNA (also referred to as the City's 6<sup>th</sup> cycle RHNA). RHNA is the California State required process that seeks to ensure cities and counties plan for enough housing to accommodate all economic segments of the community. Each city and county in the Bay Area must update their current housing element to meet statutory requirements by January 31, 2023 and plan for a specific allocation of new housing units as part of their site inventory process to address their RHNA target.

The RHNA methodology applies several factors to further the objectives of State law. After a RHNA total is calculated, a social equity adjustment is applied to determine how many units are allocated into each income level for each jurisdiction. The social equity adjustment is based on income distribution and access to positive housing outcomes. One of the objectives of State housing law is to ensure that there is not an overconcentration of households by income group in comparison to the county or regional average. As a result, higher income jurisdictions are required to plan for fewer market rate units and more affordable units, while lower income jurisdictions plan for more market rate units and fewer affordable units.

While the RHNA is assigned based on four income categories, State law also requires that communities plan for the needs of extremely low-income households, defined as those making less than 30 percent of the

County Area Median income (AMI). The housing need for the Extremely Low-Income group is generally considered to be one-half of the Very Low-Income need. “Lower-income” is an umbrella term that encompasses the Extremely Low-, Very Low-, and Low-income categories. Table 3-1 shows Palo Alto’s RHNA allocation divided among income groups.

<b>TABLE 3-1 REGIONAL HOUSING NEED ALLOCATION, 2023-2031</b>		
<b>Income Category (% of County AMI)</b>	<b>Number of Units</b>	<b>Percent of RHNA</b>
Extremely Low (30% or less)	778	12.8%
Very Low (31 to 50%)	778	12.8%
Low (51 to 80%)	896	14.7%
Moderate (81% to 120%)	1,013	16.6%
Above Moderate (Over 120%)	2,621	43.1%
<b>Total</b>	<b>6,086</b>	<b>100.0%</b>

The RHNA represents the minimum number of housing units each community is required to plan for by identifying “adequate sites” for future housing development. The City intends to demonstrate its ability to accommodate its share of housing needs based on the following combination of approaches:

- Housing units approved or entitled since June 30, 2022 and units currently in process (discretionary review completed, building permit possibly issued but certificate of occupancy, not yet issued);
- Projected Accessory Dwelling Units (ADUs) during the planning period;
- Potential housing in existing residential zoning;
- Potential housing in commercial zoning districts that could accommodate mixed-use development; and,
- Potential housing on sites that will be rezoned to allow for high density residential use.

### 3.3 RHNA CREDITS

#### ENTITLED AND PROPOSED DEVELOPMENTS

While the Housing Element planning period covers from January 31, 2023 through January 31, 2031, the RHNA projection period begins on June 30, 2022. Therefore, units achieved after June 30, 2022 can be credited toward the RHNA for the purpose of demonstrating adequate sites. Approved and permitted residential developments can be credited towards the City's RHNA for the 6<sup>th</sup> cycle Housing Element provided it can be demonstrated that the units will be built during the RHNA projection period. Affordability is based on the actual or projected sale prices, rent levels, or other mechanisms establishing affordability of the units within the project. Single-family homes are usually sold at market-rate prices with no affordability covenants attached to the land. Multi-family or single-family developments that use density bonuses, public subsidies, or other mechanisms that restrict rents or sales prices would be restricted to specified below market rate (BMR) prices affordable to households in the various income categories described above. Local, state, or federal housing programs establish rules for which income categories must be served by each development.

The City has identified sixteen projects that are entitled or under review. Ten of these projects include units affordable with Very Low-, Low-, and Moderate-Income households. The remaining six projects consist solely of market-rate units affordable only to above-moderate income households. Units affordable to very low-, low-, and moderate-income households are deed restricted by the City to maintain costs below market rate.

Projects currently in the pipeline achieve an average density of approximately 67 dwelling units per acre in residential zones and nearly 100 dwelling units per acre in non-residential zones. Projects with below market rate units generally average approximately 100 dwelling units per acre. In addition, six of the projects currently in the pipeline exceed the respective zone's maximum allowable density. Table 3-2 identifies the approved or pending projects that are credited towards meeting the City's RHNA. All projects are expected to be built and occupied within the

6<sup>th</sup> Cycle planning period. The locations of these projects are symbolized with the corresponding Map ID numbers on Figure 3-1 and predominately occur along El Camino Real and in the downtown area.

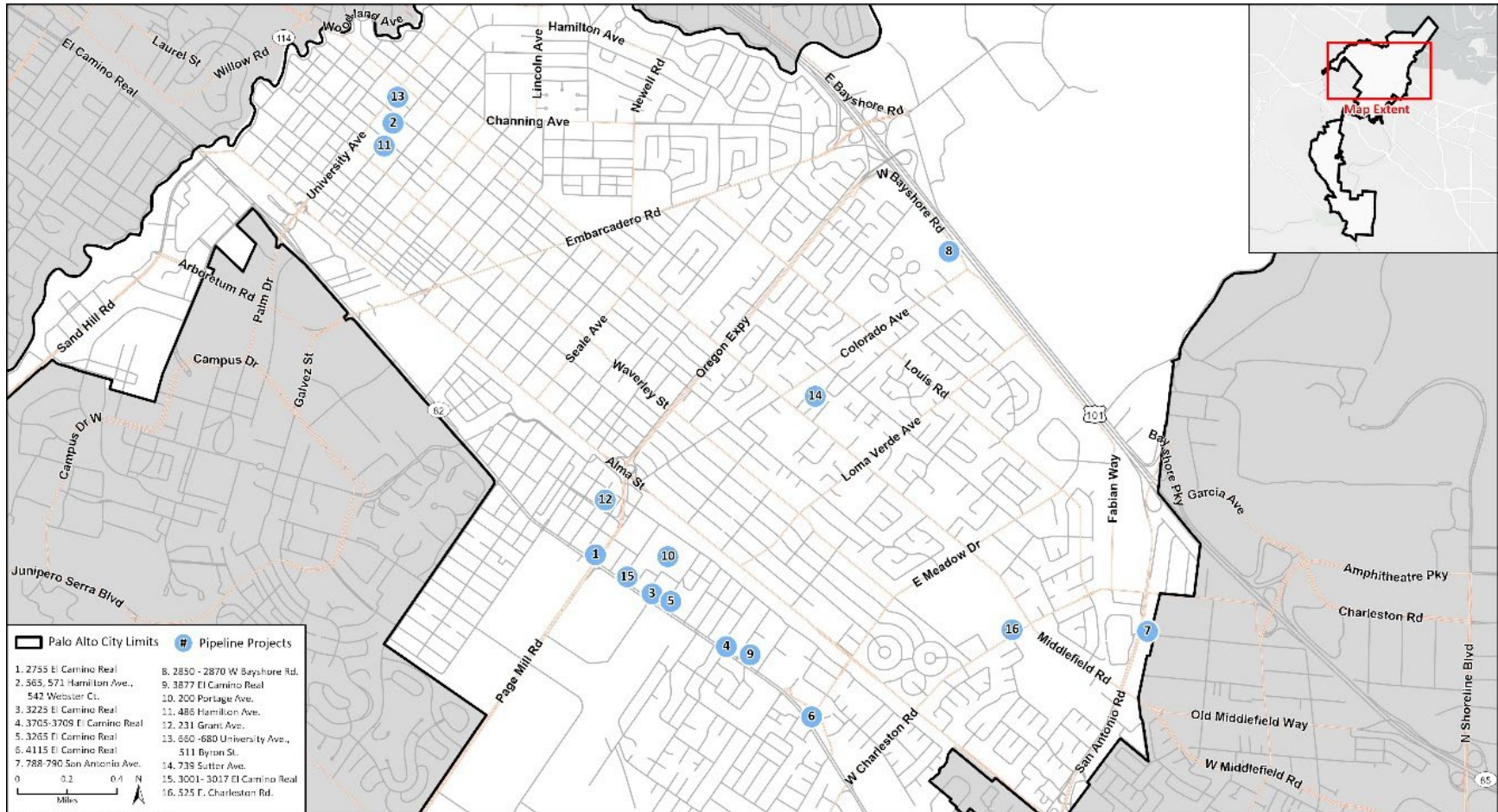
**TABLE 3-2 ENTITLED AND PROPOSED DEVELOPMENTS**

Map ID	Project Name	Zone District	Acreage	Max Zoning Density (du/ac)	Below Market Rate Units	Market Rate Units	Net New Units	Max Allowable Units	Percent of Max Density Achieved	Actual Project Density (du/ac)	Affordability Mechanism
1	2755 El Camino Real	PF	0.48		–	57	57	N/A	–	118	No restrictions
2	565, 571 Hamilton Ave., 542 Webster Ct.	RM-40	0.52	40	–	19	19	20	95%	36	No restrictions
3	3225 El Camino Real	CS	0.68	30	–	8	8	20	40%	11	No restrictions
4	3705-3709 El Camino Real	CN	0.63	15	58	1	59	9	>100%	93	City Deed Restriction
5	3265 El Camino Real	CS	0.17	30	–	3	3	5	65%	17	No restrictions
6	4115 El Camino Real	CN	0.35	15	1	6	7	7	100%	15	No restrictions
7	788-796 San Antonio Ave.	CS	0.52	30	16	86	102	15	>100%	196	16 BMR deed restricted ownership units
8	2850 - 2870 W Bayshore Rd.	ROLM	2.34	40	7	41	48	70	69%	20	7 BMR deed restricted ownership units
9	3877 El Camino Real	RM-30	0.75	30	2	15	17	22	77%	22	2 BMR deed restricted ownership units
10	200 Portage Ave.	RM-30	4.86	30	14	77	91	145	63%	18	No restrictions

Map ID	Project Name	Zone District	Acreage	Max Zoning Density (du/ac)	Below Market Rate Units	Market Rate Units	Net New Units	Max Allowable Units	Percent of Max Density Achieved	Actual Project Density (du/ac)	Affordability Mechanism
11	486 Hamilton Ave.	CC	0.12	–	–	4	4	4	100%	33	No restrictions
12	231 Grant Ave.	PF	1.35	–	67	43	110	N/A	–	81	City Deed Restriction
13	660 -680 University Ave., 511 Byron St.	RM-20	0.50	20	20	50	70	7	>100%	140	City Deed Restriction
14	739 Sutter Ave.	RM-20	0.38	20	–	4	4	7	57%	10	No restrictions
15	3001- 3017 El Camino Real	CS	0.32	30	129	–	129	12	>100%	403	City Deed Restriction
16	525 E. Charleston Rd.	PF	0.75	–	50	–	50	N/A	–	66	City Deed Restriction
<b>Total</b>						<b>4</b>	<b>778</b>				



Figure 3-1 Pipeline Projects



## ACCESSORY DWELLING UNITS

An accessory dwelling unit (ADU) is a secondary dwelling unit located on residentially zoned property that has an existing single-family or multi-family residence. Due to their typically small square footage, ADUs can provide affordable housing options for family members, friends, students, the elderly, in-home health care providers, the disabled, and others. In some cases, ADUs are used to provide supplemental income for property owners. ADUs anticipated to be built between 2023 and 2031 may also be credited towards the City’s RHNA.

Recent trends indicate that ADU permit applications have been increasing in recent years, but dipped in 2020, likely because of the COVID-19 pandemic. The City of Palo Alto permitted 62 new ADU units in 2019, 43 new ADU units in 2020, and 87 new ADU units in 2021. This increase in ADU permits is likely due to recent local and California legislation that makes it easier to build and permit ADUs on single-family and multi-family zoned property. Assuming that these trends will hold, an average of 64 ADUs would be permitted per year during the next planning period, resulting in the permitting of 512 ADUs between 2023 and 2031 (see Table 3-3). Trends indicate that most ADUs are constructed with permits. As of July 12<sup>th</sup>, 2022, there were 8 code enforcement cases for unpermitted ADUs since 2019.

<b>Reporting Year</b>	<b>Number of Permitted ADUs</b>
2019	62
2020	43
2021	87
Three-year average	64
<b>Assumed during 6<sup>th</sup> Cycle</b>	<b>512</b>

Based on ABAG’s technical memo regarding the use of ADUs towards RHNA, it is assumed that 30 percent of these units would be affordable for Very Low-income residents, 30 percent would be affordable to Low-income residents, 30 percent would be affordable for Moderate-income residents, and 10 percent would be affordable for Above Moderate-

income residents.<sup>1</sup> Table 3-4 shows projected ADUs allocated by income category.

Additionally, the City has more progressive requirements than the State for junior accessory dwelling units (JADU) by allowing certain floor area exemptions, more flexible standards for replacement parking and allowing JADUs to be constructed at the same time of new construction as opposed to a conversion of existing floor area. Junior accessory dwelling unit production is increasing in Palo Alto as a result of these changes. Where one or two applications were filed in previous years, in 2021 the City received 25 applications. These recent JADU numbers are not included in the projections shown in the table below.

TABLE 3-4 DISTRIBUTION OF PROJECTED ADUs BY INCOME CATEGORY		
Income Category	Percent	Projected ADUs
Very Low	30%	153
Low	30%	153
Moderate	30%	153
Above Moderate	10%	53
<b>Total</b>	<b>100%</b>	<b>512</b>

#### REMAINING SHARE OF RHNA

After accounting for units planned and approved as of June 30, 2022 and anticipated ADUs, there is a remaining need of 4,796 units. This total includes 1,270 Very Low-income units, 599 Low-income units, 773 Moderate-income units, and 2,154 Above Moderate-income units. The City must demonstrate the availability of sites with appropriate zoning and development standards that can facilitate and encourage the development of 4,796 units. Table 3-5 shows the remaining RHNA after accounting for units that are pending or approved as of June 30, 2022 and ADU permit assumptions between 2023 and 2031.

<sup>1</sup> Association of Bay Area Governments. Using ADUs to Satisfy RHNA.  
<https://abag.ca.gov/sites/default/files/documents/2022-03/ADUs-Projections-Memo-final.pdf>

**TABLE 3-5 REMAINING RHNA AFTER SUBTRACTING CREDITS**

	Very Low Income	Low Income	Moderate Income	Above Moderate	Total
<b>RHNA Allocation</b>	<b>1,556</b>	<b>896</b>	<b>1,013</b>	<b>2,621</b>	<b>6,086</b>
Planned and Approved Units	133	144	87	414	778
ADUs	153	153	153	53	512
<b>Total Credits</b>	<b>286</b>	<b>297</b>	<b>240</b>	<b>467</b>	<b>1,290</b>
<b>Remaining RHNA After Subtracting Credits</b>	<b>1,270</b>	<b>599</b>	<b>773</b>	<b>2,154</b>	<b>4,796</b>

### 3.4 SITE SELECTION METHODOLOGY

#### DENSITY AND SIZE REQUIREMENTS

California law requires that jurisdictions demonstrate in their housing element that the jurisdiction has adequate land to accommodate their share of the regional growth. California law has established the following “default” density standards in estimating potential units by income range in metropolitan jurisdictions (cities and counties that are located in a metropolitan statistical area with a population of more than 10 million):

- A density standard of 30 or more units per acre (primarily for higher density multi-family developments) would facilitate housing in the lower income category.

In addition to density standards, State law has established size requirements for parcels intended to support the development of Lower-Income units. Government Code § 65583.2 states that sites between 0.5 and 10 acres in size and zoned to allow at least 30 residential units per acre are suitable for inclusion as a Lower-Income opportunity site. Very small parcels, even when zoned for high densities, may not facilitate the scale of development required to access competitive funding resources. Conversely, lower-resourced affordable housing developers may be unable to finance the scale of project necessitated by very large parcels. Sites between 0.5 and 10 acres in size usually have existing utility connections on site, single ownership and tend to be more competitive to receive affordable housing funds. Smaller parcels by contrast may require lot consolidation, increasing development costs and may need

infrastructure improvements to support the development. Additionally, larger parcels may result in a concentration of affordable housing units in one location. All Lower-Income sites identified on the Site Inventory meet density and size thresholds in accordance with Government Code § 65583.2.

### 3.5 DEVELOPMENT TRENDS

Suitable non-vacant sites identified on the Site Inventory rely on the redevelopment of underutilized sites. Examples of recent existing, under construction, and approved/entitled recycling trends further justify the inclusion, capacity assumptions, and affordability of selected opportunity sites. Recycling in this context refers to the reuse/upgrade/redevelopment of underperforming, previously developed housing opportunity sites. These redevelopment activities have taken place since the certification of the 5<sup>th</sup> Cycle Housing Element and are representative of the conditions within each of the neighborhoods included in the Site Inventory. The conditions and characteristics of the underutilized commercial sites identified in the Site Inventory are similar to those that have been redeveloped in recent years.

Redevelopment activities are also likely to occur on sites zoned for mixed-use. Development trends in the city show that a vast majority of mixed-use zoned projects have a large residential component with a relatively small square footage devoted to commercial use. Based on these development trends, it is anticipated further residential development would continue to occur in areas zoned to allow mixed-use to accommodate residential uses with a small amount of non-residential uses.

Recycling sites is desirable to help achieve the State Legislature's goal of alleviating California's housing crisis. According to the California Department of Housing and Community Development (HCD), during the last ten years, housing production averaged fewer than 80,000 new homes each year statewide, and ongoing production continues to fall far below the projected need of 180,000 additional homes annually.

## CURRENT LOCAL TRENDS

Current local trends were used to establish reasonable assumptions and justification for affordability, density, and suitability of sites identified on the Site Inventory. The City used development trends such as location, previous use, Floor Area Ratio (FAR), Improvement to Land Value Ratio (ILR), and structure age to determine which sites in the city have a realistic potential of redeveloping for residential uses during the 6<sup>th</sup> Cycle.

As discussed in Section 3.3 above, the City is experiencing significant residential development, specifically in areas along El Camino Real, downtown, and in the ROLM zone. There are currently sixteen projects in the development pipeline. Of these active projects, nearly two thirds of the projects include deed restricted BMR units. These projects achieve an average density of approximately 67 dwelling units per acre in residential zones and nearly 100 dwelling units per acre in non-residential zones.

Current local trends show a pattern of redevelopment on non-vacant sites with existing commercial uses. These uses generally have FARs less than 0.5 with the exception of one project with a current FAR of 0.9. In addition, projects generally develop with Improvement to Land Value ratios (ILR) of less than 1.0 with the exception of two projects with ILR values over 4.0, indicating that the value of the improvements are valued at four times the value of the land. The average ILR of pipeline projects on non-vacant sites is 1.6. Trends also indicate the redevelopment of older uses, with all structures at least 45 years old. The City selected sites for inclusion on the Site Inventory that align with these site characteristics. Table 3-6 shows the previous conditions of the sites with pipeline projects.

TABLE 3-6 PREVIOUS CONDITIONS OF PIPELINE PROJECTS								
Project	APN	Acreage	Land Use	Zoning	Previous Use	FAR	ILR	Year Built
2755 EL CAMINO REAL	13236084	0.48	MISP	PF	Surface parking	0.00	0.00	N/A
565, 571 HAMILTON AVE and 542 WEBSTER	12003062	0.52	CC	CD-C (P) and RM-40	Multi-family residential	0.00	0.01	1904
3225 EL CAMINO REAL	13238042	0.68	CS	CS	Commercial and parking	0.23	0.27	1959
3705-3709 EL CAMINO REAL (Wilton Court)	13235050, 13241085	0.63	CN	CN	One-story commercial	0.25	0.00	1949
3265 EL CAMINO REAL	13238020	0.17	CS	CS	One-story commercial	0.00	0.00	1953
4115 EL CAMINO REAL	13246100	0.35	CN	CN	One-story commercial, surface parking	0.31	1.04	1965
788 - 796 SAN ANTONIO AVE	14703041	0.52	CS	CS	One-story commercial	0.25	0.82	1953
200 PORTAGE AVE	13238071	4.86	MF	RM-30	Multiple single-story commercial, surface parking	0.44	4.69	1900
2850 BAYSHORE RD	12701160	2.34	RO	ROLM	One-story commercial, surface parking	0.32	5.68	1977
486 HAMILTON AVE	12016008	0.12	CC	CD-C (P)	One-story commercial	0.49	1.00	1956
231 GRANT AVE.	13231074	1.35	MISP	PF	One-story commercial	0.50	N/A	N/A
660 -680 UNIVERSITY AV, 511 BYRON ST.	12003042, 12003043, 12003044	0.50	MF	RM-20	One-story commercial, surface parking	0.90	0.00	1950
739 SUTTER AVE	12735200	0.38	MF	RM-20	Multi-family residential	0.27	0.77	1954

Project	APN	Acreage	Land Use	Zoning	Previous Use	FAR	ILR	Year Built
3001- 3017 El Camino Real	13237056	0.32	CA	CS	One-story commercial	0.44	0.22	1930
525 E. CHARLESTON RD.	13206039	0.75	MISP	PF	One-story commercial, surface parking	0.50	N/A	N/A
3877 El Camino Real	13241091	0.75	MF, CS	RM-30, CS	One-story commercial	0.18	0.00	1956



## PAST LOCAL TRENDS

In recent years, Palo Alto has experienced the development of high-density multi-family and mixed-use projects. The City also has a demonstrated trend of developing residential projects in non-residential zone districts. These trends align with the opportunity sites included in the Site Inventory and the assumptions made on those sites. Most of these projects replaced underutilized commercial uses or represent publicly-owned surplus property.

Examples of high density, transit-oriented, and affordable residential development in Palo Alto include the following:

### **Wilton Court: 3703 El Camino Real**



Wilton Court is a four-story complex which will offer 59 affordable housing units on a 0.44-acre site, with a portion reserved for special needs adults along with in-house support services. Amenities include an improved public streetscape, and a podium courtyard containing a BBQ, dining and lounge seating spaces and community edible gardens. The development consists of an overall density of 134 units per acre. Construction of Wilton Court broke ground in 2021 and was completed in Fall 2022. The site was previously a commercial building and parking

lot. APN: 132-35-45, 132-41-85. The City of Palo Alto contributed \$20.5 million dollars toward the project.

### **3001 El Camino Real**



The development on 3001 El Camino Real, located in the Ventura neighborhood of Palo Alto, is a proposed five-story, 100 percent affordable complex with 129 units on a 1.17-acre site (110 units per acre). The non-profit developer, Charities Housing, will provide units for residents who make between 30 and 50 percent of area median income. Project plans show an S-shaped building with around 17,500 square feet of open space from courtyards in the front and the back of the development, as well as a community room with a kitchen, laundry rooms, and offices for on-site social service providers. This development would replace a single-story commercial structure and surface parking along the Peninsula's commercial artery, close to the California Avenue Caltrain station. APNs: 132-37-055, 132-37-056, 132-38-072.

### 801 Alma Street



The 801 Alma Family Apartments project is a 4-story, 50-unit, 100 percent affordable development located on a 0.7-acre site in downtown Palo Alto. Common spaces include a front porch gathering area, a lobby, a large community room, management offices, an outdoor landscaped courtyard with benches, a bike rack and indoor bike storage, a children's play yard, a computer learning center, and a laundry room with a deck overlooking the entry area. The development was completed in 2014 with an achieved density of 71.1 units per acre. APN: 120-28-114 01. The City of Palo Alto contributed \$7.8 million dollars toward the project.

### 231 Grant Avenue



The project at 231 Grant Avenue in Palo Alto would demolish the existing one story office building and construct a new four-story facility with 110 affordable units for teachers in San Mateo County and Santa Clara County. Construction on 231 Grant Avenue is scheduled to start in the Fall of 2022, with completion in 2024. Within the development there will be approximately 2,000 square feet of community space, including a lounge, activity room, and laundry, would be provided for resident-use. The development also includes management offices and about 1,200 square feet of commercial space. The development achieves an overall density of 78.6 units per acre. Parking will be included for 112 vehicles and 134 bicycles. APN: 132-31-074. The City of Palo Alto contributed \$3 million dollars toward the project.

### Mayfield Place



Completed in 2017, this mixed-use development is comprised of 70 affordable (up to 60 percent of AMI) apartments located on three floors over 7,000 square feet of ground-floor retail, including a streetside cafe and the new home for the Vista Center for the Blind and Visually Impaired. Amenities include a fitness center, multi-purpose room, barbecue area, courtyard and bike storage. Mayfield Place is conveniently located close to the California Avenue Business District and Caltrain station. The project was developed as a partnership between Stanford University and the City of Palo Alto. Located on a 1.8-acre parcel, the project has a density of 38.8 units per acre. APN: 142-20-100

**Alta Locale: 2755 El Camino Real**



Completed in 2022, this rental development includes 57 market rate dwelling units in a 4-story building. This project utilized the City's Workforce Overlay incentives to increase density and take advantage of flexible development standards in exchange for limiting income levels for 12 of the units to no more than 150 percent of AMI. The project is located close to the California Avenue Business District and Caltrain station. Amenities includes common open space, efficient parking in stackers, free transit passes, and secure bicycle parking. The project has a density of 118 units per acre. APN: 132-36-084.



### 525 E. Charleston



This under construction project was approved in 2022 according to AB2172, which allows for streamlined review and approval for projects that include supportive housing. The project includes 50 dwelling units that are affordable to low-income households. Half of the units are dedicated to residents with special needs. The project also includes ground-floor office uses for non-profit use in order to provide supportive services to the special needs population. The project is being developed on land owned by the County of Santa Clara and ground-leased to non-profit organizations/developers. The project has a density of 66 units per acre. APN: 132-06-039.

### REGIONAL TRENDS

Table 3-7 lists recent residential development in the surrounding cities of Los Altos, Menlo Park, and Mountain View. These cities closely resemble Palo Alto's housing market, and many recent projects have been developed along the same El Camino Real corridor that runs through Palo Alto. Development trends show a track record of high-density residential and mixed-use projects and redevelopment of uses similar to the opportunity sites found on Palo Alto's Site Inventory (see Table 3-8).

TABLE 3-7 REGIONAL DEVELOPMENT TRENDS							
Locality	Project	Previous Uses	Zoning	Site Acreage	Total Units	Achieved Density	Percent Affordable
Los Altos	4846-4856 El Camino Real	Commercial	CT	0.73	50	68.5	20%
Los Altos	5150 El Camino Real	Office	CT	3.8	196	51.6	15%
Los Altos	349 First Street	Commercial	CD/R3	0.16	12	75.0	17%
Los Altos	330 Distel Circle	Office	CT	0.87	90	103.4	100%
Los Altos	355 First Street	Commercial	CD/R3	0.64	50	78.1	15%
Los Altos	4350 El Camino Real	Gas Station	CT	0.66	47	71.2	15%
Los Altos	376 First Street	Commercial	CD/R3	0.2	15	75.0	20%
Menlo Park	165 Jefferson Drive	Office	R-MU-B	1.38	158	114.5	26%
Menlo Park	104-110 Constitution Drive	Office	R-MU-B	2.4	335	139.6	19%
Menlo Park	300-550 El Camino Real	Commercial	ECR-SE	8.4	215	25.6	0.5%
Mountain View	135 Franklin Street	Parking Lot	Downtown	1.03	51	49.5	98%
Mountain View	334 San Antonio Road	Gas Station	Mixed-Use Corridor	0.66	42	63.6	N/A
Mountain View	1701 W El Camino Real	Retail	Medium Intensity	0.49	54	110.2	N/A
Mountain View	950 W El Camino Real	Food service	Medium Intensity	0.61	68	111.5	N/A
Mountain View	2268-2280 W El Camino Real	Low density residential	Medium Intensity	2.61	204	78.2	N/A
Mountain View	2700 W El Camino Real	Motel	Medium Intensity	2.28	172	75.4	N/A

### 3.6 SUITABILITY OF RESIDENTIAL OPPORTUNITY SITES

#### SITE SELECTION CRITERIA

To identify potential sites for additional development, geospatial data was used to identify vacant and non-vacant underutilized properties within the City. Non-vacant parcels were chosen as sites likely to be redeveloped during the planning period based on the following factors:



#### IMPROVEMENT-TO-LAND VALUE RATIO:

A parcel's ILR can be used to identify potentially underutilized properties. A lower ILR indicates that the real estate market values the land itself more highly than what is currently built on that land. These underutilized parcels represent opportunities for property owners and developers to invest in further improvements that increase the overall value of the property. Due to the high cost of land in Palo Alto, residential redevelopment routinely occurs on sites with high ILR values. For purposes of this analysis, parcels were identified as potential opportunity sites if they have an ILR of less than 1.5. ILR value for each opportunity site is included on the Site Inventory found in Appendix D. The City used the 1.5 ILR metric based on review of its entitled projects. The average ILR of pipeline projects on non-vacant sites is 1.6. Two pipeline projects located at 2850 N. Bayshore Road (5.68) and 660 University Avenue (3.33) have ILR values much higher than 1.5, indicating that development is also likely to occur on sites with ILR values much higher than what is assumed on the Site Inventory.

#### EXISTING USE VS. ZONED USE

A comparison of a site's current use to the use for which it is zoned can also help identify underutilized properties. For example, a parcel currently occupied by a parking lot or single-family home which is zoned for high-density housing or high intensity mixed-use development represents an opportunity for the property owner to convert the property to a higher value use. As shown in Section 3.5, trends indicate a high likelihood of redevelopment on commercial uses, specifically in areas with access to transit. The City identified sites with uses that align with local and regional development trends in areas that are likely to experience development due to high accessibility such as areas near Caltrain stations and major transit corridors, specifically along El Camino Real and downtown.

#### AGE OF STRUCTURE

The age of a structure is useful in demonstrating that a site has a higher likelihood of redevelopment. New construction on the site indicates that a property owner is unlikely to invest in additional improvements or

redevelop the site in the upcoming housing cycle. Approximately 96 percent of structures on opportunity sites are at least 30 years old, with the average structure age on non-vacant sites being nearly 70 years old. As shown on Table 3-6, the City has a trend of redevelopment on parcels with existing structures as young as 40 years. Structure age of non-vacant sites is included on the Site Inventory found in Appendix D.

#### FLOOR AREA RATIO (FAR)

FAR values lower than what is permitted by the Zoning Ordinance indicate underutilization, especially in Downtown or along high-density corridors. Conversely, developed sites with higher FAR are less likely to redevelop as the land and demolition costs would be high. The majority of sites listed in Figure 3-1 and the recent redevelopment projects profiled in the Local Trends section above, replaced one-story commercial uses, with FAR values of less than 1.0 and typically less than what is permitted by the respective zoning districts. FAR values are included on the Site Inventory found in Appendix D and average 0.6 FAR on non-vacant sites. As shown on Table 3-6, redevelopment is occurring on parcels with existing FAR values as high as 0.9.

#### PROXIMITY TO TRANSIT

Sites near transit allow residents to have greater mobility without the use of a personal vehicle. Sites were identified along transit corridors that are close to public transportation near Caltrain stations, and along major transit corridors such as El Camino Real.

#### HIGH RESOURCE AREAS:

All sites included in the Site Inventory are located in High Resources areas as determined by the California Tax Credit Allocation Committee (TCAC). The designation of High Resource area indicates that sites in these areas have high access to good schools, employment opportunities, and a healthy environment.

#### PROPERTY OWNER AND COMMUNITY INPUT:

Site selection heavily relied on input gathered from the City Council-appointed Housing Element Working Group, which included 15

community members, including an affordable housing provider, Stanford University representatives, neighborhood leaders, community volunteers, affordable housing residents, seniors, persons experiencing homelessness, and city residents. Sites were researched, added to and removed from the Site Inventory based on input gathered from this group. The City also received correspondence from housing organizations and advocates that have resulted in several previously identified sites being removed. Finally, the City contacted all property owners of sites proposed to be included in the inventory and removed sites if requested to do so by the property owner.

#### CoSTAR BUILDING RATING SYSTEM

The CoStar Building Rating System is a national rating for commercial buildings on a 5-star scale. Buildings are rated through an examination of factors such as architectural design, building structure and systems, amenities, landscaping, and certification programs for buildings such as Leadership in Energy and Environmental Design (LEED), Energy Star, and Green Globes. A 5-star rating indicates that the building has high quality design specifications, while 1-star rating indicates that the structure may either require significant renovation or is functionally obsolete. All identified sites with CoStar ratings have a score of 3-stars or less. Additionally, 80 percent of sites with CoStar ratings have a low score of 2 stars or less. CoStar ratings are included on the Site Inventory found in Appendix D.

Additional criteria were used to exclude certain parcels:

- **Historical Resource status:** parcels with historic significance were excluded from consideration.
- **Proximity to environmental hazards:** Sites located in known environmental hazard areas, including parcels within 600 feet of Tier 2 hazardous sites, were excluded from consideration.
- **Small sites/yield:** Sites less than 5,000 sq. ft. And sites yielding only one or two units based on realistic capacity were excluded from consideration.

All parcels identified on the Site Inventory meet the standards of the site selection criteria. Additionally, all sites identified for Lower-Income units meet State size and density requirements.

## EXISTING USES

The housing element must analyze the extent to which existing uses may impede additional residential development. Due to a lack of vacant available parcels, the City relies on non-vacant sites to accommodate nearly all of its RHNA. The sites selected for inclusion in the inventory were chosen because they represent the highest potential for becoming available for residential development and add significant quantities of units to the city's housing stock.

Sites were identified with uses that could be converted to a higher value use, such as older commercial and retail uses, excess surface parking, and single-story office and professional buildings that could support high-density residential or mixed-use projects. Palo Alto has had a jobs/housing imbalance for many years, with more workers coming in each day than dwelling units available to house them. Two trends have converged to slow and potentially reverse this trend. First, the City instituted a cap on office development in its 2017 Comprehensive Plan, as described in the Housing Constraints chapter. Second, the Covid-19 pandemic reduced the number of office workers coming into Palo Alto each day and reduced the demand for office space. Based on a May 2022 City Council report<sup>2</sup> and Colliers' office data<sup>3</sup>, this trend has resulted in lower sales tax revenues, an increase in retail vacancy and increased office vacancy rates. These trends are further described in the GM and ROLM Zone section below. These commercial demand trends and development project trends support the emphasis of the Site Inventory on underutilized commercial sites.

As shown on Table 3-8 many units are located on sites currently used as office space (46 percent), followed by parking (18 percent) and commercial retail (13 percent). As discussed in Section 3.5, Palo Alto and

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<sup>2</sup> City Council Report 5/16/22 Sales Tax Revenue and Retail Recovery Report

<sup>3</sup> Colliers Office Snapshot Q2 2022

surrounding jurisdictions have a demonstrated trend of conversion of these lower intensity uses (e.g. one-story commercial uses) to high density residential and mixed-use projects. Sites currently being used for residential purposes make up a very small proportion of the Site Inventory (2 percent). Without information on current occupants, no Lower-Income units were assumed on parcels currently used for residential. However, the Housing Plan includes a replacement housing requirement to ensure lower income units are replaced if demolished to make room for new development.

**TABLE 3-8 EXISTING USES ON OPPORTUNITY SITES**

Existing Use	Number of Sites	Total Acres	Number of Units	Percent of Inventory
Auto service	20	10.19	345	6%
Auto rental	3	1.89	59	1%
Commercial/Retail	46	34.29	716	13%
Excess parking and vacant land surrounding faith-based/institutions	8	5.96	154	3%
Institutional	4	1.2	47	< 1%
Lodging	6	4.28	134	2%
Low Density Residential	32	5.68	125	2%
Office Space	110	51.97	2,540	46%
Parking	33	18.11	1,029	18%
Food service	21	7.09	323	7%
Auto storage	3	1.31	44	< 1%
Vacant	4	2.31	60	1%
<b>Total</b>	<b>290</b>	<b>144.28</b>	<b>5,576</b>	<b>100%</b>

### AFFIRMATIVELY FURTHERING FAIR HOUSING (AFFH)

AB 686 (Santiago) created a new requirement for local jurisdictions to evaluate their Housing Element Site Inventories through the lens of AFFH. This law requires that the jurisdiction identify properties throughout the community consistent with the duty to affirmatively further fair housing. The housing sites detailed in this chapter will affirmatively further fair housing by providing opportunities for housing development for Lower-Income households in areas with high opportunity and good access to jobs, transportation, high quality schools and a healthy environment. Palo Alto’s Site Inventory and housing programs are intended to integrate households with a mix of incomes in locations throughout the community.

As discussed in Appendix C, the Site Inventory does not exacerbate or create concentrated areas of poverty, affluence, or racial isolation or segregation. The Site Inventory also helps to support the housing crisis from a regional perspective by creating opportunities for housing development for households at all income levels in a community that has high access to jobs, services, a healthy environment, and other amenities

that support a high quality of life and positive life outcomes for residents. A full analysis of fair housing is located in Appendix C.

#### MIXED-USE SITES

To accommodate Palo Alto's remaining RHNA (RHNA after subtracting Credits), the City identified 82 percent of the remaining Lower-Income need on sites that either currently allow mixed-use or will be rezoned to allow mixed-use. The City will implement Program 6.3 which will facilitate mixed-use development through changes to development standards that incentivize greater housing production and temper the market demand for commercial development.

The City has recast its Planned Community (PC) District as the Planned Home Zoning (PHZ). While the PC District was intended to accommodate a variety of uses requiring flexibility not otherwise attainable under other districts, the City has invited PHZ applications that focus primarily on housing. In general, the PHZ applicants may request changes from the base zoning regulations in exchange for providing on-site deed restricted affordable housing (20 percent) and for generating more housing units than needed to off-set the demand for housing generated by any net new jobs created by the development. Projects submitted under this program tend to request higher residential density, in the 85-115 dwelling units per acre range, and a much higher FAR than allowed by the base zoning standards. Most applications have proposed heights that slightly exceeded (55-67 feet) the City's maximum allowed height of 50 feet. City staff is using the submitted PHZ data to help craft revised development standards to increase feasibility of future projects. The PHZ District has promoted interest in the development of affordable housing, including housing on mixed-use sites.

Similarly, the Housing Incentive Program (HIP) was designed as an alternative to the State Density Bonus to incentivize housing with higher FAR than allowed by the base zoning district, while still allowing for opportunities for public engagement opportunities on the project. Program 3.4 would substantially expand the Housing Incentive Program to multi-family zoned properties and other districts and as well as include

additional development incentives to encourage broader participation in the program.

In 2022, the City engaged an architect and economist to evaluate the physical and financial feasibility of existing development standards and potential changes to development standards. This analysis explores potential changes to density, height, parking, lot coverage, setbacks, open space, and other development standards to facilitate multi-family housing that is also financially feasible, given current market conditions. These findings will inform detailed changes anticipated by Program 3.4: Housing Incentive Program for both Mixed-Use sites as well as Multi-Family Housing sites.

#### SITES USED IN PREVIOUS PLANNING PERIODS

Vacant parcels that were consecutively used for Lower-Income units in both the 4<sup>th</sup> and 5<sup>th</sup> Cycles, or non-vacant parcels that were used for Lower-Income units in the 5<sup>th</sup> Cycle, are subject to by-right processing (i.e., are approved administratively without requiring Planning and Transportation Commission recommendation or City Council approval) for projects that have at least 20 percent of the units set aside to be affordable for Lower-Income households. Thirteen of the non-vacant opportunity sites identified on the Site Inventory with capacity for Lower-Income units were used in the City's 5<sup>th</sup> Cycle Housing Element. Program 1.3 is included to allow by-right approval to previous cycle sites identified for lower-income development consistent with Government Code § 65583.

### 3.7 SITE INVENTORY STRATEGIES

#### VACANT AND NON-VACANT SITES WHICH ALLOW MULTI-FAMILY DEVELOPMENT

Palo Alto's Site Inventory identified 41 opportunity sites that meet the requirements for inclusion on the Site Inventory. Sites are included in the following zone districts:

- RM-40
- Residential Transition 35 (RT-35)



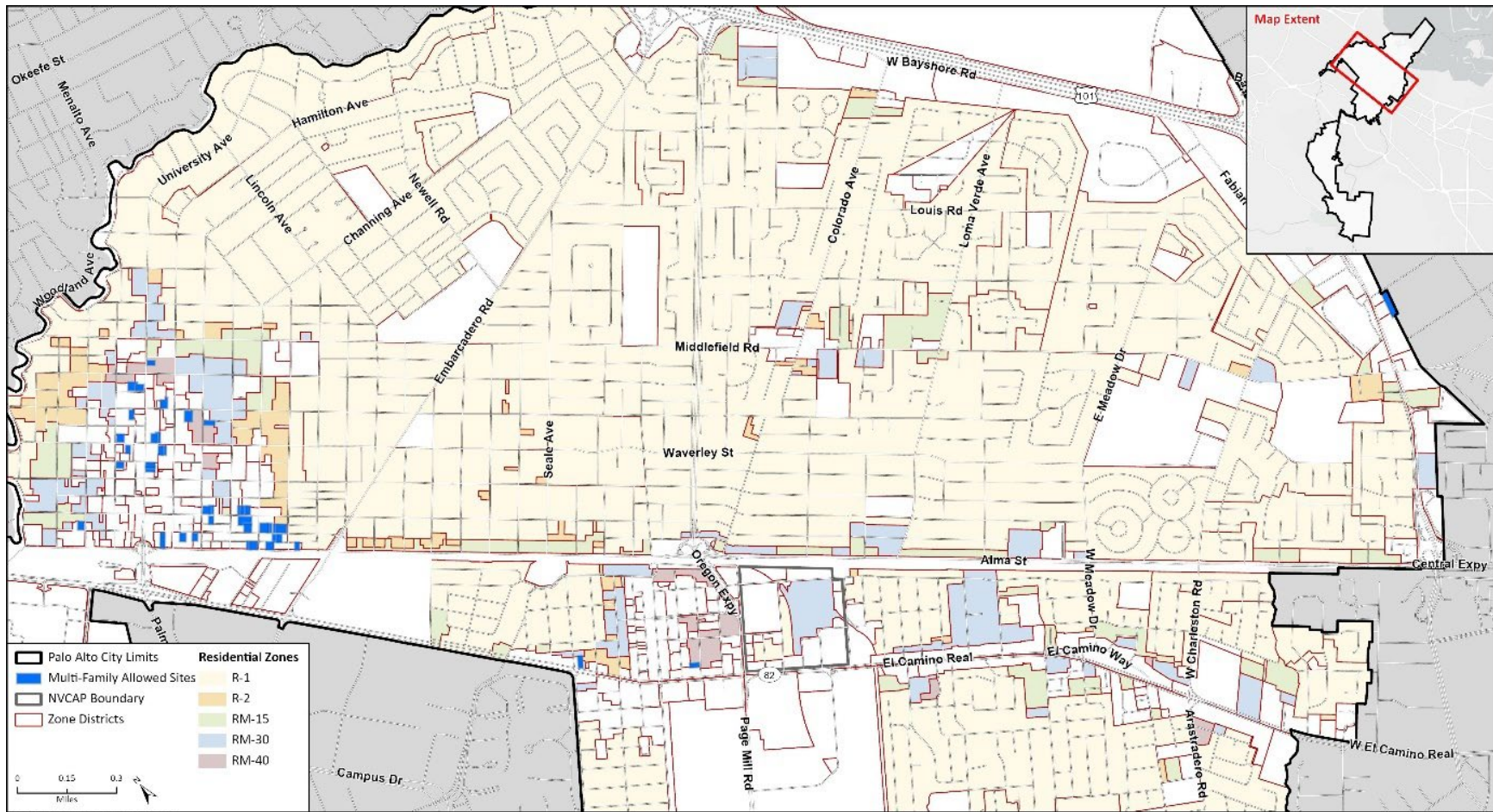
- Residential Transition 50 (RT-50)
- Commercial Service (CS)
- Commercial Neighborhood (CN)
- Downtown Commercial (CD-C)
- Downtown Commercial (CD-N)

These zones allow for 30-50 dwelling units per acre and would on average develop at 24-40 dwelling units per acre depending on the zone. See Chapter 4, *Housing Constraints*, for a detailed analysis of the development standards of these zone districts. All of these zone districts, other than RM-40, allow for a mix of uses. Table 3-9 shows the acreage and unit totals for each zone. A total of 285 residential units can be accommodated on the 41 sites under existing land use policies and approved plans. Of these sites, only one site meets the minimum size threshold of 0.5 acre required for facilitating the development of Lower-Income units. All 41 parcels are non-vacant. Figure 3-2 shows the geographic locations of these opportunity sites. The majority of the sites are located throughout Palo Alto’s Downtown and South of Forest Area in zone districts that allow for a mix of residential and commercial uses near transit and services.

**TABLE 3-9 OPPORTUNITY SITES THAT ALLOW MULTI-FAMILY DEVELOPMENT**

Zone District	Maximum Allowed Density (du/ac)	Realistic Allowed Density (du/ac)	Number of Sites	Acreage	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units
RM-40	40	32	3	0.57	0	0	16
RT-35	50	40	15	2.96	0	54	55
RT-50	50	40	4	0.86	0	21	11
CS	40	32	1	0.85	19	0	8
CN	30	24	1	0.20	0	0	4
CD-C	40	32	16	3.13	0	20	73
CD-N	30	24	1	0.19	0	0	4
<b>Total</b>	–	–	<b>41</b>	<b>8.76</b>	<b>19</b>	<b>95</b>	<b>171</b>

Figure 3-2 Multi-Family Allowed Opportunity Sites



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Additional data provided by the City of Palo Alto, 2022.

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### REZONING TO ACCOMMODATE RHNA SHORTFALL

After identifying sites that allow for multi-family use, the City has a remaining total shortfall of 4,511 units. To account for this remaining need, the City will rezone land to accommodate the remaining RHNA for Lower-, Moderate-, and Above Moderate-Income units.

The City utilized nine rezone strategies to identify additional opportunity sites. These strategies identify sites that are suitable for increased density located in geographic areas throughout the city. The nine strategies are as follows:

- General up-zone of sites that allow for multi-family residential use;
- Sites located within ½ mile of a CalTrain station;
- Sites within ½ mile of high-frequency bus transit corridors;
- Parking lots owned by the City;
- Vacant parcels and surface parking surrounding local faith-based institutions;
- Sites within the General Manufacturing (GM) zone;
- Sites within Research, Office, and Limited Manufacturing (ROLM) zone;
- Sites owned by Stanford University; and,
- Additional sites identified by City staff.

Future zoning will realistically permit higher-density residential development of 24-65 dwelling units per acre (depending on the zoning) and will meet the requirements for rezoned sites as described in Government Code Section 65583.2(h). Residential projects with 20 percent or more affordable units are allowed by right on Lower-Income sites that will be rezoned after the statutory deadline (January 31, 2023) of the housing element.

Overall, it is estimated that rezoned sites have a realistic capacity of at least 5,379 units distributed among all income categories. The rezoned sites have an estimated combined capacity of 2,379 units toward the Lower-Income RHNA categories. Program 1.1 will amend zoning and

comprehensive plan designations to allow for residential use on identified rezone sites consistent with the assumptions made in the Site Inventory.

## REZONE STRATEGIES

### UP-ZONING

The City will allow more residential development by increasing the maximum allowable density on sites where multi-family development is currently allowed. Medium to high density residential zones, or commercial zones that currently allow a maximum density of 20 dwelling units per acre will be up-zoned to allow a maximum of 30 dwelling units per acre. Similarly, areas zoned for a density of 30 dwelling units per acre would be up-zoned to allow up to 40 dwelling units per acre. Those identified parcels within  $\frac{1}{4}$  mile within Caltrain stations will receive an upzone to 50 dwelling units per acre.

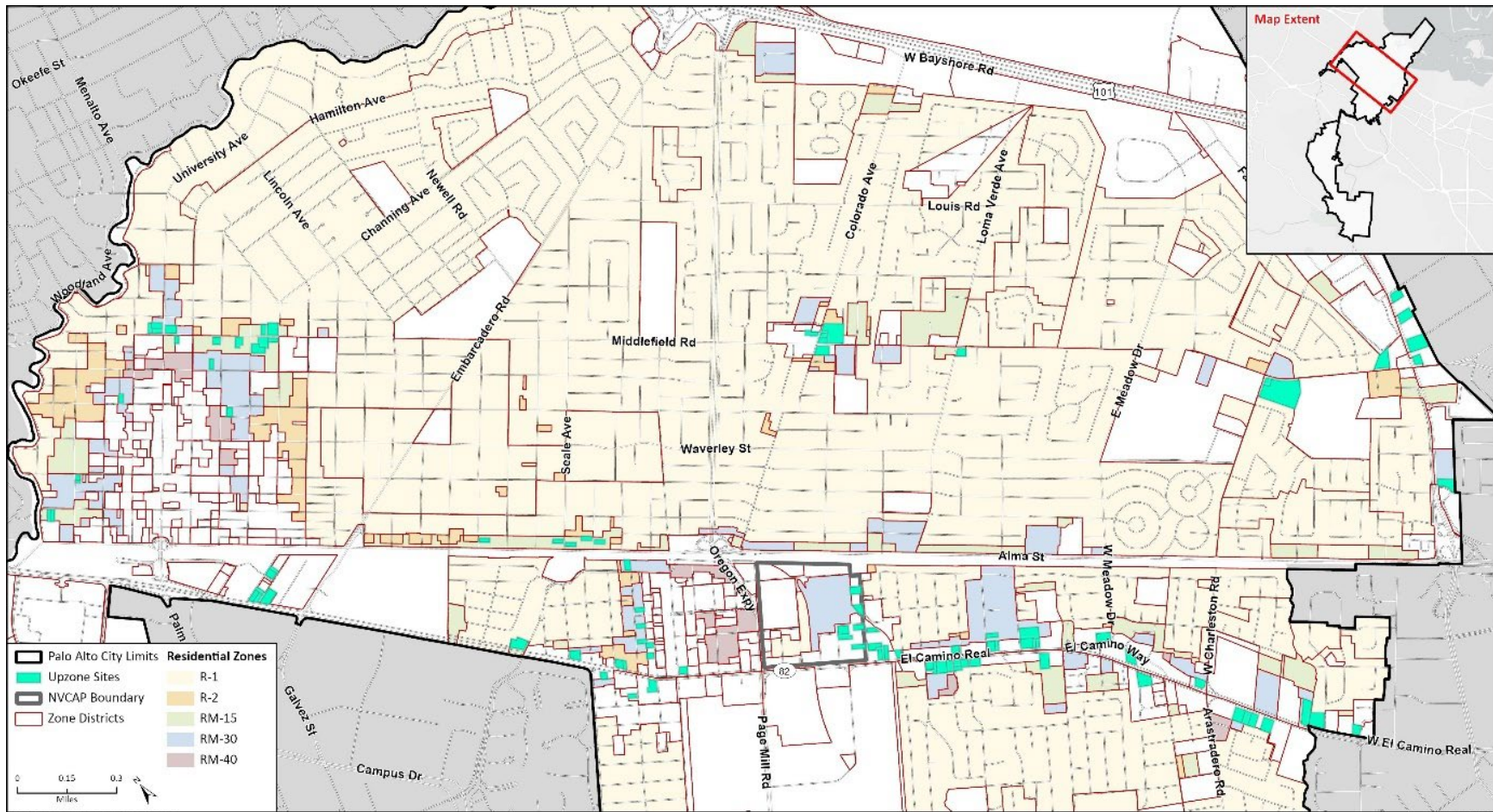
This strategy will increase the capacity of the city's RM-20, RM-30, CN, CC, and CS zones on 99 sites. Table 3-10 shows the unit capacity of each zone by income category. These sites are generally spread throughout the city but are predominately located within the CS zone along El Camino Real with additional sites in the Downtown and NVCAP areas, and along Colorado Avenue and San Antonio Road (see Figure 3-3). Due to desire for continued commercial activity in these areas, it is assumed that these sites will develop with a mix of residential and ground-floor non-residential uses in the CN, CC, and CS zones. 1,017 units were identified as part of this strategy. This strategy acknowledges and supports the higher density trends illustrated in Table 3-2 and Table 3-7 by increasing allowed densities to accommodate the types of projects that the market is building.

**TABLE 3-10 OPPORTUNITY SITES IDENTIFIED FOR UP-ZONING**

<b>Zone District</b>	<b>Maximum Allowed Density (du/ac)</b>	<b>Realistic Allowed Density (du/ac)</b>	<b>Number of Sites</b>	<b>Acreage</b>	<b>Lower-Income Units</b>	<b>Moderate-Income Units</b>	<b>Above Moderate-Income Units</b>
RM-20	30	24	19	7.96	60	55	33
RM-30	40	32	16	5.01	41	51	56
CN	30	24	25	13.26	105	90	77
CC	40	32	3	0.54	0	0	16
CS	40	32	36	14.28	145	61	227
<b>Total</b>	–	–	<b>99</b>	<b>41.05</b>	<b>351</b>	<b>257</b>	<b>409</b>



Figure 3-3 Opportunity Sites Identified for Up-zone



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### **Within ½ Mile of a Caltrain station**

This strategy focuses on facilitating transit-oriented residential development within a ½ mile buffer of the three Caltrain stations that serve Palo Alto, which includes the Downtown, California Avenue, and San Antonio Stations. 27 sites located within ¼ mile of one of these stations were identified to be re-zoned to allow multi-family development at densities up to 50 dwelling units per acre, while 21 sites within ¼ - ½ mile of one of these stations were identified to be re-zoned to allow up to 40 dwelling units per acre.

Table 3-11 provides a breakdown of units by zone for sites within ¼ mile and between ¼ and ½ mile of a Caltrain station. Projected units are generally distributed evenly across income categories. Units predominately occur in zones that already allow for multi-family residential. Sites in zones that do not allow for multi-family residential will be rezoned to allow for a mix of uses consistent with the transit-oriented development assumed on these opportunity sites. A capacity for 486 units was identified as part of this strategy.

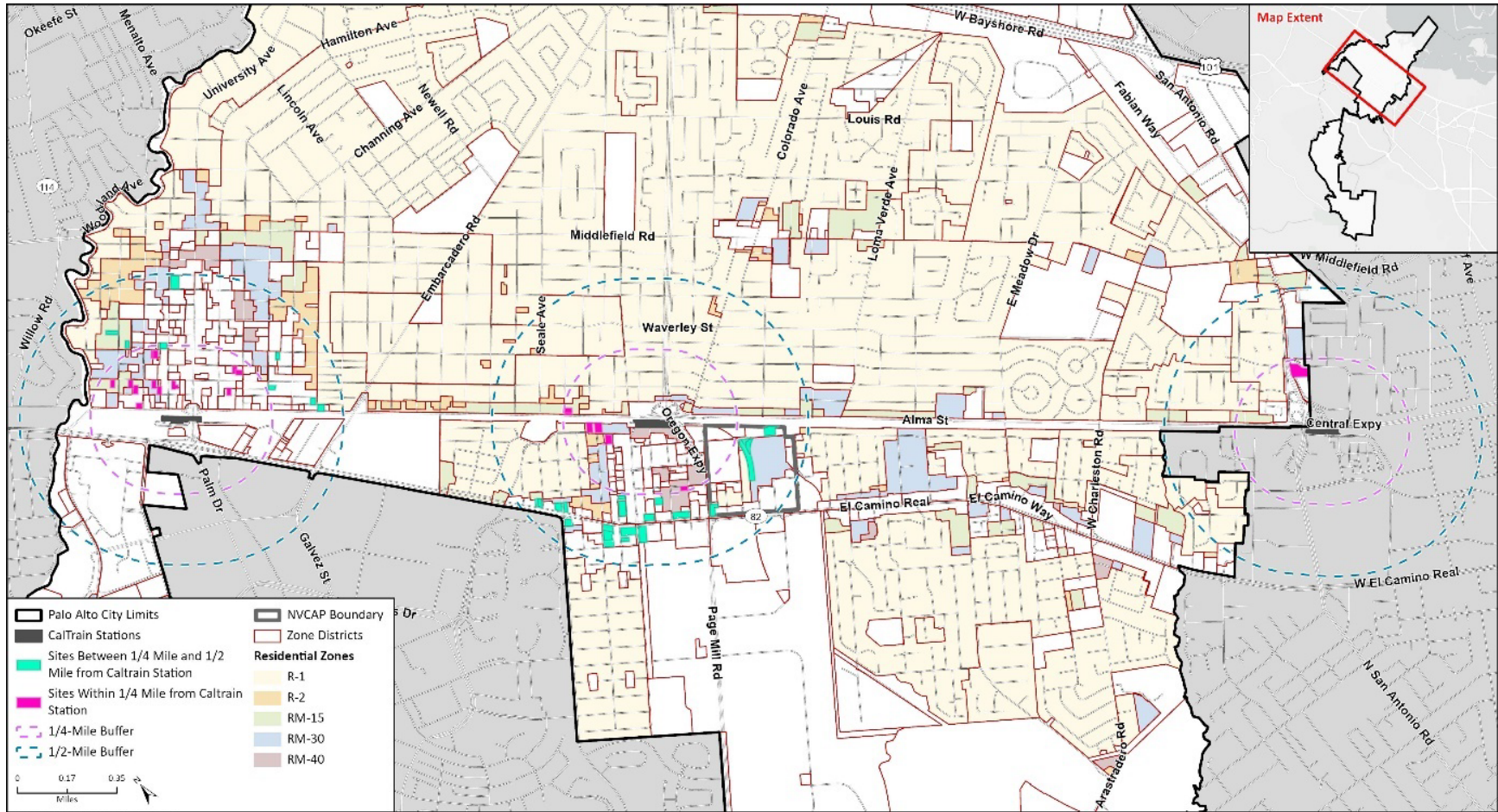
Opportunity sites related to this strategy are primarily located surrounding the Downtown and California Avenue Stations (Figure 3-4). These areas are currently used primarily for commercial purposes. Due to the desire for continued commercial activity in these areas, it is assumed that these sites will develop with a mix of residential and ground-floor non-residential uses. This strategy recognizes the above-average rate of non-vehicular modes of travel in Palo Alto, identified in the Housing Needs and AFFH chapters, and supported by Comprehensive Plan policies. This builds on this trend to enable multi-family housing near transit, pedestrian and bicycle facilities, and retail and services, which can lower households' transportation costs and improve quality of life.

**TABLE 3-11 OPPORTUNITY SITES WITHIN PROXIMITY TO CALTRAIN STATION**

Zone District	Maximum Allowed Density (du/ac)	Realistic Allowed Density (du/ac)	Number of Sites	Acreage	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units
Within ¼ mile of Station							
RM-20	50	40	4	0.48	0	0	13
RM-30	50	40	6	1.12	0	24	15
RM-40	50	40	1	0.11	0	0	4
CC	50	40	1	0.29	0	0	11
CD-C	50	40	4	0.51	0	0	18
CD-N	50	40	2	0.32	0	0	12
GM	50	40	2	0.76	16	0	13
ROLM	50	40	1	1.25	35	0	15
<b>Total</b>	–	-	<b>21</b>	<b>4.84</b>	<b>51</b>	<b>24</b>	<b>101</b>
Between ¼ Mile and ½ Mile from Station							
RM-20	40	32	2	0.38	0	0	9
RM-30	40	32	2	1.66	31	8	13
CC	40	32	3	0.79	0	20	4
CD-C	40	32	2	0.9	15	7	6
CN	40	32	11	3.89	32	58	31
CS	40	32	2	1.14	17	12	7
AMF	40	32	1	0.13	0	0	4
PF	40	32	1	0.65	14	0	6
RT-35	40	32	3	0.56	0	7	9
<b>Total</b>	–	–	<b>27</b>	<b>10.1</b>	<b>109</b>	<b>112</b>	<b>89</b>
<b>Grand Total</b>				<b>14.94</b>	<b>160</b>	<b>136</b>	<b>190</b>



Figure 3-4 Opportunity Sites within Proximity to Caltrain Stations



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### WITHIN ½ MILE OF FREQUENT BUS ROUTES

Caltrain rezone strategy above, 27 sites were identified for rezone that are within ½ mile of major transit corridors. Under this strategy, residential densities would be increased in areas located within walking distance of frequent bus and shuttle service stops. To further refine this strategy, the capacity analysis focuses on areas located within a half mile of VTA route 22, 522-El Camino Real and VTA route 21 – San Antonio Avenue, Middlefield Road, and University Avenue. Sites identified through this strategy will be rezoned to allow 40 dwelling units per acre. All identified sites are located in zones that already allow for multi-family residential development. The majority of units on these sites were allocated to the Above Moderate-Income category. Table 3-12 provides a breakdown of units by zone. Figure 3-5 shows the geographic location of these opportunity sites. The sites are predominately located along El Camino Real. There were 179 units were identified as part of this strategy. Similar to the strategy within ½ mile of Caltrain, this strategy supports multi-family housing, at higher densities, near transit, pedestrian and bicycle facilities, and services.

**TABLE 3-12 OPPORTUNITY SITES ALONG TRANSIT CORRIDORS**

Zone District	Maximum Allowed Density (du/ac)	Realistic Allowed Density (du/ac)	Number of Sites	Acreage	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units
RM-20	40	32	8	1.6	8	0	25
RM-30	40	32	1	0.65	14	0	6
CS	40	32	3	1.6	23	0	28
CN	40	32	15	2.58	0	7	68
<b>Total</b>	–	–	<b>27</b>	<b>6.43</b>	<b>45</b>	<b>7</b>	<b>127</b>

Figure 3-5 Opportunity Sites Within Proximity to Transit Corridors

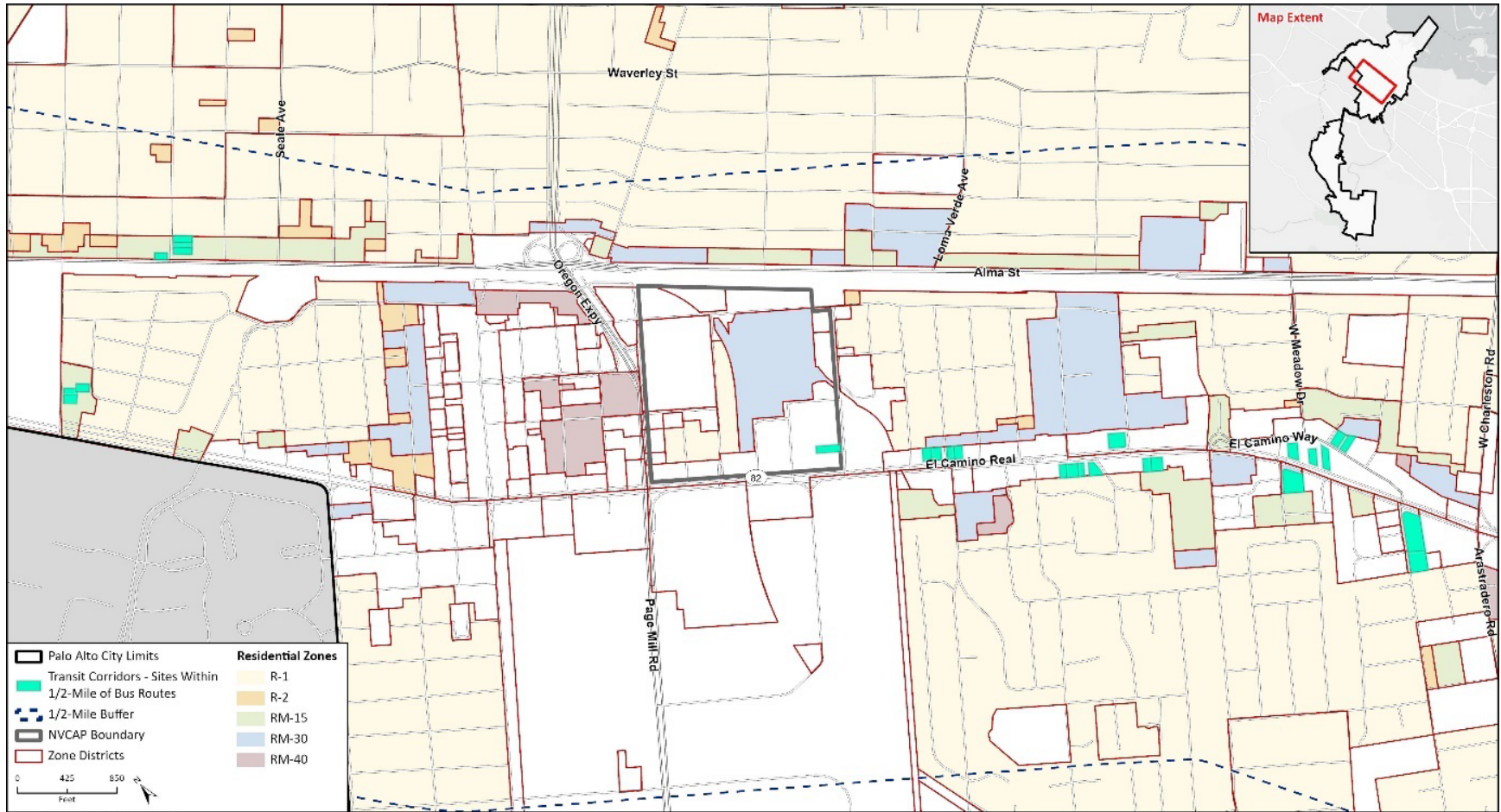


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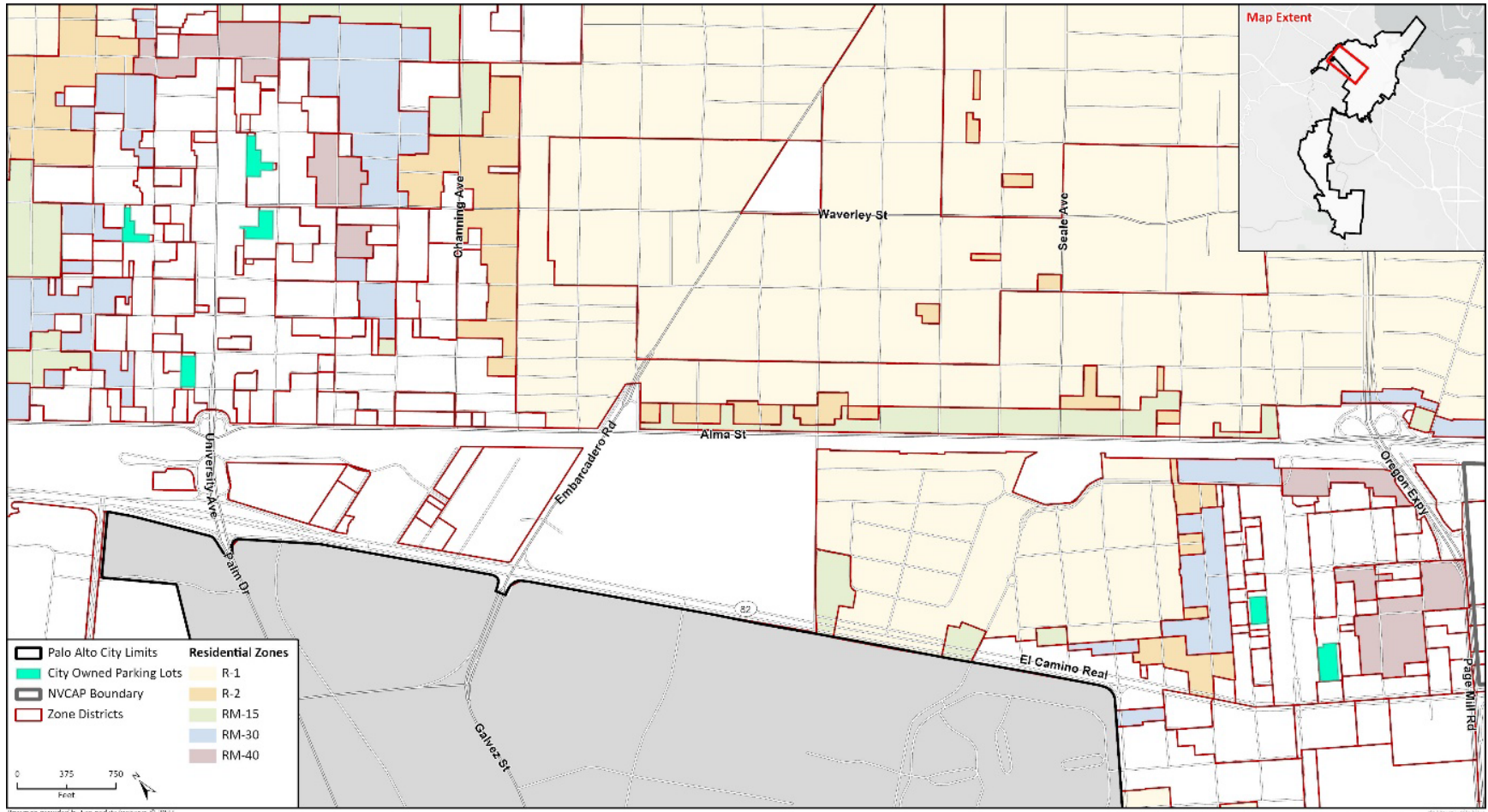


## CITY-OWNED PARKING LOTS

The City owns several surface parking lots that can be redeveloped to replace and add parking while creating new housing opportunities. The City anticipates that these sites will be developed with affordable housing and Palo Alto's City Council has approved the use of these sites for affordable housing. However, for purpose of this conservative analysis, 70 percent of the realistic units were allocated to the Lower-Income category and the remaining 30 percent were allocated to the Above Moderate-Income category. Assumptions made on the Site Inventory does not preclude these sites from developing entirely with affordable housing, as the City Council directed at its November 28, 2022 meeting. Program 1.4 commits the City to review City-owned parcels and identify sites based on availability, size, access to services and related metrics that would be appropriate for affordable housing. Additionally, the City will prepare requests for proposals to solicit interest in a public/private partnership for redevelopment of City-owned sites during the planning period. The City has already prepared a request for proposals to solicit interest in a public/private partnership for redevelopment of two sites in the City's University Avenue Downtown area. As detailed in the Residential Housing Fund section below, the City has had success in partnering with affordable housing developers in recent years to partner on and facilitate affordable housing projects.

These sites would realistically yield a total of 212 units on 4.26 acres of public parking, assuming that these sites would be built out at 50 dwelling units per acre. Four of these sites are located in the University Avenue Downtown area and two additional sites are located near Page Mill Road, within the California Avenue Business District. All of the sites are zoned for Public Facility use. Figure 3-6 shows the locations of these sites.

Figure 3-6 City-Owned Parking Lots



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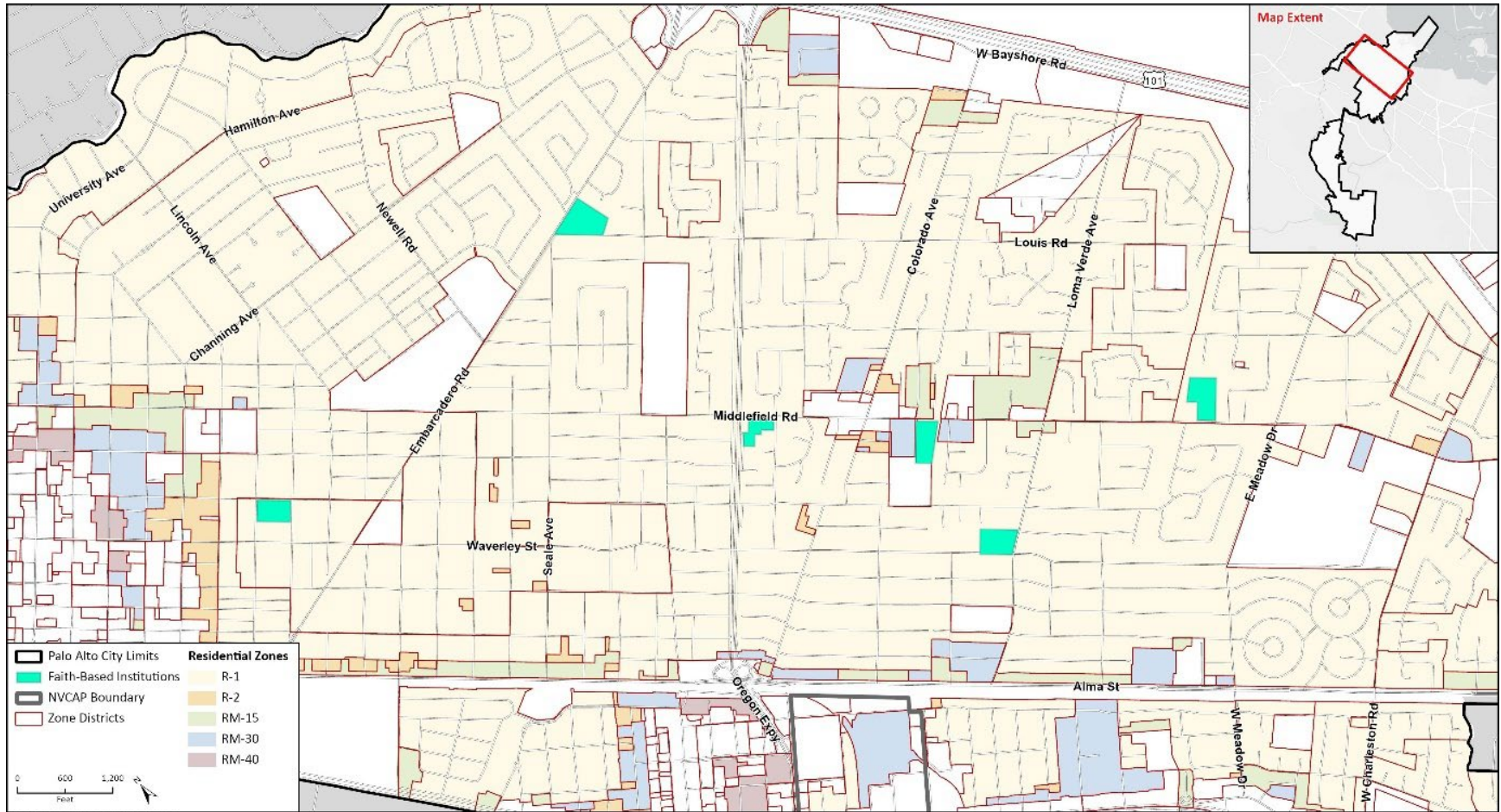
10/20/2022 10:04 AM  
Map © City of Palo Alto, 2022. All rights reserved.

## SURFACE PARKING AND VACANT LAND ON SITES WITH FAITH-BASED INSTITUTIONS

Recent State law, such as AB1852 (Gov. Code 65913.6), has made it easier for faith-based institutions to develop multi-family housing. In part, these legislative changes acknowledge that faith-based institutions sometimes have surplus land, such as oversized parking lots, that are no longer needed. This strategy acknowledges these trends.

Additional residential units can be developed on underutilized portions of existing faith-based institutions. Underutilized areas include excess parking lots and vacant segments on the site. Rezoning these sites to 30 dwelling units per acre will allow a realistic capacity of 121 units. All of the sites are adequate to support Lower-Income housing. For purposes of this analysis, a mix of incomes were assumed on the sites. Of the 121 units, 77 are suitable for housing affordable to Lower-Income households, 11 are suitable for Moderate-Income households, and 33 units are suitable for Above Moderate-income housing. Figure 3-7 shows the geographic locations of faith-based institutions with vacant or underutilized land that could be used for future housing. All sites are located in low density residential zones.

Figure 3-7 Opportunity Sites Surrounding Faith Based Organizations



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Additional data provided by the City of Palo Alto, 2022.

Map extent provided by Esri and its licensors © 2022.  
Fig. 3-7 Faith-Based Institutions Opportunity Sites



## GM AND ROLM ZONES

Sites located within Palo Alto's General Manufacturing (GM) and Research, Office, and Limited Manufacturing (ROLM) zone were included in the Site Inventory. This strategy was included as a result of strong support from Palo Alto's Housing Element Working Group to rezone these areas to allow for high-density residential use, and the trend of conversion of several ROLM zoned sites to multiple family residential use via Conditional Use Permits over the past 15+ years. Table 3-13 shows the realistic capacities for both zones. It is assumed that projects on these sites would realistically develop at 65 dwelling units per acre. Nearly all sites are currently occupied by, or reserved for, office uses. Local and regional residential project examples discussed in Section 3.5 indicate that there are strong trends for the redevelopment of office space at densities much higher than 65 dwelling units per acre.

Recent reports indicate a slowing of demand for new office and industrial space, which may bolster the desire for residential or mixed-use development on sites in GM and ROLM zones. Vacancy rate is a measure for determining market conditions. Higher vacancy rates are a sign that the market demand for office space is slowing. According to a market report by Colliers, Palo Alto had an office vacancy rate of 10.5 percent in the second quarter of 2022, slightly higher than the regional average of 10.1 percent. The city had a research and development (R&D)/industrial warehouse vacancy rate of 5.9 percent for the same time period, higher than the regional average of 4.6 percent. Direct office asking rents in the region have softened for the second consecutive quarter and not increasing in the past 12 months.<sup>4</sup>

A Palo Alto City Council report dated May 2022 detailed factors influencing sales tax revenues, one of which was a loss of spending by office workers. The report identified a significant decrease in the need for office space as companies are more likely to offer flexible and hybrid schedules in-lieu of requiring employees to be on-site every day. It is

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<sup>4</sup> Colliers. Silicon Valley Market Report 22Q2. <https://www.colliers.com/en/research/san-francisco-bay-area/2022-q2-san-jose-silicon-valley-market-research-report>



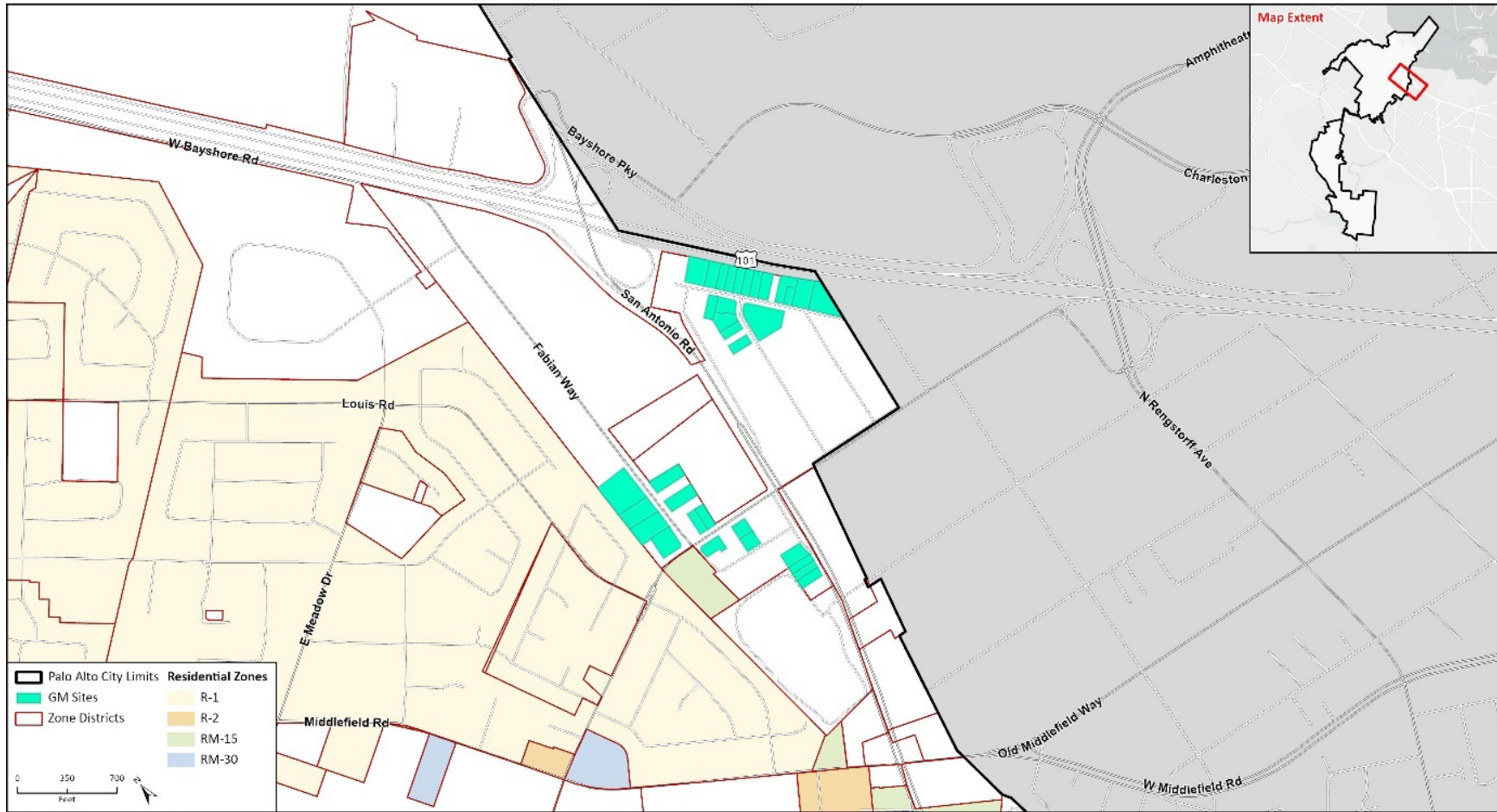
likely that the demand for office space in the city will not increase in the upcoming years, increasing the potential for residential development or redevelopment to occur on sites in GM and ROLM zones. A 2022 housing project approved at 2850 Bayshore Road is a recent example of a commercial building transitioning to a residential use. This property zoned for office use on a 2.37-acre site includes the replacement of a 32,600 square foot commercial building with an 89,000 square foot 48-unit townhome development.

These rezone strategies would accommodate approximately 45 percent of the City’s overall remaining need. Because sites in these zones are generally larger than sites in other zone districts, more sites in these zones meet the State threshold for Lower-Income units (0.5 acre or larger) than other rezone strategies. Program 1.1 will rezone ROLM and GM zoned properties to allow multi-family residential housing as a permitted use with a base density of 40 dwelling units per acre for those properties nearest Bayshore Freeway and generally bounded by East Charleston Road and Loma Verde Avenue. Figure 3-8 shows the location of opportunity sites within the GM zone and Figure 3-9 shows the location of opportunity sites within the ROLM zone. A total of 2,050 units were identified as part of this strategy.

**TABLE 3-13 OPPORTUNITY SITES IN GM AND ROLM ZONES**

Zone District	Maximum Allowed Density (du/ac)	Realistic Allowed Density (du/ac)	Number of Sites	Acreage	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units
GM	81.25	65	33	12.68	282	166	363
ROLM	81.25	65	9	19.09	867	0	373
<b>Total</b>	–	–	<b>43</b>	<b>31.77</b>	<b>1,149</b>	<b>166</b>	<b>735</b>

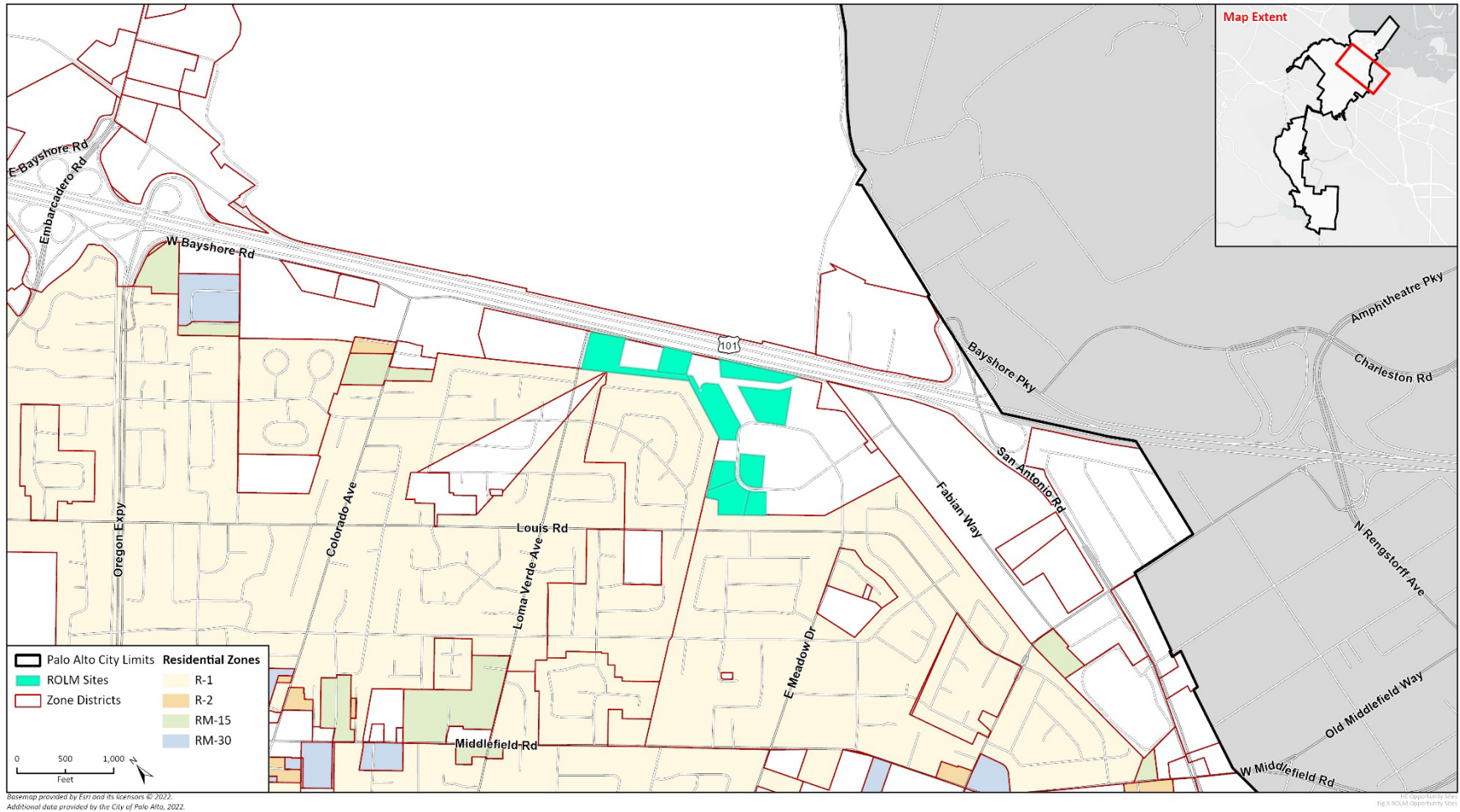
Figure 3-8 Opportunity Sites Within the GM Zone District



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Figure 3-9 Opportunity Sites Within the ROLM Zone District



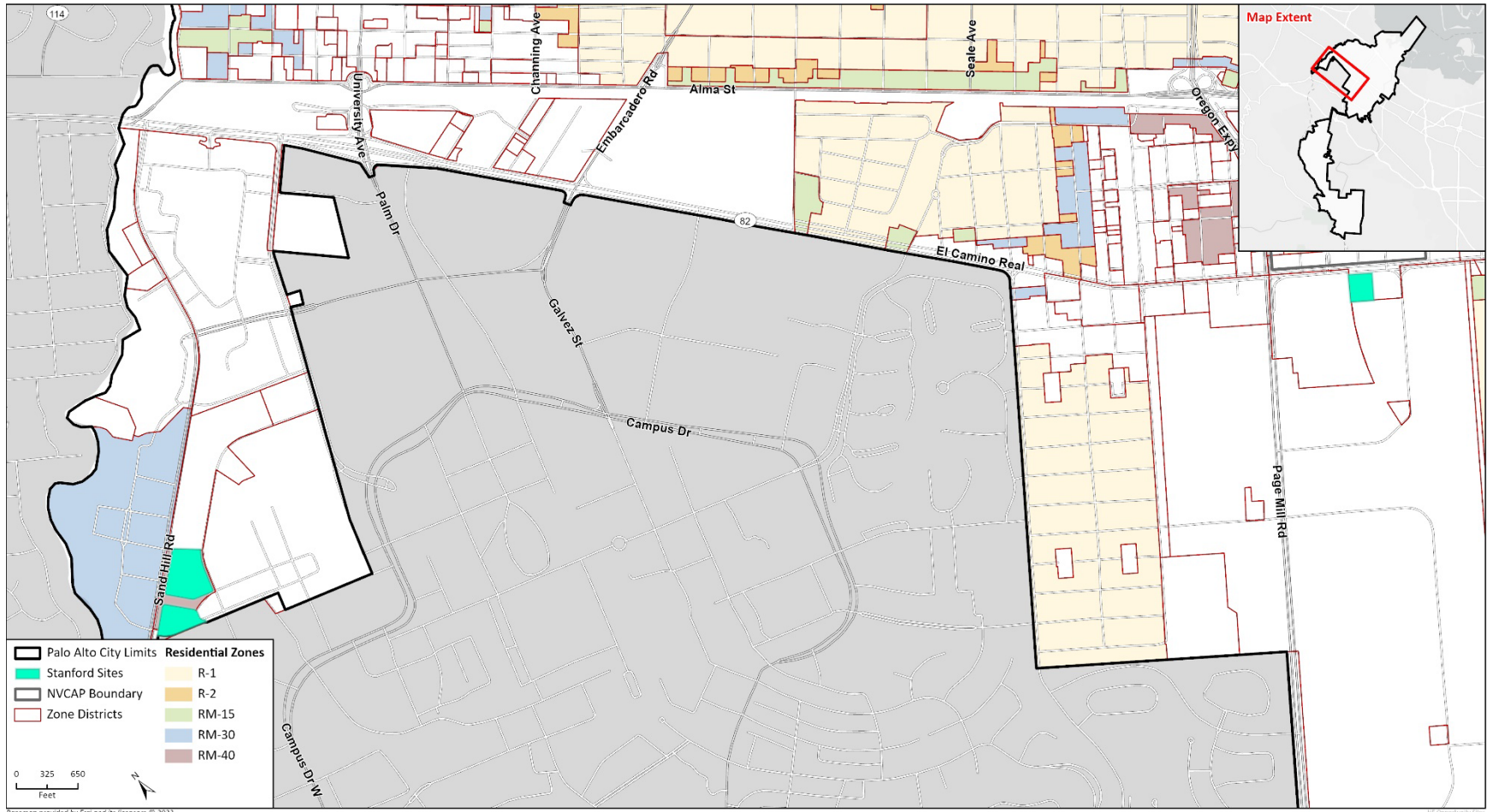
## STANFORD SITES

Although the bulk of Stanford University's academic facilities are located outside of the City's jurisdictional boundaries, Stanford owns multiple properties located within City limits that have been identified by community and Working Group members as potential sites for future housing.

Based on meetings with representatives of Stanford University, it was determined that two sites could be used for residential development for this housing element that would yield 569 Above Moderate-Income units. Units constructed on these two sites would be available for Stanford University affiliated employees and not for students. Figure 3-10 shows the locations of these two Stanford-owned sites. This strategy supports improving the City's jobs/housing imbalance, by working with a major employer to support housing near major employment centers.



Figure 3-10 Opportunity Sites Owned by Stanford University



### ADDITIONAL SITES WITH EXPRESSED DEVELOPMENT INTEREST

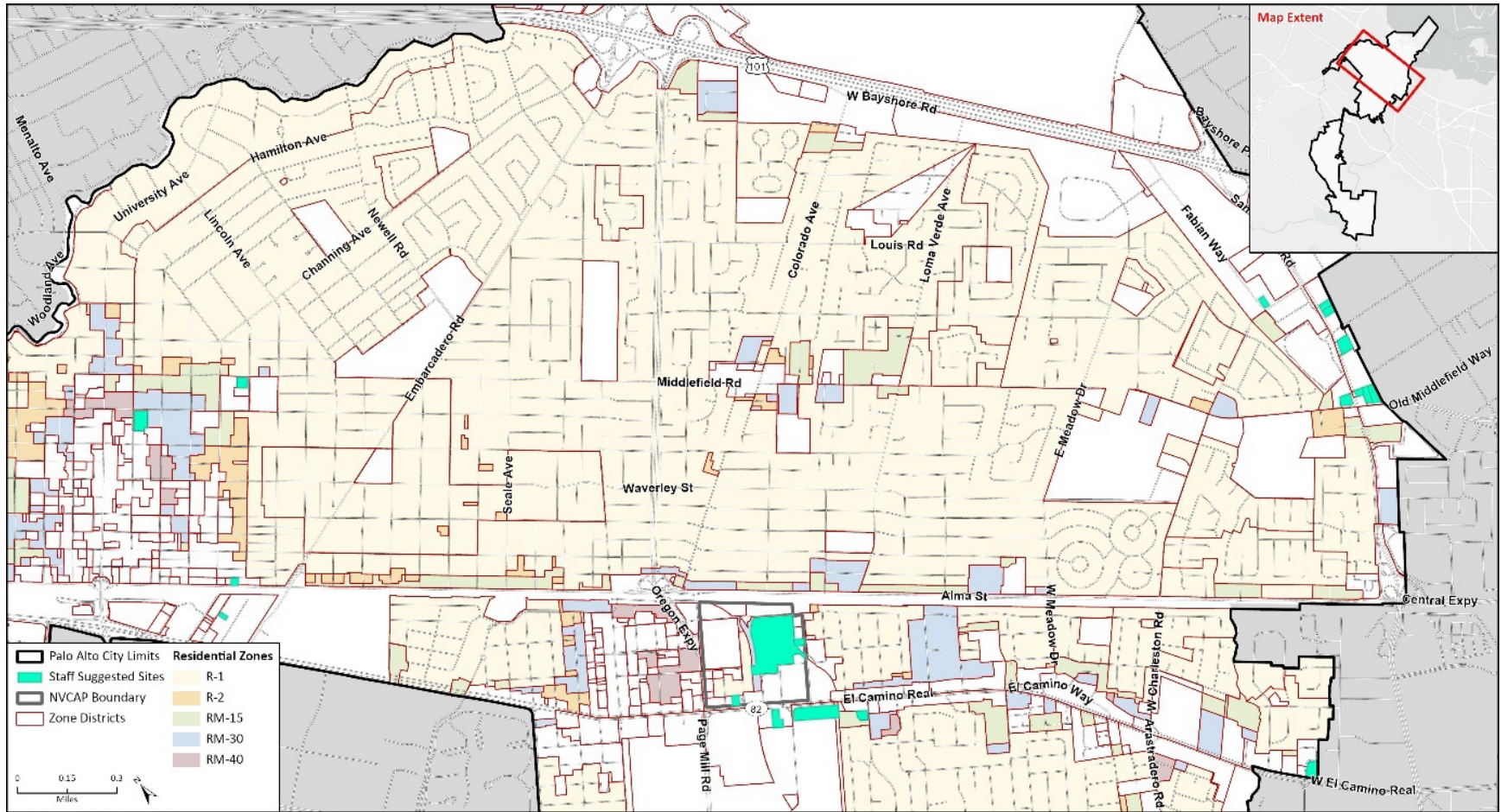
In addition to the strategies discussed previously, City staff has identified 19 additional sites that are appropriate to include on the Site Inventory. These are sites where development interest has been expressed, sites that have been pre-screened by developers for residential projects, or the sites adequate for Palo Alto’s Housing Incentives Program (HIP). Palo Alto’s HIP program provides development incentives including no housing density restrictions, increased floor area ratios and increased lot coverage. Program 3.5 will continue to make the HIP program available during the 6<sup>th</sup> Cycle. This strategy acknowledges sites where developer interest already exists.

As shown in Figure 3-11, sites identified through this strategy are located in a number of zones. The City assumed that projects on these sites would develop at 32 units per acre (see Table 3-14) based on a realistic development capacity of 80 percent of maximum development density. The largest site, a 13-acre site along Portage Avenue in the NVCAP, is currently zoned for RM-30 and is used for commercial purposes. The City assumed 100 Lower-Income units on a one-acre parcel dedicated for affordable housing and 75 Moderate-Income units to be consistent with the pre-screened application for this site. For the remaining sites, the City assumed unit yields consistent with the rest of the Site Inventory. A total of 657 units were identified as part of this strategy.

**TABLE 3-14 DEVELOPER INTEREST SITES BY ZONE DISTRICT**

Zone District	Maximum Allowed Density (du/ac)	Potential Density (du/ac)	Number of Sites	Acreage	Lower-Income Units	Moderate-Income Units	Above Moderate-Income Units
RM-30	–	–	1	13.00	100	75	0
CS	40	32	7	9.93	181	115	14
CC	40	32	1	0.14	0	0	4
PC	40	32	2	1.83	41	17	0
GM	40	32	1	0.28	0	8	0
RP	40	32	1	3.01	67	29	0
RT-35	40	32	1	0.24	0	7	0
<b>Total</b>	–	–	<b>14</b>	<b>28.43</b>	<b>388</b>	<b>251</b>	<b>18</b>

Figure 3-11 Opportunity Sites Selected by City Staff



Base map provided by Esri and its licensors © 2022. Additional data provided by the City of Palo Alto, 2022. © 2022 Suggested Opportunity Sites

### 3.8 ADEQUACY OF RESIDENTIAL SITE INVENTORY IN MEETING RHNA

The total realistic development capacity of the Site Inventory is listed in Table 3-15. The total realistic capacity through RHNA credits and opportunity sites is 6,866 units, which exceeds the target of 6,086 units the City is required to accommodate for its RHNA. In addition, the realistic capacity of the Site Inventory supports a 25 percent buffer for Lower-Income units, a 19 percent buffer for Moderate-Income units, and an 8 percent buffer for Above Moderate-Income units. HCD recommends that jurisdictions provide a 15 to 30 percent buffer beyond the minimum RHNA target to comply with the “no net loss” provisions of State Housing Element Law that require the jurisdiction to maintain sufficient capacity to accommodate its RHNA for the duration of the planning period at every income level. Program 1.2 will continuously monitor the available housing sites database during the 6<sup>th</sup> Cycle to ensure that it remains in compliance with State law and provides sufficient housing sites.

TABLE 3-15 ADEQUACY OF RESIDENTIAL SITE INVENTORY					
	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Total
<b>RHNA Allocation</b>	<b>1,556</b>	<b>896</b>	<b>1,013</b>	<b>2,621</b>	<b>6,086</b>
Planned and Approved Units	133	144	87	414	778
ADUs	153	153	153	53	512
<b>Units from Credits</b>	<b>286</b>	<b>297</b>	<b>240</b>	<b>467</b>	<b>1,290</b>
<b>Remaining RHNA After Subtracting Credits</b>	<b>1,270</b>	<b>599</b>	<b>773</b>	<b>2,154</b>	<b>4,796</b>
Multi-Family Allowed	12	7	95	171	285
Rezone	1,460	858	828	2,145	5,291
<b>Units From Opportunity Sites</b>	<b>1,472</b>	<b>865</b>	<b>923</b>	<b>2,316</b>	<b>5,576</b>
<b>Total Units (Credits + Opportunity Sites)</b>	<b>1,758</b>	<b>1,162</b>	<b>1,163</b>	<b>2,783</b>	<b>6,866</b>
<b>Total Unit Surplus</b>	<b>202</b>	<b>266</b>	<b>150</b>	<b>162</b>	<b>780</b>
<b>Total % Buffer above Remaining RHNA After Credits</b>	<b>16%</b>	<b>44%</b>	<b>19%</b>	<b>8%</b>	



### REALISTIC DEVELOPMENT CAPACITY

As required by housing element statute, local governments must analyze available sites based on a determination of the realistic residential development capacity. Density is dictated by the Zoning Ordinance and General Plan. The City assumed that the realistic development capacity of the chosen sites may be less than the full development capacity allowed by the parcel's zoning and land use designation. This conservative assumption is based on site-specific conditions and development standards that may reduce the development potential of a given site. Steep slopes, open space or parking requirements, and irregularly shaped parcels all impact the ability to achieve the maximum density allowed by the zoning code.

To establish realistic development trends, the City referenced typical buildout densities achieved on projects currently in the development pipeline (see Table 3-6) but provided more conservative estimates that do not take into account State Density Bonus Law or similar tools. As discussed in Section 3.3, projects currently in the pipeline achieve an average density of approximately 67 dwelling units per acre in residential zones and nearly 100 dwelling units per acre in non-residential zones, well-above base densities. Additionally, projects with affordable units generally average approximately 120 dwelling units per acre.

In addition to local development trends, the City also conducted an analysis of 20 multi-family and mixed-use projects located in surrounding jurisdictions. As shown on Table 3-7, the region has a demonstrated trend of developing below market rate housing at densities ranging from 30 to 170 dwelling units per acre. For the purposes of Palo Alto's Site Inventory analysis, the City used a realistic buildout of 80 percent of the maximum density allowed in each zone district. These realistic densities range from 32 to 65 dwelling units per acre, which is a conservative estimate when compared to both local and regional trends.

### REALISTIC AFFORDABILITY

As shown through Palo Alto's local and regional development trends, there is a documented track record of projects developing with 100 percent affordable housing. However, for purposes of this Site Inventory

analysis, the City conservatively assumed that for sites deemed appropriate for Lower-Income housing, projects would develop with a mix of incomes as opposed to allocating all units to one income category. This demonstrates a more realistic development scenario which avoids concentrations of lower-income units and furthers the City’s fair housing goals. For these sites, 70 percent of the units were allocated to the Lower-Income category and the remaining 30 percent was allocated to either the Moderate- or Above Moderate-Income category.

To further facilitate the development of affordable housing, the City will implement the following actions as part of the Housing Element:

- Program 1.4: City-Owned Parking Lots
- Program 2.1: Affordable Housing Development
- Program 2.2: Below Market Rate Program
- Program 3.3: Affordable Housing Development Incentives
- Program 3.5: Housing Incentive Program

### 3.9 AVAILABILITY OF INFRASTRUCTURE AND ENVIRONMENTAL CONSTRAINTS

#### WET AND DRY UTILITIES

The availability of utility infrastructure was considered in site identification. As a primarily urban and developed community, Palo Alto is well-served by existing infrastructure systems, including both wet and dry utilities. As much of Palo Alto already has available or nearby access to water and wastewater services, access to wet utilities is not an impediment to housing development. However, minor upgrades to these services (e.g., expanded sewer and water hookups to the trunk line) may be required to develop select sites for residential uses. The City currently has adequate water and sewer capacity to serve its RHNA allocation.

Dry utilities, including electricity provided by Palo Alto Utilities, and telecommunication services by AT&T, will continue to be available throughout the city; however, new development will be required to not use natural gas, due to the Council adopted 2022 building code (October

17, 2022) that will mandate all-electric appliances. All sites have been screened to have available infrastructure.

### ENVIRONMENTAL CONSTRAINTS

The analysis of environmental constraints included a review of all parcels identified in the inventory using GIS-based data to determine if sites possess one or more environmental constraint, including hazard risks such as wildfire, sea level rise, earthquake/seismic zones, and landslide risk, or other restrictive environmental conditions. Overall, the urbanized areas of the city where the sites are located do not have special hazard risks or significant environmental challenges.

## 3.10 FINANCIAL AND ADMINISTRATIVE RESOURCES

The City maintains five Affordable Housing Funds to provide financial assistance for the development of housing affordable to Very Low- or Low-Income households:

- Commercial Housing Fund;
- Residential Housing Fund;
- Community Development Block Grant (CDBG) Fund;
- Home Investment Partnership (HOME) Fund; and,
- Below Market Rate (BMR) Emergency Fund.

The State of California also supports affordable housing with funds that are administered through HCD. These state programs include the California Housing Finance Agency and HOME Consortium.

### COMMERCIAL HOUSING FUND

The Commercial Housing Fund is funded by mitigation fees assessed on new commercial and retail development. Commercial Fund monies are used only to assist in the development of new housing units geared towards the workforce. Therefore, senior housing is not an eligible activity. The Commercial Housing Fund's purpose is to create affordable housing throughout the city. Commercial developers pay on a per square foot basis of net new commercial space.

## RESIDENTIAL HOUSING FUND

All affordable housing types are eligible for assistance utilizing Residential Fund monies. This fund may be used for new housing projects, for acquisition of existing housing and for rehabilitation of existing housing serving any household type. Because most of the monies deposited to the Fund are from in-lieu fees received pursuant to the City's BMR housing program requirements, a reasonable portion of the Fund's average annual revenue may be used for administrative costs of operating the BMR program. Historically, the City has used Residential Housing Funds for the costs of an annual contract with an outside organization for the administration of certain aspects of the BMR program.

Although on-site inclusionary housing is helpful to support mixed income communities, together the Commercial and Residential Housing Funds are helping to create service-enriched below-market rate housing. During the 5<sup>th</sup> cycle housing element period, these in-lieu funds have fully or partially supported the following projects:

- 2022: \$3M committed for 525 Charleston Ave. project. 50 units of Low and Very Low income housing for persons with developmental disabilities
- 2021: \$3M committed for 231 Grant Ave., 110-unit affordable teacher housing
- 2018: \$20M for the Wilton Ct. Apartments (58 units of Low and Very Low income housing and serving persons with disabilities)
- 2017: \$14.5 M for preservation of Buena Vista Mobile Home Park (117 unit/spaces)

## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The CDBG Program is administered by HUD. Through this program, the federal government provides funding to jurisdictions to undertake community development and housing activities.

Activities proposed by the jurisdictions must meet the objectives and eligibility criteria of CDBG legislation. The primary CDBG objective is the

development of viable urban communities, including decent housing and a suitable living environment, and expanding economic opportunity, principally for persons of low-and moderate income. Each activity must meet one of the three broad national objectives of:

- Benefit to low-and moderate income families;
- Aid in the prevention of elimination of slums or blight; or
- Meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

In May 2021, Palo Alto's CDBG allocation was \$536,756. This funding is to be used for the Rebuilding Together Peninsula Safe at Home Project, which focuses on home repair need for low-income Palo Alto homeowners.<sup>5</sup> The funds are used towards public service such as the Palo Alto Housing Corporation Single Room Occupancy support services, Silicon Valley Independent Living Housing and emergency services, and rental relief assistance organizations such as LifeMoves.

#### BELOW MARKET RATE (BMR) HOUSING PURCHASE PROGRAM

The purpose of the program is to create and retain a stock of affordable housing in Palo Alto for people of low and moderate income. When development of three or more residential units is built in the City of Palo Alto, the developer is required to meet BMR program requirements. If a proposed ownership development, the developer must contribute at least 15 percent of those units at below market rates (projects of seven or more units must provide one or more BMR units within the development) targeted for moderate income households. If it is a proposed rental development, the project is subject to a fee. The initial BMR sales prices are set by the City's Director of Planning & Development Services, and priced consistent with moderate household income limits.

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<sup>5</sup> City of Palo Alto. Adopted Operating Budget FY 2022:  
[https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/adopted-budgets/operating-budget\\_web.pdf](https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2022-city-budget/adopted-budgets/operating-budget_web.pdf)

The buyer selection process is administered by Alta Housing, a non-profit organization under contract to the City.

#### CALIFORNIA HOUSING FINANCE AGENCY (CALHFA)

The California Housing Finance Agency (CalHFA) provides a low-interest, deferred loan as down payment assistance. The Housing Trust Silicon Valley also offers closing cost and down payment assistance. The Mortgage Credit Certificate (MCC) program administered by Santa Clara County offers homebuyers a tax credit that they may use to reduce their taxable income. It does not help them purchase the home but with a reduced tax liability, it allows them greater disposable income to better afford the home.

#### HOME CONSORTIA

The Home Consortia began in 2015 when Palo Alto along with the cities of Cupertino, and the Santa Clara Urban County joined a partnership to receive and administer federal funding administered by HUD for a joint funding allocation process. In 2020 the participants renewed their participation in HOME Consortia. Funds for the Urban County include \$400,000 in anticipated program income and \$993,289 in HOME entitlement funds.<sup>6</sup>

#### STATE REGIONAL EARLY ACTION PLANNING (REAP)

The REAP program is administered by HCD. The State provides funding for programs which accelerate infill and affordable development; support residents through realizing multimodal communities; shift travel behavior through reducing driving; and increase transit ridership, walking, and biking as primary modes of transportation.

#### First Time Homebuyer Program

The first-time homebuyer program are another option to obtain home loans. They include down payment assistance programs such as the

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<sup>6</sup> Urban County of Santa Clara FY 21/22 Annual Action Plan.  
<https://osh.sccgov.org/sites/g/files/exjcpb671/files/FY22%20Annual%20Action%20Plan%20-%20Draft%20040221.pdf>

California Homebuyers Down Payment Assistance Program (CHDAP), offering a deferred-payment junior loan of up to three percent of the purchase price or appraised value.

#### PERMANENT LOCAL HOUSING ALLOCATION (PLHA)

Established in 2017, the PLHA program is a new State funding program that allocates annual funding to entitlement jurisdictions. The revenue is generated by the State collection of a \$75 recordation fee for residential transactions.

The City started receiving its annual allocation in 2019. The City receives approximately \$300,000 annually with the allocation adjusted every five years by the State. The funding can be used for affordable housing development but also other activities such as housing rehabilitation, assisting persons at risk of homelessness and accessibility improvements for housing occupied by lower income households.

### 3.11 ADMINISTRATIVE RESOURCES

#### CITY OF PALO ALTO

The Planning and Development Services Department provides guidance for land use development, housing, and environmental policies, processes permit and entitlement applications and ensures conformance with applicable codes and regulations and implements the Historic Resources Preservation Program. Planning includes Long Range Planning which guides and develops the implementation programs and policies of the General Plan and Current Planning which provides guidance to city stakeholders through the development process.

Additionally, the City's Office of Human Services provides a safety net of services and works toward enhancing the quality of life in Palo Alto including in the areas of family services and landlord/tenant mediation.

#### COUNTY OF SANTA CLARA

The Santa Clara County Housing Authority (SCCHA) administers federal assistance programs funded by the U.S. Department of Housing and Urban Development (HUD). SCCHA administers federal rental housing

assistance program and develops, controls, and manages affordable rental housing properties. The programs assist low, very low, and extremely low-income households. About 80 percent of the households assisted are extremely low-income families, seniors, veterans, persons with disabilities, and the formerly homeless. The SCCHA programs include:

- The Housing Choice Voucher (Section 8)
- Chronically Homeless Direct Referral (CHDR)
- Family Unification Program (FUP)
- Family Self-Sufficiency (FSS)
- Homeownership
- Enhanced Vouchers
- Mainstream Voucher Program
- Moderate Rehabilitation (Mod Rehab)
- Moving to Work (MTW)
- Non-Elderly Disabled (NED)
- Project Based Voucher (PBV)
- Veterans Affairs Supportive Housing (VASH)

#### ACTIVE NON-PROFIT HOUSING DEVELOPERS

The following non-profit housing developers are active in Palo Alto and the greater Bay Area region and can assist with the preservation of at-risk units in the city:

- Alma Place Inc.
- Alta Housing
- Bridge Housing Corp.
- California Park Apartments Ltd.
- Charities Housing
- EAH Housing



- Eden Housing Inc.
- Habitat For Humanity
- Mercy Housing California
- Midpen Housing Corp.
- PAHC Properties Corp.
- Rebuilding Together Silicon Valley
- The Related Companies of California
- Trestle Alma Plaza, LLC

# HOUSING CONSTRAINTS

# 4

Constraints to the provision of adequate and affordable housing are posed by market, governmental, infrastructure, environmental, and other factors. These constraints may increase the cost of housing or may render residential construction economically infeasible for developers. Constraints to housing production significantly affect households with lower and moderate incomes and special needs.

The ability of any local government to enable and maintain housing to meet the needs of all economic segments of the community is affected by many factors. These include factors outside the control of individual jurisdictions, such as real estate market conditions, construction costs, and the availability of private financing, all of which contribute to housing costs. Government policies, regulations, and programs that a local agency adopts to protect the general welfare of the community may also impede efforts to meet housing needs. This part of the Housing Element addresses both types of constraints and provides a basis for Chapter 5, which proposes programs and actions to help remove or reduce the constraints.

This chapter highlights the following key constraints to housing in Palo Alto:

- High land costs, high rents, and for-sale prices for apartments and homes, respectively. Although this is a regional constraint, Palo Alto real estate prices are among the highest in the region.
- Similar to surrounding communities, construction costs are high.
- 80 percent of all parcels in Palo Alto are 10,000 square feet in size or less. Small parcel sizes often force the need for lot consolidation.
- Development standards that facilitate projects with low-density, smaller floor area, and lower height near single-family residential

development may limit the number of units that can be constructed in the City.

- The City's Zoning Ordinance is not compliant with State legislation pertaining to a variety of types of housing, including residential care homes, supportive and transitional housing, and farmworker employee housing.
- Development standards, such as ground-floor retail minimums and replacement requirements, height limits, maximum floor area ratios, daylight planes, setbacks, step-backs, parking requirements, and density limitations, may affect the physical and financial feasibility of housing development.
- Palo Alto's development impact fees/capacity fees are amongst the highest in the region for both single-family and multiple-family home construction.
- Environmental concerns pose constraints that can be generally mitigated through design or limitations on operations. However, Palo Alto's hilly topography in the southern portion of the City has led to residential construction near mountainsides and in canyons. Homes built in steep, narrow canyons and at canyon rims face an increased fire risk.

#### **4.1 NON-GOVERNMENTAL CONSTRAINTS**

Various non-governmental factors such as the housing market, development costs, and the cost and availability of financing contribute to the cost of housing. These factors can potentially hinder the production of new housing. This section analyzes these types of non-governmental constraints.

##### HOUSING MARKET CONDITIONS

Developable land is expensive throughout the inner Bay Area. In Palo Alto, land is expensive primarily due to its close proximity to Stanford University, research and development, and other commercial uses in nearby job centers (San Francisco Peninsula, Oakland and East Bay cities, and San Jose), high-quality access to transit, well performing K-12

schools, and a general high demand for housing in a desirable location with abundant recreational and cultural opportunities.

Palo Alto—like other communities in Santa Clara County, the Bay Area, California, and beyond—experienced a drop in new housing construction around 2010. While there was considerable housing activity during the 1980s and in the early 2000s, the rate of production of units dropped after 2007. At that time, a drop in housing construction occurred due to a combination of factors, including shortage of financing, rise in construction costs, global economic recession, and a poor housing market. Between 2010 and 2013, a total of 626 units were constructed in the City, while between 2014 and 2019, a total of 435 units were constructed in the City.<sup>1</sup>

The costs of land, hard costs (construction labor and materials), and soft costs (financing, architecture, and engineering) are three major components of development costs. Construction and financing costs are largely driven by regional and in some cases, state and national conditions that are beyond the control of local jurisdictions. Land costs tend to be more reliant on local conditions and reflect the availability of developable sites as well as market demand.

## LAND COSTS

Palo Alto is a built-out community. Sites with potential for development are scarce, with little vacant land suitable for development. Because of the lack of vacant parcels, underutilized residential sites or sites zoned for commercial/industrial uses have become attractive for residential reuse. However, the demand for such sites has increased their cost. Both market-rate and affordable housing developers report that acquiring sites for housing is a challenge and is therefore considered a constraint to the development of housing.

Palo Alto's limited vacant land supply drives up land costs across the City. Based on information from local commercial and residential real estate brokers, the value of commercial land depends on proximity to transit

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<sup>1</sup> United States Census Bureau. 2021. Selected Housing Characteristics: ACS 5-Year Estimates Data. [https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP04&g=0400000US06\\_1600000US0655282](https://data.census.gov/cedsci/table?tid=ACSDP5Y2019.DP04&g=0400000US06_1600000US0655282) (accessed November 2021).

and other amenities the area provides. A July 2020 appraisal prepared for the City regarding City occupied properties estimated that market land values for single-family uses ranged from \$300 per square foot to \$420 per square foot<sup>2</sup>. Land values for multi-family uses ranged from \$150 to \$420 per square foot.

According to Zillow, housing prices in Palo Alto have increased 11.7 percent from 2021 to 2022. Zillow.com reports the average price per square foot for homes in 2022 at \$1,498 and the average sales price for a single-family residential lot (not vacant) at \$3,720,000<sup>3</sup>. Land costs in Palo Alto are extremely high compared to other places in the country and state. In 2022 a vacant 3.92-acre Open Space zoned lot had a selling price of \$9,500,000. A 0.72-acre residential lot had a selling price of \$1,600,000. A residentially zoned parcel of vacant land had a selling price of \$1,498,000.<sup>4</sup>

In 2021 a vacant 5,662-square-foot commercial lot located in the Downtown area had a selling price of \$535,566 and a multi-family residential 33,105-square-foot vacant property lot had a selling price of \$2,076,455. In 2021, individual single-family residential lots, if available, typically cost over \$3 million for a 5,000-square-foot lot.<sup>5</sup>

#### PARCEL SIZE

Associated with the land costs, many of the City's parcels are smaller in size. Many parcels in Palo Alto are between 5,000 and 10,000 square feet, with 80 percent of all parcels in the City under 10,000 square feet in size. Therefore, parcel consolidation is sometimes needed in order to develop larger multi-family projects. Wilton Court Apartments, a 58-unit affordable housing development, was feasible through the consolidation of two 10,000-square-foot parcels. This contributed to a longer

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<sup>2</sup> Carneghi-Nakasako + Associates, Appraisal Report of a Limited Scope Appraisal. 2020. [https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/appraisal-report-portions-of-51-real-properties-city-of-palo-alto-july\\_2020.pdf](https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/appraisal-report-portions-of-51-real-properties-city-of-palo-alto-july_2020.pdf). Accessed October 25, 2022

<sup>3</sup> Zillow. 2021. Palo Alto Home Values. <https://www.zillow.com/palo-alto-ca/home-values/> (accessed November 2021).

<sup>4</sup> Realtor.com. 2022 Land for Sale, Palo Alto. Accessed: Palo Alto, CA Land for Sale & Real Estate | realtor.com®

<sup>5</sup> Palo Alto, CA Real Estate & Homes for Sale, Realtor.com. Accessed June 6, 2022.

development process and increased development costs. Small parcel sizes are a constraint to residential development in the City. The City will implement Housing Element Program 1.6 *Lot Consolidation Program* to encourage lot consolidation where appropriate.

### HARD/CONSTRUCTION COSTS

A major impediment to the production of housing is the cost of construction, which involves two factors: the cost of materials and the cost of labor. Construction costs are more stable than land costs but also influenced by market conditions. The cost of construction varies with the type of housing and construction techniques. However, local circumstances of land costs and market demand impact the economic feasibility of these construction types.

Construction costs depend on several factors, including the type of construction, custom versus tract development, cost of materials, site conditions, finishing details, amenities, size, and structural configuration. The International Code Council provides estimates for the average price of labor and materials for typical Type V-A protected wood-frame housing, which is commonly used to construct newer apartment buildings where no visible wood is exposed. Estimates are based on “good-quality” construction, providing materials and fixtures above the minimum required by state and local building codes. Since the 2008 recession, national construction costs for multi-family projects have risen by 25 percent, adjusted for inflation, which can reduce the feasibility of housing projects.<sup>6</sup>

The International Code Council estimated in 2021 that the national average cost per square foot for good-quality housing was approximately \$125 for multi-family housing, \$139 for single-family homes, and \$157 for residential care/assisted living facilities.<sup>7</sup> The Bay Area has consistently been an expensive area to construct housing, in part due to comparatively higher construction wages than elsewhere in California. In

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<sup>6</sup> Turner Center for Housing Innovation, *The Hard Costs of Construction: Recent Trends in Labor and Materials Costs for Apartment Buildings in California*. 2020. [https://turnercenter.berkeley.edu/wp-content/uploads/2020/08/Hard\\_Construction\\_Costs\\_March\\_2020.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/2020/08/Hard_Construction_Costs_March_2020.pdf)

<sup>7</sup> International Code Council Building Valuation Data. 2021. Available: <https://www.iccsafe.org/wp-content/uploads/BVD-BSJ-FEB21.pdf>. Accessed October 26, 2021

2018, the average cost to construct multi-family housing in California and the Bay Area was \$222 per square foot and \$303, respectively. Materials and labor make up the hard costs of this construction. Hence, it becomes difficult to build affordable housing with this range of construction costs.

Cost increases have been most pronounced in the line-item categories for finishes and for wood, plastics, and composites. In Alameda County, during a roundtable discussion hosted by the Alameda County Housing Collaborative on November 29, 2021, housing developers noted that uncertainty in construction costs is a challenge to develop housing. Wood is still the most cost-effective building material but cannot be used for construction beyond an 85-foot height pursuant to State law, which may pose challenges for development above six or seven stories.<sup>8</sup>

Reduction in amenities and the quality of building materials (above a minimum acceptability for health, safety, and adequate performance) could lower costs and associated sales prices or rents. In addition, prefabricated factory-built housing may provide lower priced housing through reductions in construction and labor costs.

Another factor related to construction cost is development density. With an increase in the number of units built in a project, overall costs generally decrease as builders can benefit from economies of scale. Even with the economies of scale of multi-family construction, costs are still high for those units. Because of this high rate, developers tend to build units that can be sold at the maximum price the market can support. Lower allowable densities are a constraint to the development of housing. As a result of financial and timing constraints, as well as developer decisions and responding to market preference, residential projects do not always develop to the maximum available density. On average, approximately 40 percent of entitled projects (to be built during the 2021-2029 planning period) were approved at or above maximum allowable densities. This reduction in density reflected in the other 60 percent of entitled projects may hinder construction of the City's share

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<sup>8</sup> International Code Council Building Valuation Data. 2021. Available: <https://www.iccsafe.org/wp-content/uploads/BVD-BSJ-FEB21.pdf>. Accessed October 26, 2021

of the regional housing needs. Allowable density in Palo Alto is discussed below in *Governmental Constraints*.

The State density bonus law offers increased density over the otherwise maximum allowable residential density under the applicable zoning district to developers who provide affordable housing as part of their projects. Developers of affordable housing are also entitled to receive incentives on a sliding scale according to the percentage of affordable housing units provided. Density bonuses, together with the incentives and/or concessions, can result in a lower average cost of land per dwelling unit (as more units can be built on the property), thereby making the provision of affordable housing more feasible. While the additional costs associated with wage increases will constrain the development of housing, it is not unique to Palo Alto compared to the region as a whole.

One factor that directly affects affordable housing development and not market rate housing development is prevailing wage requirements. Many affordable housing developments receive government funding and, in many instances, that funding carries the requirement that the construction employees are paid a prevailing wage as set by the government. Generally, the prevailing wage is higher than the market rate wage. Therefore, as labor costs are generally 25 to 35 percent of the construction costs, the higher prevailing wage adds to the overall construction budget.

#### FINANCING/SOFT COSTS

Soft costs, including permit fees, architectural and engineering services, and environmental reviews can make up a large portion of the development budget for a private development. However, in an affordable housing development, that percentage can be much higher and the effect, therefore, more significant. In order to develop housing that is affordable, especially to very low- and low-income households, substantial public subsidies are routinely required because of the high cost of land and construction. Because of the deeper affordability levels, many affordable housing projects are using multiple financing sources. Since each financing source has different underwriting criteria, the administration necessary to fulfill the requirements of each financing



source adds to the project's soft costs causing additional time delays and leading to a longer development schedule.

Finance costs are primarily dependent on national economic trends and policy decisions. The availability of financing affects a person's ability to purchase or improve a home; the cost of borrowing money for residential development is incorporated directly into the sales price or rent. Interest rates are determined by national policies and economic conditions, and there is virtually nothing a local government can do to affect these rates.

#### HOMEOWNER FINANCING

Financing from both mortgage brokers and retail lenders (banks, savings and loans) is available in the Palo Alto area. The availability of financing is not a significant constraint to the purchase of housing in Palo Alto, although financing for residential and mixed-use development is harder to obtain. Financing costs for subsidized housing is very difficult, as the competition for the limited available funds is very severe.

Government-insured loan programs are an option available to some households to reduce typical mortgage requirements. The Federal Housing Administration (FHA) backed insurance loan is one of the more popular government insurance loans. This loan is especially popular with lower income homebuyers that may not have the requisite down payment to qualify for a conventional loan. These loans have lower interest rates, require a low down payment of 3.5 percent, and have more flexible underwriting criteria. However, underwriting criteria for these loans have become more stringent in recent years and mortgage insurance is required for the life of the loan; thus reducing a lower income homebuyer's purchasing power.

There are homebuyer assistance programs available to lower-income homebuyers on the local and federal levels. With the tightening of lending requirements, lower income households have more of a challenge meeting the down payment requirements. However, there are down payment assistance programs available. Under the federal Home Mortgage Disclosure Act (HMDA), lending institutions are required to disclose information on the disposition of loan applications and the income, gender, and race of loan applicants. The availability of financing

for a home affects a person's ability to purchase a home or invest in repairs and improvements.

As shown in Table 4-1 below, a total of 419 households applied for conventional mortgage loans to purchase homes in Palo Alto, and 122 households applied for home improvement loans, in 2017. Seventy-four percent of the loan applications to purchase a home were approved, and 70 percent of the home improvement loans were approved. In Santa Clara County, 63% of loans were approved. This is lower than Palo Alto's approval rating, therefore, it is not considered a constraint.

Interest rates affect home construction, purchase, and improvement costs. Minor fluctuations in rates can make a significant difference in the annual income needed to qualify for a loan. Purchasing or refinancing is unavailable for many because lenders have tightened their underwriting criteria to qualify for a loan. The increased number of foreclosures for households with sub-prime loans, the recession, the credit crisis and limited access to finances are some major barriers to housing choice throughout the country. Even with the reduced interest rates of recent years, the availability of capital required for new affordable housing, such as land purchase option money and project design and entitlement processing, remain a constraint to the development of affordable housing. Program 2.1 *Affordable Housing Development* in Chapter 5 of the Housing Element addresses affordable housing in the City of Palo Alto. Furthermore, Program 3.6 *Expedited Project Review* outlines City objectives to reduce barriers in project design and entitlement processing procedures.

Beginning in 2006, increases in interest rates resulted in an increased number of foreclosures for households with sub-prime loans when a significant number of sub-prime loans with variable rates began to convert to fixed-rate loans at much higher interest rates. The number of mortgage default notices filed against homeowners reveals foreclosure rates in specific areas. By 2009, the number of default notices filed against homeowners in Santa Clara County had reached over 4,000, indicating the County's highest ever foreclosure rate. By the beginning of 2014, the number of default notices had reduced to 2006 levels, indicating a returning stable housing market in Santa Clara County. By the

beginning of 2020, the number of default notices had decreased substantially from 2014 levels. During the months of April and May 2020, foreclosures declined substantially due to the acute impact of the COVID-19 public health crisis. In mid-March 2020, the governor issued Executive Order N-28-20, which authorized local governments to halt evictions and slow foreclosures through the end of May 2020. The Executive Order also requests that banks and other financial institutions halt foreclosures during the COVID-19 crisis. The economic repercussions of COVID-19, including sharp increases in unemployment and associated reductions in income, could cause foreclosure rates to increase in the aftermath of the public health crisis.

**TABLE 4-1 CONVENTIONAL PURCHASE AND HOME IMPROVEMENT LOAN APPLICATIONS – 2017**

Census Tract	Home Purchase Loans				Home Improvement Loans			
	Total Apps.	% Approved	% Denied	% Other*	Total Apps.	% Approved	% Denied	% Other*
5093.02	21	81%	0%	19%	9	67%	33%	0%
5094.01	14	93%	0%	7%	1	100%	0%	0%
5106	29	93%	3%	4%	11	82%	9%	9%
5107	27	63%	7%	30%	9	89%	11%	0%
5108.01	44	82%	5%	14%	9	67%	11%	22%
5108.02	10	80%	0%	20%	2	100%	0%	0%
5108.03	12	75%	0%	25%	5	40%	40%	20%
5109	31	74%	0%	26%	11	36%	36%	27%
5110	51	63%	14%	24%	10	90%	0%	10%
5111	41	83%	7%	10%	17	71%	6%	23%
5112	26	73%	8%	19%	5	80%	0%	20%
5113.01	13	77%	0%	33%	4	50%	25%	25%
5113.02	18	50%	17%	33%	2	50%	0%	50%
5114	18	78%	0%	22%	6	83%	17%	0%
5115	28	82%	0%	18%	9	33%	44%	22%
5117.01	30	67%	10%	23%	10	90%	0%	10%
5117.05	6	50%	0%	50%	2	100%	0%	0%
<b>Total</b>	<b>419</b>	<b>74%</b>	<b>6%</b>	<b>20%</b>	<b>122</b>	<b>70%</b>	<b>15%</b>	<b>15%</b>

Notes:

1. "Other" includes files closed for incompleteness, and applications withdrawn
  2. These census tracts comprise the geographic area that generally approximates Palo Alto
- Source: Home Mortgage Disclosure Act (HMDA), 2017.

**Figure 4-1 Santa Clara County Notices of Default, 2014-2020**



Source: Clerk-Recorder 2014 - 2020

#### IMPLICATION OF OFFICE MARKET ON HOUSING DEVELOPMENT

Certain zones in the city (the GM and ROLM Zones) allow office or residential uses, which could be a constraint to the development of residential uses in these zones. In 2019, implementation of the Housing Ordinance, and specifically the Housing Incentive Program (described below) aimed to reduce potential constraints to housing development. These zoning changes allowed increased FAR and relaxed development standards for residential and residential mixed-use projects and as described below, require adjustment to further incentivize housing. Further, the Office/R&D Development Cap Initiative (also described below) places a growth control on office development. These two tools aim to even the playing field and provide incentives for residential development. More information on office space market trends and the reduced demand for office space is provided in Chapter 3. Program 6.3 *Mixed-Use Development*, outlined in Chapter Five of the Housing Element, includes an action that will amend the City’s municipal code to further reduce commercial floor area allowances or other commercial

incentives to shift the economic benefit of redevelopment toward home building.

## 4.2 GOVERNMENTAL CONSTRAINTS

Local policies and regulations can impact the price and availability of housing and in particular, the provision of affordable housing. Land use controls, site improvement requirements, fees and exactions, permit processing procedures, and various other issues may constrain the maintenance, development and improvement of housing.

The City regulates the type, location, density, and scale of residential development through land use controls such as its Comprehensive Plan and Zoning Ordinance. The discussion below describes the City's various land use controls, including the Comprehensive Plan, land use categories, zoning, densities, and design standards.

### COMPREHENSIVE PLAN

The **2030 Comprehensive Plan** is Palo Alto's chief policy document which governs and guides long-term development. The Housing Element of the Comprehensive Plan influences the production of housing, along with the controls supported in the Land Use and Community Design Element. The Zoning Ordinance is required to be consistent with the City's Comprehensive Plan. Housing Element programs primarily address changes to Zoning Ordinance, in the form of changes to density and other development standards, and to address State legislation. Amendments to the Comprehensive Plan are processed to improve and to maintain consistency with the Zoning Ordinance.

The following table describes the City's land use categories. Single-Family Residential, Multi-Family Residential, Commercial, Research/Office Park, and Mixed-use categories allow residential use with respective density and intensity limits for each category. Table 4-2 shows that the majority of residential land is devoted to single-family homes (19 percent of the total area) with a portion devoted solely to residentially zoned multi-family housing (less than 3 percent). Housing Element programs aim to increase the amount of land where multi-family housing and mixed-use

projects may be developed and increase the density of the housing allowed on parcels that allow multi-family housing.

<b>TABLE 4-2 DISTRIBUTION OF EXISTING LAND USES IN PALO ALTO</b>	
<b>Land Use Categories</b>	<b>% of Total Area**</b>
Hotel Commercial	0.03%
Light Industrial	0.58%
Major Institution (MI)/Special Facility	2.15%
MI/UL (University Land) /Academic Reserve and Open Space	9.81%
MI/UL /Campus Educational Facility	5.03%
MI/UL/Campus Multiple Family	0.22%
MI/UL/Campus Single Family	2.07%
Mixed Use	0.07%
Multi-Family Res	2.75%
Multi-Family Res (w/Hotel Overlay)	0.18%
Neighborhood Commercial	0.45%
Open Space/Controlled Development	15.11%
Public Conservation Land	28.47%
Public Park	2.63%
Regional/Community Commercial	1.08%
Research/Office Park	4.96%
School District Land	1.51%
Service Commercial	0.65%
Single Family Res	19.26%
SOFA I CAP	0.20%
SOFA II CAP	0.13%
Streamside Open Space	2.66%
<b>Total</b>	<b>100.00%</b>

Source: City of Palo Alto 2030 Comprehensive Plan

The nine land use designations that allow residential uses, as established in the Land Use and Community Design Element are described below. These designations establish the framework for how land use is organized in the city and correspond to one or more zoning districts described in the next section.

### SINGLE-FAMILY RESIDENTIAL

This designation applies to residential neighborhoods primarily characterized by detached single-family homes, typically with one dwelling unit on each lot. Private and public schools and churches are conditional uses requiring permits. Accessory dwelling units and junior accessory dwelling units or duplexes are allowed subject to certain size limitations and other development standards. Duplexes are allowed in select areas . The net densities in single-family areas range from 1 to 7 units per acre, with a maximum of 14 units per acre on parcels with second units or duplexes.

### MULTI-FAMILY RESIDENTIAL

The permitted number of housing units for this designation varies by area, existing land use, proximity to major streets and public transit, distance to shopping and environmental problems. Net densities range from 8 to 40 units per acre for multi-family residential developments. For properties adjacent to single-family residential areas, corresponding zoning standards include reduced height requirements to enable height transitions between lower and higher densities properties. These standards are supported by local residents but can be seen as a constraint to the development of housing. Given the range of allowable densities under this designation, properties may not develop to their full potential. However, densities higher than what is permitted may be allowed where measurable community benefits are derived, services and facilities are available, and the net effect is consistent with the 2030 Comprehensive Plan.

### VILLAGE RESIDENTIAL

This designation allows residential dwellings that are designed to contribute to the harmony and pedestrian orientation of a street or neighborhood. Housing types include single-family houses on small lots, ADUs, cottage clusters, courtyard housing, duplexes, fourplexes and small apartment buildings. Each housing type shall be developed in compliance with the City's most recent objective design standards, to ensure that development successfully contributes to the street and



neighborhood and minimizes potential negative impact. Net densities range up to 20 units per acre.

#### TRANSIT-ORIENTED RESIDENTIAL

This designation allows higher density residential dwellings in the University Avenue/Downtown and California Avenue commercial centers within a walkable distance (approximately 2,500 feet) of the City's two multi-modal transit stations. This land use category is intended to generate residential densities that support substantial use of public transportation, especially the use of Caltrain. The City's objective design standards help to ensure that development successfully contributes to the street and minimizes potential negative impacts. Individual projects are designed to encourage the use of alternative modes of transportation by future residents. Net densities range up to 50 units per acre.

#### NEIGHBORHOOD COMMERCIAL

This designation includes shopping centers with off-street parking or a cluster of street-front stores that serve the immediate neighborhood. Examples include Charleston Center, Edgewood Center and Midtown. Typical uses include supermarkets, bakeries, drugstores, variety stores, barber shops, restaurants, self-service laundries, dry cleaners and hardware stores. In locations along El Camino Real and Alma Street, residential and mixed-use projects may also locate in this category. Residential densities of up to 20 units/acre are allowed on Neighborhood Commercial zoned housing inventory sites. Other Neighborhood Commercial zoned sites not located on El Camino Real are subject to a maximum residential density of up to 15 units/acre. Non-residential FARs will range up to 0.4. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.

#### REGIONAL/COMMUNITY COMMERCIAL

This designation includes larger shopping centers and districts that have a wider variety of goods and services than the neighborhood shopping areas. They rely on larger trade areas and include such uses as department stores, bookstores, furniture stores, toy stores, apparel

shops, restaurants, theaters and nonretail services such as offices and banks. Examples include Stanford Shopping Center, Town and Country Village and University Avenue/Downtown. Non-retail uses such as medical and dental offices may also locate in this designation; software development may also locate Downtown. Non-residential FARs range from 0.35 to 2.0. Consistent with the 2030 Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations. The maximum floor area ratio for mixed use development for the Town and Country Village Shopping Center shall be limited to 0.50 to 1; provided that no more than 0.35 to 1 floor area shall be nonresidential, and not more than 0.15 to 1 floor area shall be residential.

SB 478 prohibits a local agency from imposing a FAR less than 1.0 on housing development projects that consist of three to seven units, or less than 1.25 on housing development projects consisting of eight to ten units, or a lot coverage requirement that precludes these FARs. The City has previously codified this State law in its local zoning ordinance and will review the Zoning Ordinance and update FAR requirements on a continuous basis.

#### SERVICE COMMERCIAL

This designation allows uses that provide citywide and regional services. Areas with this designation are not located in high volume pedestrian areas such as Downtown Palo Alto. Typical uses include auto services and dealerships, motels, lumberyards, appliance stores and restaurants, including fast service types. In almost all cases, these uses require good automobile and service access so that customers can safely load and unload without impeding traffic. In some locations, residential and mixed-use projects may be appropriate in this land use category. Examples of Service Commercial areas include San Antonio Road, El Camino Real and Embarcadero Road northeast of the Bayshore Freeway. Non-residential FARs range up to 0.4. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations. Residential

densities of up to 30 units/acre are allowed on service commercial zoned housing inventory sites.

#### RESEARCH/OFFICE PARK

This designation provides for office, research and manufacturing establishments whose operations are buffered from adjacent residential uses. Stanford Research Park is an example. Other allowable uses include educational institutions, child care facilities, and compatible commercial service uses such as banks and restaurants and residential or mixed uses that would benefit from the proximity to employment centers. Additional uses, including residential and mixed-use project, retail services, commercial recreation, churches and private clubs may also be located in Research/Office Park areas, but only if they are found to be compatible with the surrounding area through the conditional use permit process. Maximum allowable FAR ranges from 0.3 to 0.5, depending on site conditions. Consistent with the Comprehensive Plan, multifamily housing may be allowed in specific locations through the conditional use permit process.

#### MIXED-USE

The Mixed-Use designation is intended to promote pedestrian-oriented places that layer compatible land uses, public amenities and utilities together at various scales and intensities. The designation allows for multiple functions within the same building or adjacent to one another in the same general vicinity to foster a mix of uses that encourages people to live, work, play and shop in close proximity. Most typically, mixed-use developments have retail on the ground floor and residences above. This category includes Live/Work, Retail/Office, Residential/Retail and Residential/Office development. FARs can range up to 1.15, although FAR in development located along transit corridors or near multimodal centers can range from 2.0 up to 3.0. Higher FARs are allowed as an incentive for the project to meet community goals, including the provision of affordable housing. For all projects, a FAR above 1.15 must be used for residential purposes, but a FAR between 0.15 and 1.15 may be used for residential purposes in some cases. These FAR requirements outlined in the Zoning Code may be challenging to interpret and are

considered a constraint. The City will review the Zoning Ordinance and update FAR requirements on a continuous basis.

As of the adoption of the *2030 Comprehensive Plan*, the Mixed-Use designation is only applied in the South of Forest Area (SOFA) area. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.

## NEIGHBORHOOD PLANS

A neighborhood plan is a planning document that implements the goals and policies of the general plan for an area in the city with unique land use needs. These plans contain more detailed development standards and implementation measures to which future projects located within a specified geographic area must adhere.

### SOUTH OF FOREST AREA (SOFA)

In March 2000, the City Council adopted the South of Forest Area Coordinated Area Plan (or SOFA CAP) Phase 1. It is a document that is intended to preserve the primary features of the existing character of a unique area within the City of Palo Alto. At this time, City Council also adopted a Development Agreement to define future land uses in the approximately nine-block portion of the SOFA area in which most of the Palo Alto Medical Foundation holdings were originally located. As part of the Development Agreement, the City acquired the title to the historic Roth Building, land for a new public park, a site for a childcare facility, and a site for a below market rate housing project. The City granted approval for 160 new dwelling units and 30,000 square feet of retail and office space. The constructed multi-family complexes are award-winning developments and include the Oak Court family housing development across from the two-acre Heritage Park and nearby childcare center.

Phase 2 of the SOFA CAP addresses a specific nine-block area (approximately 19 acres) bounded by Forest Avenue on the north, Addison Avenue on the south, Alma Street on the west and Ramona Street to the east. The emergence of substantial new development in the commercial portions of the nine-block area was a major impetus for

Phase 2 of the CAP. These new developments generally included commercial office and residential uses in denser developments than the existing automobile-oriented service uses, which previously dominated the area. SOFA 2 defines land use designation and zoning for this area.

The SOFA area of the City is currently thriving and incorporates a new park, playgrounds and two childcare centers, affordable housing, restaurants, retail, historic buildings, and walkable streets<sup>9</sup>. The MFR housing projects in SOFA 2 include SRO at 725 - 753 Alma, the affordable family housing development at 801 Alma Street, and the 800 High mixed-use development with a corner cafe.

#### NORTH VENTURA COORDINATED AREA PLAN (NVCAP)

On November 6, 2017, the City Council initiated the preparation of a Coordinated Area Plan for the North Ventura area (NVCAP), an approximately 60-acre site, as required by Palo Alto Municipal Code (PAMC) Section 19.10. The NVCAP represents a significant opportunity to plan for a walkable, mixed-use neighborhood in the North Ventura area and surrounding California Avenue area. The City has embarked on an extensive planning process, including a comprehensive community outreach program to provide opportunities for meaningful input throughout the planning process. The City is still engaging with the public and the plan has not yet been finalized; however, a portion of the plan area is now subject to a pending Development Agreement that includes approximately one acre of land to be dedicated to the City for a future 100% affordable housing project.

#### ZONING FOR A VARIETY OF HOUSING

The City's Zoning Ordinance is the primary tool used to manage the development of residential units in Palo Alto. The Residential Districts described in the Zoning Ordinance include the following:

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<sup>9</sup> City of Palo Alto. 2021. Planning and Development: South of Forest Area (SOFA). <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Long-Range-Planning/Area-Plans-and-Studies/South-of-Forest-Area-SOFA> (accessed December 2021).

- RE: Residential Estate District
- R-1: Single-Family Residence District
- R-2: Two Family Residence District
- RMD: Two Unit Multiple-Family Residence District
- RM20: Low Density Multiple-Family Residence District
- RM30: Medium Density Multiple-Family Residence District
- RM40: High Density Multiple-Family Residence District
- PC: Planned Community District

The SOFA CAPs, which ‘live’ outside the Zoning Ordinance, set forth additional residential zones:

- AMF: Attached Multi-Family (30-50 DUs/Ac) with MUO combining
- DHS: Detached Housing Single-Family on Small Lots (20 DUs/Ac)
- RT35: Residential Transition
- RT50: Residential Transition

Permitted densities, setback requirements, minimum lot sizes and other factors vary among the residential districts. In multifamily and mixed-use zones, the development standards are presented in table format to clearly identify the setback, height, and floor-area ratio requirements.

Housing element law specifies that jurisdictions must identify adequate sites to be made available through appropriate zoning and development standards to encourage the development of a variety of types of housing for all income levels, including multi-family rental housing, mobile homes, emergency shelters, and transitional housing. While the above section on the *2030 Comprehensive Plan* addresses provisions for one-family and multi-family housing, this section describes the City’s ability to accommodate other types of housing that may be suitable for, or supportive of, special needs populations. Table 4-3A and Table 4-3B summarize the City’s use provisions for multiple types of housing.

**TABLE 4-3A PERMITTED RESIDENTIAL USES BY ZONE**

Land Use Type	Permit Required by Zone									
	R-1	R-E	R-2	RMD	RM-20	RM-30	RM-40	CN	CC	CS
<b>Residential Uses</b>										
Single-family dwelling	P	P	P	P	P(3)	P(3)	P(3)	--	--	--
Two-Family Use (one owner)	--	--	P	P	P(3)	P(3)	P(3)	--	--	--
Village Residential	--	--	--	--	P	P(3)	P(3)	--	--	--
Multiple Family	--	--	--	--	P	P	P	P(4)	P(4)	P(4)
Residential Care Homes	P	P	P	P	P	P	P	P	P	P
Mobile Homes	P	P	P	P	P	P	P	--	--	--
Single Room Occupancy (SRO) (Considered Multi-Family Use)	--	--	--	--	P	P	P	P	P	P
Transitional Housing (Considered as Multi-Family Use)	--	--	--	--	P	P	P	P(4)	P(4)	P(4)
Supportive Housing (Considered as Residential Care/Multi-Family Use)	P	P	P	P	P	P	P	--	--	--
Accessory Dwelling Units (ADUs)	P(1)	P	P(1)	P(1)	P(1&5)	P(1&5)	P(1&6)	P	P	P

P = Permitted Use

CUP = Conditional Use Permit

(1) An Accessory Dwelling Unit or a Junior Accessory Dwelling Unit associated with this land use on a lot is permitted, subject to the provisions of Section 18.42.040, and such that no more than two total units result on the lot.

(2) Bed and Breakfast Inns: Bed and breakfast inns are limited to no more than 4 units (including the owner/resident's unit)

(3) Single-family units allowed depending on lot size

(4) Residential is only permitted: (i) as part of a mixed use development, pursuant to the provisions of Section 18.16.060 (b), or (ii) on sites designated as housing inventory sites in the Housing Element of the Comprehensive Plan, (iii) on CN or CS sites on El Camino Real, or (iv) on CC (2) sites, all pursuant to the provisions of Section 18.16.060 (b) and (c).

(5) Permitted use only on lots less than 8,500 square feet in size.

(6) Permitted use only on lots less than 6,000 square feet in size.

-- = Use not allowed

Source: Palo Alto Zoning Ordinance, 2021

R-1 = Single-Family Residential

RE = Residential Estate

R-2 = Two Family Residential

RMD = Two Unit Multiple-Family Residential

RM-20 = Low Density Multiple-Family Residence

RM-30 = Medium Density Multiple-Family Residence

RM-40 = High Density Multiple-Family Residence

CN = Neighborhood Commercial

CC = Community Commercial

CS = Service Commercial

**TABLE 4-3B PERMITTED RESIDENTIAL USES IN MULTIPLE ZONES**

Land Use Type	Permit Required by Zone							
	AMF	MUO	DHS	RT-35	RT-50	MOR	ROLM/E	RP/5
<b>Residential Uses</b>								
Single-family dwelling	P	P	P	P	P	–	–	–
Two-Family Use (one owner)	–	P	P	P	P	–	–	–
Village Residential	–	–	–	–	–	CUP	CUP	CUP
Multiple Family	P	P	–	P	P	CUP	CUP	CUP
Residential Care Homes	P	P	P	P	P	P	CUP	CUP
Mobile Homes	–	–	–	–	–	–	–	–
Single Room Occupancy (SRO) (Considered Multi-Family Use)	CUP	–	–	P	P	CUP	CUP	CUP
Transitional Housing (Considered as Multi-Family Use)	CUP	–	–	P	P	CUP	CUP	CUP
Supportive Housing (Considered as Residential Care/Multi-Family Use)	CUP	–	–	P	P	CUP	CUP	CUP
Accessory Dwelling Units (ADUs)	P	P	P	P	P	–	–	–

*P = Permitted Use*

*CUP = Conditional Use Permit*

*-- = Use not allowed*

*Source: South of Forest Area Coordinated Area Plan, 2003*

*AMF = Attached Multi-Family (30-50 du/ac)*

*MUO = Mixed Use Overlay*

*DHS = Detached SFR on small lots (8-20 du/ac)*

*RT-35 = Residential Transition 35 du/ac*

*RT-50 = Residential Transition 50 du/ac*

*MOR = Medical office/research*

*ROLM/E = Research Office and Limited Manufacturing*

*RP/5 = Research Park*



TABLE 4-4 RESIDENTIAL DEVELOPMENT STANDARDS							
Development Standard	R-1 <sup>1</sup>	R-E	R-2	RMD	RM-20	RM-30	RM-40
Minimum Lot Size (square feet) <sup>2</sup>	6,000	1 acre	6,000	5,000	8,500	8,500	8,500
Maximum Lot Size (square feet)	9,999	None	11,999	9,999	None	None	None
Maximum Lot Coverage (Single Story)	35%	25%	40%	40%	35%	40%	45%
Maximum Lot Coverage (Multiple Story)	35%	25%	35%	40%	35%	40%	45%
Maximum Density (dwelling units per acre)	8	1	2	17	20 <sup>3</sup>	30 <sup>3</sup>	40 <sup>3</sup>
Minimum Density (dwelling units per acre)	None	None	None	None	11	16	21
Floor Area Ratio (FAR)	0.45	0.45	0.45	0.50	0.50	0.60	1
Maximum Height Limit (feet)	30	30	30 <sup>4</sup>	35	30	35	40
Minimum Side Yard Setback	6				Setback lines imposed by a special setback map pursuant to Chapter 20.08 of this code may apply <sup>5</sup> .		
Street Side Yard and Street Rear Yard	16	24	16	16	16	16	0-162
Minimum Rear Yard Setback	20	30	20	20	10-16	10-16	10-16
Minimum Front Yard Setback	Contextual	30	20	20	20	20	20

<sup>1</sup> The R-1 District has four subdistricts which include differing site area development standards (see Table 4-5).

<sup>2</sup> Any lot less than the minimum lot size may be used in accordance with the provisions of Chapter 18.40.

<sup>3</sup> Provided that, for any lot of 5,000 square feet or greater, two units are allowed, subject to compliance with all other development regulations

<sup>4</sup> R-2 Floodzone Heights: Provided, in a special flood hazard area as defined in Chapter 16.52, the maximum heights are increased by one-half of the increase in elevation required to reach base flood elevation, up to a maximum building height of 33 feet.

<sup>5</sup> Minimum street side setbacks in the RM-40 zone may be from 0 to 16 feet and shall be determined by the Architectural Review Board upon review pursuant to criteria set forth in Chapter 18.76 and the context-based criteria outlined in Section 18.13.060

<sup>6</sup> At least one of the required number of spaces per unit must be covered.

Source: Palo Alto Zoning Ordinance, 2021

### RE RESIDENTIAL ESTATE DISTRICT

The RE residential estate district is intended to create and maintain single-family living areas characterized by compatibility with the natural terrain and native vegetation. The RE district provides locations for residential, limited agricultural, and open space activities most suitably

located in areas of very low density or rural qualities. Accessory dwelling unit(s) and accessory structures or buildings are permitted. Community uses and facilities should be limited unless no net loss of housing units would result. The maximum size of the main dwelling on a conforming lot is 6,000 square feet.

#### R-1 SINGLE FAMILY RESIDENCE DISTRICT

The R-1 district is intended for single-family residential use. Typically, only one unit is allowed per R-1 lot. Under certain conditions, accessory or second dwelling units may be allowed in addition to the primary unit. Generally, the minimum lot size for the R-1 district is 6,000 square feet. However, areas of Palo Alto have minimum lot sizes larger than 6,000 square feet, and these larger lot sizes are being maintained through the Zoning Ordinance by specific R-1 zone combining districts.

The R1 District zoning regulations also specify lot coverage maximums (typically a maximum of 35 percent lot coverage is allowed) and floor area ratios (the ratio of the house size to the lot size). These lot coverage and FAR limits may limit the development of ADUs on certain lots. In addition, height restrictions may limit development potential. "Daylight plane" restrictions that apply are height limitations controlling development on residential properties. In certain areas of the city developed predominantly with single-story homes, limitations on adding second stories to single-story units may apply.

About 80 percent of the land zoned R-1 is between 5,000-10,000 square feet in size. These parcels are established R-1 neighborhoods with little chance of rezoning or developing to multi-family development in the future due to the high home values and excellent conditions of homes.

**TABLE 4-5 SINGLE-FAMILY DISTRICTS AND MINIMUM SITE STANDARDS**

Development Standard	Type of R-1 District				
	R-1	R-1(7,000)	R-1(8,000)	R-1 (10,000)	R-1 (20,000)
Minimum Lot Size (square feet)	6,000	7,000	8,000	10,000	20,000
Maximum Lot Size (square feet)	9,999	13,999	15,999	19,999	39,999
Maximum Lot Coverage <sup>1</sup>	35%	35%	35%	35%	35%
Maximum Density (dwelling units per lot)	1	1	1	1	1
Floor Area Ratio (FAR)	30%	30%	30%	30%	30%
Maximum Height Limit (feet) <sup>2</sup>	30	30	30	30	30
Minimum Side Yard Setback	6	8	8	8	8
Street Side Yard	16	16	16	16	16
Minimum Rear Yard Setback	20	20	20	20	20
Minimum Front Yard Setback	Contextual	Contextual	Contextual	Contextual	Contextual

<sup>1</sup> Site Coverage: The covering of a court is exempt from the calculation of site coverage provided that the court existed prior to July 20, 1978.

<sup>2</sup> R-1 Floodzone Heights: Provided, in a special flood hazard area as defined in Chapter 16.52, the maximum heights are increased by one-half of the increase in elevation required to reach base flood elevation, up to a maximum building height of 33 feet.

Source: Palo Alto Zoning Ordinance, 2021

The majority of residentially zoned land in Palo Alto is planned and zoned for low residential use. The City recognizes that its residential neighborhoods are distinctive, with three that are recognized as National Register Historic Districts. The preservation and enhancement of the special features that characterize individual neighborhoods is important to the City’s residents. Since Palo Alto is a built-out community, most new single-family residential redevelopment will occur in existing single-family neighborhoods on infill lots or through the demolition/remodeling of existing structures. The single-family neighborhood site development regulations are intended to ensure that much of what Palo Alto cherishes in its residential areas, such as open space areas, attractive streetscapes with mature landscaping, and variety in architectural styles, are preserved and protected. However, the single-family site development regulations are a constraint to the development of housing, particularly affordable housing that often occurs at higher densities. To combat this constraint, Program 6.1 *Housing for Persons with Disabilities* proposes amending the Zoning Code to create incentives that encourage development of various types of housing units, including units for persons

with disabilities including seniors. In addition, Program 5.1 *Preservation of at-Risk Housing* supports a Zoning Code that permits innovative housing types and flexible development standards while maintaining the character of the neighborhood.

#### R-2 AND RMD RESIDENTIAL DISTRICTS

The R-2 and RMD residential districts allow two units per site. The R-2 two-family residence district is intended to allow a second dwelling unit under the same ownership as the initial dwelling unit on appropriate sites in areas designated for single-family use by the Comprehensive Plan, under regulations that preserve the essential character of single-family use. Community uses and facilities should be limited unless no net loss of housing would result. A minimum site area of 7,500 and 5,000 square feet is necessary for two dwelling units in the R-2 and RMD zones respectively.

The RMD two-unit multiple-family residence district is intended to allow a second dwelling unit under the same ownership as the initial dwelling unit on appropriate sites in areas designated for multiple-family use by the Comprehensive Plan. The maximum density in this zone shall not exceed 17 dwelling units per acre. The RMD district is intended to minimize incentives to replace existing single-family dwellings, maintain existing neighborhood character and increase the variety of housing opportunities available within the community.

#### MULTIPLE-FAMILY DENSITY DISTRICTS

The Zoning Ordinance establishes three categories of multiple-family residential use: low density (RM-20), medium density (RM-30), and high density (RM-40). The RM-20 low-density multiple-family residence district is intended to create, preserve and enhance areas for a mixture of single-family and multiple-family housing which is compatible with lower density and residential districts nearby, including single-family residence districts. The RM-20 residence district also serves as a transition to moderate density multiple-family districts or districts with nonresidential uses. Permitted densities in the RM-20 residence district range from eight to twenty dwelling units per acre, with a minimum density of 16 dwelling units per acre. The RM-30 district allows up to 30

units per acre, and the RM-40 allows up to 40 units per acre, with minimum densities of 16 and 21 units per acre, respectively. Additionally, the South of Forest Area Plan 1 includes the AMF zoning district AMF which requires a minimum density of 30 dwelling units per acre and a maximum density of 50 dwelling units per acre.

#### PLANNED HOME ZONING

Planned Home Zoning (PHZ) is an application that follows the regulatory framework set forth in the zoning code, locally known as the Planned Community zoning district. It allows property owners and developers to seek a deviation from the local zoning standards to promote housing production. The program started in 2020 and was intended to inform local land use policies and ultimately result in changes to local zoning. In exchange for deviating from base zoning standards, developers are required to provide a minimum of twenty percent (20%) affordable housing units and create less demand for housing than jobs created by the development to help improve the City's jobs/housing imbalance. Since its inception the City has received several preliminary applications, which has helped inform anticipated policy changes.

Historically, Planned Community (PC) district applications (or a related application type: Development Agreements) were used extensively for housing projects, resulting in over 60% of the housing units produced in the City from 1998 – 2022, or approximately 2,000 units. By contrast, just over 3.5% or about 120 housing units were produced using base zoning standards in the City's multi-family districts and 11% or approximately 360 housing units were produced in the City's commercial and research/office park zoning districts without any significant deviation from local zoning during that same time period.

The use of PCs ended around 2014 as it was more frequently used by commercial developers and the community expressed concern that the City was exacerbating the jobs/housing imbalance. While PCs were effective at producing housing units, that process and the current PHZ application are lengthy legislative processes that have reduced predictability compared to a ministerial application review. Program 3.6 *Expedited Project Review* seeks to codify changes to the City's zoning

code that convey increased development potential in the City’s multi-family and commercial zones through an administrative or streamlined discretionary review process based in part on information gleaned from the PHZ process.

#### RESIDENTIAL AND MIXED-USE ZONING COMBINING DISTRICT

The Pedestrian and Transit Oriented Development (PTOD) Combining District is intended to allow higher density residential dwellings on commercial, industrial, and multi-family parcels within a walkable distance of Caltrain stations, while preserving the character of low-density residential neighborhoods and neighborhoods with historical resources located in or adjacent to this area. At this time, there is one PTOD district adjacent to the California Avenue Caltrain station. The combining district is intended to encourage higher densities near public transportation and provide incentives for the development of affordable housing. Despite the housing incentives, there are constraints to the combining district. Limited opportunity for lot consolidation has resulted in the approval of only two projects, yielding nine units. To address these constraints, Program 3.5 *Pedestrian and Transit Oriented Development (PTOD)* will explore changes to the development standards and review process to encourage housing development. The geographic expansion of the Housing Incentive Program, Program 3.4 *Housing Incentive Program*, will encompass the majority of the PTOD area and will increase residential development potential. Program 6.3 *Mixed-Use Development* seeks to moderate office floor area.

#### RESIDENTIAL TRANSITION ZONE

The Residential Transition District is the primary district for SOFA 2. It is divided into the RT-35, and RT-50 districts, each of which has different development standards. The RT-35 and RT-50 districts are intended to promote the continuation of a mixed use, walkable, area with a wealth of older buildings. In the future, as in the past, different non-residential uses will become more or less dominant. However, it is a goal of the plan to make sure that a particularly strong market in one sector does not drive out diversity. Neighborhood serving retail and service uses that serve the residential communities in and near SOFA are particularly

valued. The differing height, intensity, and use restrictions recognize the differing potentials of the area as it moves between purely residential neighborhoods and the downtown, and closer to Alma Street and the transit center. In the Homer/Emerson Corridor, which comprises Homer Avenue between Alma Street and Ramona Street, and Emerson Street between Forest Avenue and Channing Avenue, different regulations may apply, including, but not limited to: office uses, parking, setbacks and daylight planes.

#### RESIDENTIAL USES IN COMMERCIAL DISTRICTS

Residential uses are allowed in all commercial districts as mixed-use developments, and multi-family residential development is allowed in certain locations in the SOFA area. Residential-only uses are similarly allowed subject to limitations where the City is promoting ground-floor retail. One hundred percent (100%) affordable housing projects are also allowed when located within one-half mile from a major transit stop or within one-quarter mile of a high-quality transit corridor. With the recent passage of AB 2011, the City will amend its zoning code to expand affordable housing production in commercial districts consistent with State law, as stated in Program 6.3 *Mixed-Use Development*.

As shown in Table 4-6, Table 4-7, Table 4-8, there are maximum FARs and lot coverage requirements for residential development in commercial and other zones allowing residential development. However, use of the City's Housing Incentive Program (HIP) increases the FAR to 1.5:1 in the CN and CS districts along El Camino Real, 2.0:1 in the CC(2) and CS (portion of San Antonio Road) districts, and, 3.0:1 in the CD-C district. Additionally, lot coverage can be waived administratively. Moreover, the City has amended its local zoning regulations to implement SB 478 which permits greater floor area for qualifying projects.

Incorporation of the HIP and other code changes to reduce parking standards and eliminate density restrictions received interest from the development community but has not resulted in the production of any significant number of housing units. Accordingly, the code changes appear insufficient to reduce governmental barriers (zoning) to housing. Program 3.4 amends the City's Housing Incentive Program. It is

anticipated that amendments to height, floor area, and open space require further adjustment to spur housing. Moreover, as the Housing Incentive Program is intended to serve as an alternative to the State Density Bonus Law, the City will implement other by-right incentives to make housing more competitive and likely to be developed. The City is preparing architectural and economic feasibility studies to inform those code changes.

<b>TABLE 4-6 DEVELOPMENT STANDARDS FOR MIXED-USE AND RESIDENTIAL DEVELOPMENTS IN NEIGHBORHOOD, COMMUNITY, AND SERVICE COMMERCIAL DISTRICTS</b>				
<b>Development Standards</b>	<b>CN</b>	<b>CC</b>	<b>CC(2)</b>	<b>CS</b>
Minimum Site Area	None	None	None	None
Usable Open Space	150 sq ft per unit			
Minimum Front Yard Setback <sup>1</sup>	0'-10'	None	0'-10'	0'-10'
Minimum Rear Yard Setback	10' for residential portion; no requirement for commercial portion			
Minimum Interior Side Yard Setback if abutting residential zone district	10'	10'	10'	10'
Minimum Street Side Setback	5'	5'	5'	5'
Maximum Lot Coverage	50%	50%	100%	50%
Maximum Height (Standard)	35' <sup>2</sup>	50'	37'	50'
Maximum Height within 150' of a residential zone district (other than an RM-40 or PC zone) abutting or located within 50' of the side	35'	35' <sup>3</sup>	35' <sup>3</sup>	35' <sup>3</sup>
Residential Density (net) <sup>4</sup>	15 or 20 <sup>5</sup>	See PAMC 18.16.060(e)	None	30 <sup>6</sup>
Maximum Residential Floor Area Ratio (FAR)	0.5:1 <sup>2</sup>	See PAMC 18.16.060(e)	0.6:1	0.6:1

<sup>1</sup> Setback lines imposed by a special setback map pursuant to Chapter 20.08 of the PAMC may apply.

<sup>2</sup> For CN sites on El Camino Real, height may increase to a maximum of 40 feet and the FAR may increase to a maximum of 1.0:1 (0.5:1 for nonresidential, 0.5:1 for residential)

<sup>3</sup> For sites abutting an RM-40 zoned residential district or a residential Planned Community (PC) district, maximum height may be increased to 50 feet

<sup>4</sup> Residential density shall be computed based upon the total site area, irrespective of the percent of the site devoted to commercial use

<sup>5</sup> Residential densities up to 20 units/acre are allowed on CN zoned housing inventory sites identified in the Housing Element. Other CN zoned sites not located on El Camino Real are subject to a maximum residential density of up to 15 units/acre

<sup>6</sup> No maximum residential density on designated Housing Element Sites Inventory along El Camino Real



TABLE 4-7 DEVELOPMENT STANDARDS FOR MIXED-USE AND RESIDENTIAL DEVELOPMENTS IN DOWNTOWN COMMERCIAL DISTRICT			
Development Standards	CD-C	CD-S	CD-N
Minimum Site Area	None	50%	50%
Usable Open Space	150 sq ft per unit		
Minimum Front Yard Setback	None	None	10'
Minimum Rear Yard Setback	10' for residential portion; no requirement for commercial portion		
Minimum Interior Side Yard Setback if abutting residential zone district	None	10'	10'
Minimum Street Side Setback	None	5'	5'
Maximum Lot Coverage	None	50%	50%
Maximum Height (Standard)	50'	50'	35'
Maximum Height within 150' of an abutting residential zone	40' <sup>2</sup>	40' <sup>2</sup>	35' <sup>2</sup>
Residential Density (net)	None	30	30
Maximum Weighted Average Residential Unit Size <sup>4</sup>	1,500 sq ft per unit	None	None

<sup>1</sup> The yard shall be planted and maintained as a landscaped screen, excluding area required for site access

<sup>2</sup> For sites abutting an RM-40 zoned residential district or a residential Planned Community (PC) district, maximum height may be increased to 50 feet

<sup>3</sup> Residential density shall be computed based upon the total site area, irrespective of the percent of the site devoted to commercial use. There shall be no deduction for that portion of the site area in nonresidential use

<sup>4</sup> The weighted average residential unit size shall be calculated by dividing the sum of the square footage of all units by the number of units. For example, a project with ten 800-square foot 1-bedroom units, eight 1,200-square foot 2-bedroom units, and two 1,800-square foot 3-bedroom units would have a weighted average residential unit size of  $((10 \times 800) + (8 \times 1,200) + (2 \times 1,800)) \div (10 + 8 + 2) = 1,060$  square feet

<sup>5</sup> FAR may be increased with transfers of development and/or bonuses for seismic and historic rehabilitation upgrades, not to exceed a total site FAR of 3.0:1 in the CD-C subdistrict or 2.0:1 in the CD-S or CD-N subdistrict.

**TABLE 4-8 DEVELOPMENT STANDARDS FOR SOFA CAP**

Development Standards	DHS	AMF and AMF/MOU	RT-35	RT-50	MOR	ROLM	RP
Minimum Site Area	2,800 sf	10,000 sf	None	None	8,500 sf	8,500 sf	8,500 sf
Maximum Lot Size	5,000 sf	None	None	None	None	None	None
Minimum Density	8 du/ac	30du/ac – AMF <sup>1</sup>	None	None	16 du/ac	11 du/ac	11 du/ac
Maximum Density	20 du/ac	50 du/ac <sup>2</sup>	None	None	30 du/ac	20 du/ac <sup>3</sup>	20 du/ac <sup>4</sup>
Usable Open Space	None	None	None	None	150 sf per unit	150 sf per unit	150 sf per unit
Minimum Front Yard Setback	15'	0'-10' <sup>1</sup>	15'	12'	20'	20'	20'
Minimum Rear Yard Setback	20'	15'	15'	10'	10'	10'	10'
Minimum Interior Side Yard Setback	6'	15'	15'	10'	10' <sup>5</sup>	10' <sup>5</sup>	10' <sup>5</sup>
Minimum Street Side Setback	10'	15'	15'	12'	16'	16'	16'
Maximum Lot Coverage	100%	100%	100%	100%	40% <sup>6</sup>	40% <sup>6</sup>	35% <sup>6</sup>
Maximum Height (Standard)	30'	35' <sup>7</sup>	35'	50'	35'	30'	30'
Maximum Height (Detached Second Unit)	25'	45' <sup>8</sup>	N/A	N/A	N/A	N/A	N/A
Maximum Size (Detached Second Unit)	750 sf	N/A	1,250 sf	1,250 sf	N/A	N/A	N/A
Maximum FAR	0.45:1	1.5:1	1.15:1	1.3:1	0.6:1	0.5:1	0.6:1
SFR + Attached ADU	0.55:1	N/A	N/A	N/A	N/A	N/A	N/A
SFR + Detached ADU	0.65:1	N/A	N/A	N/A	N/A	N/A	N/A
100% Affordable or Rental	N/A	N/A	1.3:1	1.5:1	N/A	N/A	N/A
Daylight Planes (10 up to 45 degrees)	12-60	12-60	15-45	N/A	10-45	10-45	10-45

<sup>1</sup>AMF density for lots 6,000 sf or greater; lots 4,000-6,000 sf must provide 2 DUs; less than 4,000 1 DU; AMF/MUO there is no minimum residential density

<sup>2</sup>AMF Bonus to 60 DU/Ac or 100% affordable housing, permanent rental, or senior housing

<sup>3</sup>ROLM(E) zone is limited to 20 DU/Ac with minimum 11 DU/Ac and max FAR .5:1

<sup>4</sup>RP and RP(5) site more than 150 feet from RE, R1, R2, RMD can develop at 30 DU/Ac

<sup>5</sup>ROLM(E) zone height limit is 30' and lot coverage at 35%<sup>5</sup> 0' setback for non-residential uses, 10' setback for residential uses

<sup>6</sup>For lots having a width of less than 70' only a 6' side yard is required

<sup>7</sup>Plus 5% overhangs

<sup>8</sup>To eave

<sup>9</sup>To peak

### SINGLE ROOM OCCUPANCY UNITS

The Palo Alto Zoning Ordinance allows Single Room Occupancy (SRO) units as a multiple tenant structure with individual resident rooms. The City permits SRO units in CN, CC, and CS zones and multi-family residential zoning districts as shown in Table 4-3 using development standards that encourage the construction of the maximum number of units. Sites that have access to community services and public transportation are highly desired for SRO residents. Tenants typically share bathrooms and/or kitchens, while some rooms may include kitchenettes, bathrooms, or half-baths.

### MANUFACTURED HOMES AND MOBILE HOME PARKS

Manufactured housing is a permitted use in all residential zoning districts, including the R-1, R-E, R-2, RMD, RM-20, RM-30 and RM-40 zoning districts. Chapter 18.42.100 of the City's municipal code states that in order to be located in any residential district or on any site in any other district used for residential occupancy, a mobile home (manufactured housing) must be located on a permanent foundation system approved by the building official pursuant to all applicable laws, including, but not limited to, California Health and Safety Code Section 18551 or successor legislation. The 117 units in the Buena Vista Mobile Home Park made up less than 0.4 percent of the housing stock in 2020. Mobile homes provide affordable housing with low yard and housing maintenance, which attracts a high number of seniors and low-income households; however, given the high cost of land in the city, it is unlikely that new mobile home developments will be proposed.

As indicated by Chapter 2, on November 9, 2012, the owner of the 117-unit Buena Vista Mobile Home Park submitted an application to close the park in accordance with the City's Mobile Home Park Conversion Ordinance, Chapter 9.76 of the Palo Alto Municipal Code. In an effort to preserve affordable housing in the park, the Santa Clara County Housing Authority purchased the park with funding assistance from the County of Santa Clara and the City of Palo Alto in 2017. The City and County each committed \$14.5 million in dedicated affordable housing funds for acquisition and rehabilitation, and the Housing Authority contributed an

additional \$26 million in federal funding from HUD. A tri-party deed-restriction agreement will maintain use of the property for affordable housing for 75 years.

#### ACCESSORY DWELLING UNITS

The City allows Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) as a way to expand housing opportunities in the City. ADUs are separate, self-contained living units with separate entrances from the main residence, whether attached or detached. JADUs are attached to a primary residence and can share a bathroom with the primary residence. Between 2019 and 2021, a total of 192 ADUs or JADUs were permitted in the City.

ADUs are permitted in all single-family and multi-family residential zones. A lot may have one primary dwelling, one ADU, and one JADU as well. ADUs and JADUs that fall within the purview of California Government Code section 65852.2, subdivision(e) are permitted without reference to local zoning codes; all other ADUs and JADUs are subject to local regulations that seek to minimize the impacts of the structures on neighboring properties and to assure that the size, location, and design is compatible with the primary dwelling and the surrounding area.

Although 192 ADUs and JADUs were permitted between 2019 and 2021 in the City, this housing type is not as popular as other types of housing. Program 3.6 *ADU Facilitation* in Chapter 5 of the Housing Element outlines objectives for reducing barriers to the provision of ADUs and JADUs in the City. The City is currently in compliance with State legislation but did receive a notice from HCD identifying some potential concerns with the City's local ordinance. The City awaits HCD guidance following a City-prepared response letter. If any aspect of the local ordinance is found inconsistent with State law the City will promptly update its standards. Moreover, the City has prepared ordinance revisions to incorporate the fall 2022 ADU state legislation and other changes. The City will continue to monitor new state legislation regarding ADUs and will amend the Zoning Ordinance annually to ensure compliance with state law as part of Program 3.6 *ADU Facilitation*.

### RESIDENTIAL CARE HOMES

A residential care home is a residential dwelling unit or part thereof licensed by the State of California that provides 24-hour care of persons, including overnight occupancy or care for extended time periods, and including all uses defined in Sections 5115 and 5116 of the California Welfare and Institutions Code, or successor legislation. The City permits residential care facilities for six or fewer residents in all residential districts. Residential care homes may be incorporated into Supportive Housing and Transitional Housing facilities, which allow seven or more residents. The City does not currently include residential care facilities for seven or more residents in the Zoning Ordinance. The City will amend its Zoning Ordinance and implement Program 6.5 *Alternative Housing* in Chapter 5 of the Housing Element to include residential care homes of seven or more residents as a similar use to supportive and transitional housing and allow them in zone districts that currently allow supportive and transitional housing.

### SUPPORTIVE HOUSING

Supportive housing means housing, as set forth in Government Code section 65582 and SB2 and SB 745, that is occupied by low-income individuals who will receive, as part of their residency, supportive services designed to assist the individual in retaining housing, improving health, or enhancing other life functions. Supportive housing is not subject to a limit on length of stay, and the target population includes homeless families, homeless youth, and persons with disabilities. In 2014, Palo Alto revised the Municipal Code to state that “Supportive housing shall be considered as a multiple-family use and only subject to those restrictions that apply to other multiple-family uses of the same type in the same zone.” Supportive housing programs may use residential care homes wholly or as a part of their overall facilities in Palo Alto.

In 2018, AB 2162 required that supportive housing meeting certain criteria be considered a use “by right,” with expedited review, for supportive housing projects of 50 units or fewer. This law applies to sites in zones where multi-family and mixed uses are permitted, including in nonresidential zones permitting multi-family use. Additionally, AB 2162

prohibits local governments from imposing any minimum parking requirements for units occupied by supportive housing residents if the development is located within ½ mile of a public transit stop. The City processes applications for supportive housing projects in accordance with AB 2162 but has not codified the bill’s requirements in its zoning code. As part of Program 6.5 *Alternative Housing*, the City will amend the Zoning Ordinance to reflect AB 2162, to streamline the approval process for supportive housing by allowing the use “by right” in the CN, CC, CS and CD zones, and to remove minimum parking standards for supportive housing projects within ½ mile of public transit.

#### TRANSITIONAL HOUSING

The Palo Alto Zoning Ordinance defines transitional housing as buildings configured as rental housing developments but operated under program requirements that call for termination of assistance and recirculation of the assisted units to another eligible program recipients at some predetermined future point in time, which shall be no less than six months from the beginning of assistance. Transitional shelters are facilities for the temporary shelter and feeding of homeless, or persons facing other difficulties such as domestic violence.

Transitional housing shall be considered a residential use of the property and shall be only subject to those restrictions that apply to other residential dwellings of the same type in the same zone. Transitional housing programs may use Residential Care Homes wholly or as part of their overall facilities in Palo Alto. AB 139 requires that local governments impose only those development and management standards that apply to residential or commercial development within the same zone. The City is currently not in compliance with AB 139 and will implement Program 6.5 *Alternative Housing* to amend the Zoning Code and allow transitional housing “by right” in the R-1, R-E, R-2, and RMD zones, and to remove minimum parking standards for Transitional Housing projects within ½ mile of public transit.

### EMERGENCY SHELTERS

An emergency shelter is a facility that houses persons experiencing homelessness on a limited, short-term basis (six months or less), and may involve supplemental services. Supplemental services may include, but are not limited to, meal preparation, an activities center, day care for homeless person's children, vocational rehabilitation, and other similar activities. The City of Palo Alto allows emergency shelters for the homeless as a permitted use in the Research, Office and Limited Manufacturing-Embarcadero (ROLM(E)) district, on properties located east of Highway 101. This area is a light industrial zone that contains such uses as offices, research facilities, light manufacturing, as well as residential sites. Retail support services are located nearby.

Pursuant to Government Code § 65583(a)(4), the Housing Element must demonstrate that sufficient capacity exists to accommodate the identified housing need for emergency shelters. The City's unmet homeless need is 299 beds (based on 2019 point-in-time survey results). There are approximately 68.58 acres of land within the (ROLM(E)) district that allow by-right approval of emergency shelters. The sites are mostly underutilized commercial buildings on typically 1-4 acre lots. The area is served by a crosstown shuttle route that terminates near the City's Opportunity Center, which provides affordable housing and a wide range of services to the homeless population.

The City was awarded a State grant that will help develop Homekey Palo Alto, the City's newest homeless shelter that will have the capacity to house 300 individuals. Homekey Palo Alto will be the first of its kind in the City, and will help provide intensive, customized case management for clients including counseling, employment and housing search services. The project is expected to be complete by Fall of 2023 and includes a contribution of over \$11 million from the City in land and operational expenses.

The development and management standards for emergency shelters in the Palo Alto Zoning Ordinance were drafted to be consistent with State Law, although a few minor edits are needed to be fully compliant with State Law. The following highlights the changes that are required:



- There shall be provided one parking space for each three beds in the emergency shelter. This standard is not in compliance with AB 139, which requires parking for emergency shelters be established solely based on staffing level. The City will implement Program 6.5 *Alternative Housing* to amend the Zoning Code to require parking based on the number of staff working in the emergency shelter.
- Distance to other facilities. The City’s Zoning Code requires that the shelter be located more than 300 feet from any other shelters for the homeless, not in compliance with this State law requirement of a maximum separation of 300 feet. The City will implement Program 6.5 *Alternative Housing* to amend the Zoning Code to state "The shelter must be located ~~more~~ no less than 300 feet from any other shelters for the homeless."
- Length of stay. Temporary shelter shall be available to residents for no more than 60 days. Extensions up to a total stay of 180 days may be provided if no alternative housing is available. The City will implement Program 6.5 *Alternative Housing* to amend the Zoning Code to strike "...if no housing alternative is available."

#### LOW BARRIER NAVIGATION CENTERS

In 2019, AB 101 was passed requiring Low Barrier Navigation Centers by right in mixed-use and non-residential zones permitting multi-family uses. A "Low Barrier Navigation Center" is defined as housing or shelter in which a resident who is homeless or at risk of homelessness may live temporarily while waiting to move into permanent housing. The City is not currently in compliance with State legislation on Low Barrier Navigation Centers and will implement Program 6.5 *Alternative Housing* to amend its Zoning Ordinance. Under this program the City will add a definition for Low Barrier Navigation Centers, explicitly state that the use is allowed "by right" in residential, mixed-use zones, and nonresidential zones permitting multifamily uses.

#### FARMWORKER EMPLOYEE HOUSING

According to the American Community Survey in 2019, 22 people residing in the City were employed in the agriculture, forestry, fishing, and mining

industry<sup>10</sup>. The US Department of Agriculture’s 2017 Census of Agriculture reported that in Santa Clara County, 92,447 persons were hired farm labor (fulltime), 2,418 persons were employed for 150 days or more, and 1,758 were hired for 150 days or fewer.<sup>11</sup> The City’s Agricultural Conservation (AC), RE, and Open Space zones permit agricultural and compatible uses on property intended for preservation and retention essentially in its natural, farmed, or landscaped state. The AC and OS zones permit different types of housing and accessory buildings and uses customarily incidental to permitted dwellings; provided, however, that such permitted dwellings shall be for the exclusive use of the owner or owners, or lessee or lessor of land upon which the permitted agricultural use is conducted, and the residence of other members of the same family and bona fide employees of the aforementioned.

Under California Health and Safety Code (HSC) 17021.6 and 17021.8, farmworker housing up to 36 beds or 12 units are to be permitted as an agricultural use and therefore “by right” in the AC and OS zones. HSC 17021.6 also specifies that permitted occupancy in employee housing in a zone allowing agricultural uses shall include agricultural employees who do not work on the property where the employee housing is located. Land use allowances in the AC and OS zones do not comply with sections 17021.6 of California’s Health and Safety Code. The City will implement Program 6.5 *Alternative Housing* and amend the Zoning Code to ensure compliance with HSC 17021.6 and 17021.8.

In addition, Under California Health and Safety Code 17021.5, any employee housing providing accommodation for six or fewer employees must be considered a single-family structure and no conditional use permit, zoning variance, or other zoning clearance shall be required if the same is not required of a family dwelling of the same type in the same zone. The City is not in compliance with the Employee Housing Act and

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<sup>10</sup> Census Bureau – American Community Survey. 2021. Palo Alto Community Survey. [https://data.census.gov/cedsci/table?g=0400000US06\\_1600000US0655282&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2018.DP03](https://data.census.gov/cedsci/table?g=0400000US06_1600000US0655282&d=ACS%205-Year%20Estimates%20Data%20Profiles&tid=ACSDP5Y2018.DP03)

<sup>11</sup> USDA 2017: [https://www.nass.usda.gov/Publications/AgCensus/2017/Full\\_Report/Volume\\_1,\\_Chapter\\_2\\_County\\_Level/California/](https://www.nass.usda.gov/Publications/AgCensus/2017/Full_Report/Volume_1,_Chapter_2_County_Level/California/)

will implement Program 6.7 *Alternative Housing* to define employee housing separately from boarding house, rooming house, hotel, dormitory, or other similar terms that imply that employee housing is a business run for profit or differs in any other way from a family dwelling. Program 6.5 *Alternative Housing* will also amend the PAMC to state that no discretionary permit would be required of employee housing providing accommodation for six or fewer employees if discretionary permits are not required of a family dwelling of the same type in the same zone.

#### DESIGN GUIDELINES AND OBJECTIVE DESIGN STANDARDS

To implement residential development that is in keeping with the character of Palo Alto, the City relies on design guidelines and standards. Guidelines describe the design issues and neighborhood sensitivities each development project in these areas must address and the types of designs and design elements that would be acceptable in these areas and thus ensure that new projects are compatible with existing neighborhoods while also creating and maintaining a desirable living and working environment.

The City of Palo Alto has two sets of design criteria for multi-family and mixed-used residential housing in the RM and commercial mixed-use districts (i.e., CN, CS, CC, CD) that may apply depending on the type of project. Objective Design Standards apply to Housing Development Projects, which go through streamlined review. Context-Based Design Criteria, which are subjective guidelines, apply to other discretionary residential projects (e.g., projects requiring rezoning, projects requesting a variance, mixed-use projects with less than 2/3 residential floor area), as well as non-residential projects. The two codes are described below; the processes and findings are distinguished in the Development Review Process section later in this chapter.

#### CONTEXT-BASED DESIGN CRITERIA

The City of Palo Alto adopted form-based codes in 2006 to ensure and encourage residential development by following innovative context-based design guidelines to meet increased density needs. The code

encourages creating walkable, pedestrian-oriented neighborhoods, following green building design principles and increasing density along transit corridors and in mixed-use neighborhoods. The Context-Based Design Criteria allows for density and mixed-use buildings in an appropriate and responsible way that enhances neighborhood character and walkability. Other key considerations depicted in these form-based codes include sustainability principles, tree preservation, solar orientation, historic preservation, and parking design.

The Context-Based Design Criteria apply to non-residential projects and discretionary residential projects, including projects that require a Comprehensive Plan amendment, rezoning, a variance, or a mixed-use residential project with less than 2/3 residential floor area (i.e., does not meet the definition of a Housing Development Projects pursuant to State law).

The multi-family and mixed-use design criteria offer a framework to guide development that is compatible with adjacent development. The guidelines are illustrated to offer examples of how parking can be integrated in to site design, appropriate locations for open space, as well as recommendations for sustainable building design. When these standards were adopted in 2007, the intent was to bring the zoning regulations into compliance with the adopted Comprehensive Plan.

The form-based code has led to a better building and street design coordination, more predictable urban form, a more gradual transition between adjacent areas with different development intensities, and specification of the tapering of height, bulk, massing and lot coverage of buildings toward residential and/or commercial edges. Form-based codes encourage housing development in mixed-use development for Palo Alto.

#### OBJECTIVE DESIGN STANDARDS

Effective July 2022, the City adopted objective design standards that apply to Housing Development Projects (e.g., multifamily, mixed-use with at least 2/3 residential floor area, supportive and transitional housing). The standards aimed to transform the subjective Context-Based Design Criteria described above into objective standards to streamline the

review process. The standards address site design, such as the public realm and building orientation, and building design, including massing, facade treatment and on-site open space. They also consider compatibility and context in an objective way, including privacy and height transition standards. These standards help provide clarity for applicants, decision-makers, and the community; streamline the review process; and maintain the City's design preferences. The review process is described further in the Development Review Process section below.

#### HEIGHT LIMITS

Limitations on height can constrain a developer's ability to achieve maximum densities, especially when combined with other development controls. Height limits in the R-1, R-2, RMD, RM-20, RM-30 zones vary between 30 to 35 feet, which is typical of 2- and 3-story buildings. In the RM-40 zoning district, the maximum height is 40 feet, which can accommodate three- to four-story construction (see Table 4-4). Mixed-use projects generally need taller first floor heights to accommodate ground-floor retail uses. This can limit the number of stories that can be built within a given height limit. Mixed-use development standards in CN sites along El Camino Real stipulate that height may increase to a maximum of 40 feet, which will generally allow just three stories to accommodate ground-floor retail. For sites abutting an RM-40 zoned residential district or a residential Planned Community (PC) district, maximum height may be increased to 50 feet. This could accommodate four-story construction. Therefore, height is a constraint in achieving maximum densities, especially where ground-floor retail is required. Requirements for ground floor retail and accommodation for adequate retail floor to ceiling heights makes it impractical to achieve maximum unit density within prescribed height limits.

AB 1763 requires that housing developments receive a height increase of up to three additional stories or 33 feet if the development provides all lower-income housing and is within ½ mile of a major transit stop. The City has amended Section 18.15.050(c)(iv) of the PAMC to comply with AB 1763.

The City of Palo Alto is largely built out and infill development represents the primary form of residential construction that has occurred in the last few years. For infill development, height limits, combined with parking requirements, can pose a challenge in attaining maximum allowable density. Providing incentives for smaller unit sizes and reduced parking requirements could help achieve higher densities while still complying with the height requirements. These incentives will be implemented as part of Program 3.4 *Housing Incentive Program*. The incentives will be based on a development and financial feasibility study that is being prepared. One of the incentives to be reviewed is building height and what height(s) are needed to develop a financially feasible residential product.

#### PARKING

Parking requirements vary depending on the type of dwelling, the zoning designation, and in the case of multi-family units, the number of bedrooms per unit. According to the Turner Center for Housing Innovation at UC Berkeley, parking can cost \$25,000 to \$75,000 per space to construct. However, given the age of data and the increased cost of land and construction costs, the costs per parking space are likely much higher. Parking provided in underground or structured parking facilities, or if required to be covered or enclosed, can significantly increase the cost of housing and could affect the feasibility of various housing projects in the city. In addition, requirements for parking space locations and maximum distances from dwelling units may also increase the cost of housing and affect the feasibility of housing projects.<sup>12</sup>

In Palo Alto, the basic requirement for a single-family home is two spaces, at least one covered, with underground parking generally prohibited, except pursuant to a variance granted in accordance with the provisions of Chapter 18.76, in which case the area of the underground garage shall be counted in determining the floor area ratio for the site. For Multiple Family Residential districts, the following parking is required:

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<sup>12</sup> Turner Center for Housing Innovation at UC Berkeley, 2016. Available at: <http://turnercenter2.berkeley.edu/proforma/>

- 1 space per micro unit
- 1 space per studio unit
- 1 space per one-bedroom unit
- 2 spaces per two-bedroom or larger unit.

At least one space per unit must be covered, with tandem parking allowed for any unit requiring two spaces (one tandem space per unit, associated directly with another parking space for the same unit, up to a maximum of 25% of the total required spaces for any project with more than four (4) units). When residential use is allowed together, with, or accessory to other permitted uses, residential use requirements are applicable in addition to other nonresidential requirements, except as provided by Sections 18.52.050 and 18.52.080 of the Palo Alto Municipal Code.

Accessible parking must be provided pursuant to the requirements of Section 18.54.030 (Accessible Parking) of the Palo Alto Municipal Code. Excessive parking standards requirements can pose a significant constraint on housing development by increasing development costs and reducing the potential land availability for project amenities or additional units and may not be reflective of actual parking demand.

While Palo Alto's parking standards tend to work for larger projects, they represent a constraint to the development of small infill development. The requirement that the spaces be covered can also be viewed as a constraint, as it means that garages or carports must be factored into the cost of the project. Multi-family units in mixed-use projects are subject to requirements that add the multiple family and commercial requirements for each portion of the project, to determine the total number of spaces needed. To facilitate mixed use residential development in the CD-C zone, CC(2) zone, on CN and CS zoned sites abutting El Camino Real, and on CS zoned sites abutting San Antonio Road between Middlefield Road and East Charleston Road, the first 1,500 square feet of ground-floor retail uses in a residential mixed use project are exempt from the vehicle parking requirement. The City's parking requirements are complex, leaving room for misinterpretation.

Furthermore, parking requirements for multi-family housing can hinder applicants’ ability to achieve the maximum allowable density due to the onsite requirements and associated costs.

For most projects, parking reductions may be considered for shared parking facilities, transportation demand management programs, and other efforts to reduce parking demand. These reductions are considered on a case-by-case basis. AB 744 requires jurisdictions to provide developers with density bonuses and other incentives or concessions (including parking) for the production of lower-income housing units near major transit stops, among other criteria.

The Zoning Ordinance does clearly allow concessions for parking for senior housing and affordable housing projects:

- For senior housing projects, the total number of spaces required may be reduced, commensurate with the reduced parking demand created by the housing facility, including spaces for visitors and accessory facilities, and is subject to submittal and approval of a parking analysis justifying the reduction proposed.
- The total number of spaces required may be reduced for affordable housing and single room occupancy (SRO) units, where the number of spaces required is commensurate with the reduced parking demand created by the housing facility, including for visitors and accessory facilities. The reduction is further considered if a project is located near transit and support services although the City may require traffic demand management measures in conjunction with any approval.

The City will implement Program 3.4 *Housing Incentive Program* to amend the Zoning Ordinance and provide more flexibility through reduced parking requirements (e.g. remove requirement of covered parking) for development of lower-income housing and comply with AB 744. Passage of AB 2097, which eliminates the parking requirement for residential and commercial uses with specific distances of fixed rail and certain bus stops, will substantially reduce parking constraints for qualifying projects; this State law will be incorporated or referenced in the City’s zoning code.



*ADU PARKING*

There are no parking requirements for accessory and junior accessory dwelling units. Replacement parking is not required when a garage, carport, or covered parking structure is converted to, or demolished in conjunction with the construction of, an ADU. Replacement parking is required when an existing attached garage is converted to a JADU. These replacement spaces may be provided as uncovered spaces in any configuration on the lot including within the front or street side yard setback for the property. When parking is provided, the unit shall have street access from a driveway in common with the main residence in order to prevent new curb cuts, excessive paving, and elimination of street trees, unless separate driveway access will result in fewer environmental impacts such as paving, grading or tree removal. If covered parking for a unit is provided in any district, the maximum size of the covered parking area for the accessory dwelling unit is 220 square feet. This space shall count towards the total floor area for the site but does not contribute to the maximum size of the unit unless attached to the unit.

<b>TABLE 4-9 PARKING REQUIREMENTS FOR RESIDENTIAL ZONES</b>		
<b>Zoning District</b>	<b>Vehicle Parking Requirement</b>	<b>Bicycle Parking Requirement</b>
R-1	2 spaces per unit; 1 covered	–
Second Dwelling Unit based on Square Feet	No parking required	None required
R-2 and RMD	1.5 spaces per unit, 1 covered	1 space per unit
RM-20, RM-30, and RM-40	1 per micro unit <sup>(1)</sup> 1 per studio unit 1 per 1-bedroom unit 2 per 2-bedroom or larger unit At least one space per unit must be covered	1 space per unit
Guest Parking	No additional guest parking required	1 space for each 10 units

Source: City of Palo Alto Zoning Code Section 18.52.040

<sup>2</sup> A "micro-unit" as used herein means a residential unit of 450 square feet or less.

RETAIL PRESERVATION ORDINANCE

The Retail Preservation Ordinance is intended to preserve ground-floor retail and vibrancy and prevent encroachment by ground-floor office

uses. It requires redevelopment projects to replace any existing ground-floor retail, restaurant or service uses on a square foot basis. Notably, 100% affordable projects are exempt from this requirement (except in commercial areas such as Downtown and California Ave., where ground-floor retail is a required use). Under Program 3.4 *Housing Incentive Program (HIP)*, this requirement will be waived for housing opportunity sites listed in Appendix C and located outside Downtown and California Ave. Additionally, the City is currently reviewing its retail standards and will consider reductions to the retail floor area required in a residential mixed use project.

## DEVELOPMENT REVIEW PROCESS

Processing and permit procedures can pose a constraint to the production and improvement of housing. Common constraints include lengthy processing time, unclear permitting procedures, layered reviews, multiple discretionary review requirements, and costly conditions of approval. These constraints increase the final cost of housing, create uncertainty in the development of the project, and overall result in financial risk assumed by the developer. In Palo Alto there are various levels of review and processing of residential development applications depending on the type of development and whether rezoning is required. For example, single-family use applications that require a variance or home improvement exception can be handled by the Director of Planning and Development Services, but more complicated applications, such as subdivision applications or rezoning, require review and approval by the Planning and Transportation Commission and City Council and, in some instances, the Architectural Review Board.

The City has made several process changes over the past eight years to reduce processing times and uncertainty in the development review process. This includes eliminating the Site & Design Review requirement for Planning and Transportation Commission and City Council review previously required for projects with over 10 units. This effectively reduced the number of possible public hearings from a maximum of nine to a maximum of three. More recently, and effective July 2022, the City further exempted Housing Development Projects from Architectural

Review, meaning eligible projects could be reviewed during one study session instead of up to three public hearings.

Table 4-10 summarizes the permit procedures for processing typical residential projects, and Table 4-11 summarizes the approximate timeframes for processing typical residential projects. Generally, the typical processing time for a discretionary approval in Palo Alto is four months for the simplest discretionary projects to 12 to 16 months for a more complex project. Multi-family housing construction tends to be more complex and usually requires more time split between entitlement(s) and building permit issuance (six months for simple projects to 12 plus months).

Multi-family Residential development applications fall under the responsibility of the Director of Planning and Development Services. Once an application has been submitted, it is routed to other City departments for comprehensive review of all code requirements. Once an application is deemed complete, it is scheduled for Architectural Review Board review, and a recommendation is made to the Director. The Director's decision is appealable to the City Council. The timeline for this appeals process is three to four months. As noted above, projects requiring rezoning also require Planning and Transportation Commission and City Council review.

#### PROCESSING TIMEFRAMES

Application processing timeframes in Palo Alto typically range from 3-6 months for projects falling under the City's Streamlined Housing Development Review process to 12 months or more for projects requiring rezoning or tentative maps. These timeframes assume that all environmental assessment and/or studies have been completed for the development. Additional time will be required if there are any environmental issues that need to be studied further or resolved. With the exception of rezoning proposals, permit processing timelines in Palo Alto are comparable to other jurisdictions in the Bay Area.

*STREAMLINED HOUSING DEVELOPMENT REVIEW*

Effective July 2022, new objective design standards provide clear standards for multi-family and residential mixed-use projects. Applicants are required to complete a checklist documenting their project's compliance with the objective standards. Housing Development Projects that meet these objective design standards are exempt from Architectural Review. Instead, such projects go through the new Streamlined Housing Development Project Review Process: one study session with the Architectural Review Board. The Board reviews a shortened staff report and the completed checklist and is limited to clear findings: (1) confirming that the project is consistent with objective standards; and (2) whether the project would have a specific adverse impact, as defined in State law. The Board makes a recommendation to the Director, who takes action. The Director's decision is appealable to the City Council. This process is intended to streamline the project review process while still allowing for a conversation between the Board members, members of the public, and the project team about the project design. This process could take three to six months for a project exempt from CEQA.

<b>TABLE 4-10 TYPICAL PROCESSING PROCEDURES BY PROJECT TYPE</b>						
<b>Type of Approval Requirements</b>	<b>Single Family Home Remodels or Additions</b>	<b>New Single-Family Home on Vacant Parcel</b>		<b>Multi Family Residentials</b>		<b>Affordable Housing</b>
		<b>Under 3000 sf</b>	<b>Over 3000 sf</b>	<b>Under 900 sf</b>	<b>Over 900 sf</b>	
<b>(ARB) Architectural Review Board (Major and Minor), Site and Design Review (Open Space), Individual Review (IR)</b>	N/A	Site and Design Review Required only in Open Space Districts; IR required for two story homes and second floor additions	Site and Design Review Required only in Open Space Districts; IR required for 2-story homes and second floor additions	Major ARB Required	Major ARB Required	Major ARB Required
<b>Environmental Assessment</b>						
Environmental Impact Assessment				N/A	N/A	N/A
Mitigation Monitoring (MND)				Varies	Varies	Required
Mitigation Monitoring (EIR)	N/A	N/A		N/A		N/A
Categorically or Statutorily Exempt	N/A	N/A		N/A		N/A
<b>Historic Review</b>						
Historic Resources Board (Minor and Major Project)	N/A	N/A		N/A		N/A
Historic Review Board (Demolition)	<u>N/A</u>	N/A		N/A		N/A
<b>Site and Design Review (Minor and Major Project)</b>	Applicable if in the "D" Overlay Zone					
<b>Subdivision Review</b>						

Source: City of Palo Alto Zoning Code, 2022

TABLE 4-11 TYPICAL PROCESSING PROCEDURES BY PROJECT TYPE							
Type of Approval Requirements	Single Family Home Remodels or Additions	New Single-Family Home on Vacant Parcel		Multi Family Residential		Affordable Housing	
		Under 3000 sf	Over 3000 sf	Under 900 sf	Over 900 sf		
Preliminary Parcel Map and Parcel Map Review	N/A	N/A	N/A	May be Applicable depending on the Size of the Project	May be Applicable depending on the Size of the Project	May be Applicable depending on the Size of the Project	
Tentative Map and Final Map Review	N/A	N/A	N/A	May be Applicable depending on the Size of the Project	May be Applicable depending on the Size of the Project	May be Applicable depending on the Size of the Project	
Conditional Use Permit (CUP)	N/A	N/A	N/A	N/A	N/A	N/A	
Residential Variance	-	-	-	-	-	-	
Home Improvement Exception (HIE)	May be Requested depending on Lot Configuration, Location and Affordability of the Housing Type						
Individual Review – New Two-Story Residence or addition to existing one story	Applicable	Applicable	Applicable	N/A	N/A	N/A	
Individual Review – Second Story expansion > 150 sf	Applicable	Applicable	Applicable				
Neighborhood Preservation Zone Exception	May be Applicable Depending on the Location and Zoning District of the Project						
<b>Other Reviews</b>							
Planned Community Zone Change						May be Applicable	
Nonconforming Use Review	Grandfathered in						

Source: City of Palo Alto Zoning Code, 2022

**TABLE 4-12 TIMELINES FOR PERMIT PROCEDURES**

Type of Approval or Permit	Typical Processing Time
Building Permit Review	Depends on the size and complexity of the project.
Conditional Use Permit	Approximately 3 to 5 months
General Plan Amendment	Approximately 6 months. Not required for housing development other than a residential PC in a commercial district
Site And Design Review	Only required for “Site and Design D” overlay zones, approximately 6 to 10 months
Design Review (ARB)	Approximately 9 to 12 months
Streamlined Housing Development Project Review Process	Approximately 3-6 months
Tentative and Final Maps	For development with more than 5 units, 3-6 months for Tentative Maps and 2 months for Final Map
Initial Environmental Study Environmental Impact Report	Based on size and complexity of the project, 3 months to a year
Rezone	12 months
Comprehensive Plan Amendment	12 months
Subdivision/ Parcel Map	12 months

Source: City of Palo Alto Zoning Code, 2022

The new objective design standards also allow projects containing only affordable units to be ministerially approved. The previous process required a preliminary review by City Council, reviews by the Planning and Transportation Commission and Architectural Review Board, before returning to City Council for final approval.

#### REZONING

Rezoning applications typically have a longer timeframe since they must be heard by both the Planning and Transportation Commission and the City Council. This process generally takes about a year. It begins with a required prescreen with the City Council. The applicant submits a prescreen application for a rezone proposal and the City Council generally hears the prescreen request within two months. If the Council response is favorable, then the formal application for a rezone process can begin. Generally, the Planning and Transportation Commission hears applications approximately three to five months after application submittal for the rezone. Local ordinance requires the City Council to

consider the Planning and Transportation Commission recommendations within 30 days; therefore, there would be a maximum of 30 more days after the Planning and Transportation Commission hearing for the City Council's action on these applications.

If the application is for a Planned Community rezoning, then the ARB will conduct a hearing after the Planning and Transportation Commission hearing, and prior to a second Planning and Transportation Commission meeting, followed by the Council hearing and action. Since this is a rezone request, a prescreen by the Council is required prior to the rezone request, which may also affect the processing timeframe. For all other rezoning projects, the Planning and Transportation Commission reviews the project twice, before and after the ARB recommendation, and prior to the City Council action. This adds considerably to the processing timeline.

#### ARCHITECTURAL REVIEW

Architectural Review Board (ARB) approval is required for all residential projects except individually developed single-family homes and duplexes and projects eligible for the Streamlined Housing Development Review process. The ARB sets certain standards of design to keep the high quality of housing in Palo Alto. The ARB process may result in requiring a higher level of design, materials, and construction, which can be a constraint to the development of housing; however, the level of review and the upgrade in materials has the long-term benefit of lower maintenance and higher retention of property values. Moreover, the construction of thoughtful and well-designed multi-family housing has sustained community support for higher-density projects and has resulted in community support for residential projects at all income levels. Furthermore, preferences on materials are sometimes waived for affordable housing projects.

Architectural review is an important procedure to ensure that new development is consistent and compatible with the existing surrounding developments. City practices encourage developers to conduct a pre-application meeting with Planning staff to help streamline the process by identifying any potential issues early on.



The design criteria found in the updated Zoning Code provides guidelines for residential and mixed-use projects that do not qualify for streamlined review and/or do not fall under the definition of a Housing Development Project.

The Municipal Code findings for Architectural Review include that the design should be consistent with applicable elements of the comprehensive plan, consistent with the immediate environment, promote harmonious transitions in scale and character between different land uses, and that the design incorporates energy efficient elements.

To expedite processing of applications, the City Council has approved a process revision that establishes that the ARB has a maximum of three meetings to review a major AR application.

Projects requiring architectural review are usually processed and a hearing held within six to eight months of the application submittal date. This includes review by the Architectural Review Board, which is required for all residential projects of three or more primary housing units; individually developed single-family houses are subject to Individual Review and duplexes are not subject to design review at all.

#### OTHER PROCESSING REGULATIONS

The City of Palo Alto has established a number of planning regulations and review processes that govern development projects in Single Story Overlay neighborhoods (which are Eichler neighborhoods). This section summarizes the City's existing Single-family Residential (R-1) zoning; Individual Review Process (IR) for new two story residences and second-story additions; Single Story Overlay Combining Districts; Flood Zones; Conditions, Covenants, and Restrictions (CC&Rs) attached to some of the Eichler tracts; Architectural Control Committees that review projects in some of the Eichler tracts; National Register Historic District designation and project review; project review according to the California Environmental Quality Act; and accessory dwelling unit (ADU) legislation<sup>13</sup>.

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<sup>13</sup> [https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/historic-preservation/2018-02-13\\_pa-eichler-design-guidelines\\_final-draft\\_reduced-size.pdf](https://www.cityofpaloalto.org/files/assets/public/planning-amp-development-services/historic-preservation/2018-02-13_pa-eichler-design-guidelines_final-draft_reduced-size.pdf)

Preliminary screening is initiated by filing an application and payment of applicable fees. Preliminary screening applications are scheduled for a study session before the City Council. Notice of the study session and the opportunity for public participation are provided in the same manner as may be required by law for action on the underlying development project application. The City Council conducts the study session. The preliminary process also provides other City departments with an opportunity to comment on the proposed project, and to identify concerns and requirements which must be addressed. Preliminary Review is intended to prevent costly project redesigns and other potential delays that could significantly increase the cost of a project. The project issues covered include potential environmental problems and major policy issues in addition to the design issues covered in the Preliminary Architectural Review process.

Minor Architectural Review is a staff-level review of the following projects:

1. Signs
2. Minor changes to previously approved projects
3. Landscape plans, fences, exterior remodeling, parking design, when not associated with a major project
4. New construction of buildings or additions that are fewer than 5,000 square feet

Single-family and two-family residences are exempt from AR. Submitted plans and attachments are routed to all concerned City departments and outside agencies for review/plan check. The City has 30 days within which to determine the application complete or incomplete. Once a Minor AR application has been determined to be complete, a tentative decision can be made; this decision is mailed to the applicant and posted on the Architectural Review Board (ARB) agenda. The decision becomes final fourteen days after the tentative decision is posted, unless a request for a hearing is filed. If a hearing request is received, the Architectural Review Board will review the project and make a recommendation to the Director. The Director's decision may be appealed, in which case the

project will be scheduled on the City Council's consent calendar. The City Council can vote to approve the Director's decision or vote to hear the project and render a decision. In either case, the City Council decision is the final decision.

The City requires environmental review for most discretionary projects based on the nature of land use and the change of use the project proposes. Single-story home construction is exempt from the CEQA review process. Two-story home construction in single-family zones is subject to discretionary review, and therefore not exempt from the CEQA review process. Multi-family residential projects may require environmental review depending on the size and complexity of the project.

#### TRANSPARENCY IN THE DEVELOPMENT REVIEW PROCESS

To increase transparency in the development process, the City's website publishes resources that help developers and homeowners navigate the residential development and home improvement processes. Specifically, the Planning and Development Services webpage provides an overview of the development review process<sup>14</sup>. The Municipal Code, plan review procedures, and forms and handouts, among other documents are available online. The City also provides contact information for scheduling review appointments with Planning Division staff. As well as a website interface for users to obtain parcel-specific information such as lot size, maximum allowable floor area and lot coverage, maximum structure height, development setbacks, zoning, Comprehensive Plan land use designation, flood zone, parking district, historic status, traffic impact district, and any know public easements. The City's Planning and Development Services Department website complies with the new transparency requirements in AB 1483/California Government Code Section 65940.1(a)(1).

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<sup>14</sup> <https://www.cityofpaloalto.org/Departments/Planning-Development-Services/Current-Planning/Development-Proposal-Process-Overview>

## FEES AND EXACTIONS

Housing development is typically subject to two types of fees or exactions: Permit Processing fees for planning and zoning and Development Impact Fees or exactions imposed to defray all or a portion of the public costs related to the development project.

The City charges six types of Development Impact fees: 1) Community Center Impact fees, 2) General Government Facilities, 3) Library Impact Fee, 4) Park Impact Fee, 5) Citywide Traffic Impact Fee, and 6) Public Safety Facilities Impact Fees. The City has also adopted a Housing Impact Fee for residential rental projects and an inclusionary Zoning ordinance for residential for-sale projects. (see Table 4-14). Residential developments are charged fees according to the value of the project for building, planning and fire review, similar to the practices of most cities. There are many exemptions from fees, including for affordable housing projects and ADUs under 750 square feet.

Most improvements that are off-site in Palo Alto are paid for indirectly by development impact fees regulated by the Mitigation Fee Act. Impact fees can be imposed on applicants seeking to construct development projects. The purpose of such fees is to minimize the impact of that new development on the City's public services and public facilities to the greatest extent practicable. Accordingly, the City requires that development projects pay their fair share of the costs of providing such public services and public facilities through Development Impact Fees.

<b>TABLE 4-13 PLANNING FEES</b>	
	<b>Fee</b>
<b>Appeals and Legal Review Fees</b>	
Appeal Costs Exceeding Appeals Filing Fee	\$3,988.20 per deposit
Appeals and Request for Hearing before City Council or Planning & Transportation Commission	\$622.71 per application
Legal Review (Legislative review, zone change, plan amendment, etc.)	\$13,302.33 each
Legal Review ARB Major	\$7,112.56 each
Legal Review Environmental	\$12,548.86 each
Legal Review for Additional Hearings	Additional hearings are charged at 1/3 of the applicable fee.
Legal Review Mitigation Monitoring - Environmental Impact Report	\$665.55 per application
<b>Architectural Review Board</b>	
Architectural Review - Major Project	\$13,647.60 per deposit
Architectural Review - Minor Project (ARB Review)	\$9,254.46 each
Architectural Review - Minor Project (Staff Review)	\$3,552.97 each
Design Enhancement Exception	\$7,370.52 each
Preliminary Review	\$7,247.20 each
Signs - (ARB Review)	\$4,641.31 per application
Signs - (Exceptions)	\$4,844.39 per application
Signs, Minor Facade Changes, Landscaping, Accessory Structures, or Similar Minor Changes to a Building Exterior - (Staff Review)	\$1,110.37 per application
Temporary Sign Permit	\$205.12 each
<b>Comprehensive Plan Change</b>	
Comprehensive Plan Change	\$8,132.46 per deposit
Comprehensive Plan Maintenance Fee	\$1.12 each
<b>Development Agreement</b>	
Development Agreement	\$9,384.00 per deposit
Development Agreement - Annual Review	\$3,285.42 per deposit
<b>Director's Approval</b>	
Home Improvement Exception	\$4,133.75 each
Planning Fee Waiver	At the recommendation of the Planning and Development Services Director, the City Manager may waive all or a portion of a Planning fee when the applicant is a non-profit organization or another governmental entity, and the following findings can be made: (1) the proposed project would advance a public purpose benefiting the residents of Palo Alto; and (2) General Fund support is available to backfill the fee(s) waived. The City Manager will report annually to the City Council about fee waivers granted pursuant to this provision as part of the closing of the budget. Impact fees are not eligible for this waiver.

Source: City of Palo Alto Zoning Code

<b>TABLE 4-14 PALO ALTO IMPACT AND IN-LIEU FEES</b>		
	<b>Single Family</b>	<b>Multi-Family</b>
<b>Development Impact Fees - Residential</b>		
Community Center Impact Fee <i>Note: ADUs under 750 sq ft exempt.</i>	\$4,438.00 per unit	3,283.00 per unit.
General Government Facilities <i>Note: ADUs under 750 sq ft exempt.</i>	\$1,481.00 per unit	\$1,184.00 per unit
Housing Impact Fee - Residential	\$22.69 per sq. ft. apartments (rentals)	
Library Impact Fee	\$2,645.00 per unit	\$1,956.00 per unit
Park Impact Fee <i>Note: ADUs under 750 sq ft exempt.</i>	\$57,420.00 per unit	\$42,468.00 per unit
Public Safety Facilities <i>Note: ADUs under 750 sq ft exempt.</i>	\$1,175.00 per unit	\$940.00 per unit
<b>Development In-Lieu Fees - Residential</b>		
Housing In-Lieu Fee - Residential <i>Note: In lieu fees for single family attached, single family detached, and condos apply to fractional units and in cases where the Council agrees to accept payment of fees in lieu of building affordable units on site. ADUs under 750 sq ft exempt.</i>	\$85.07 per sq. ft. Single family detached; \$56.72 per sq. ft. single family attached	\$56.72 per sq. ft. condos
<b>Parking In-Lieu Fees</b>		
Parking In-Lieu Fee for Downtown Assessment District <i>Note: each parking space</i>	\$115,404.00 each	
<b>Parkland Dedication Fee</b>		
Parkland Dedication Fee - In-Lieu Fee <i>Note: Only applies to residential projects that require a subdivision or parcel map. Land dedication is required for subdivisions resulting in more than 50 parcels. When parkland dedication applies, park impact fees do not apply.</i>	\$69,483.47 per unit	\$47,892.56 per unit
Parkland Dedication Fee - Land	531 sq. ft. per unit	366 sq. ft. per unit
<b>Public Art In-Lieu Fee</b>		
Public Art Fee <i>Note: Applies to new commercial buildings including new construction, remodels, additions, and reconstruction that have a floor area of 10,000 sq. ft. or more and a construction value of \$200,000.00 or more, and new residential projects of five units or more, with some exclusions.</i>	1 percent of first \$120.25 million construction valuation and 0.9 percent of construction valuation for valuation in excess of \$120.25 million	
<b>Traffic Impact Fees</b>		
Charleston Arastradero – Commercial <i>Note: ADUs exempt</i>	\$0.43 per square foot	
Charleston Arastradero – Residential <i>Note: Per residential unit</i>	\$1,480.00 per unit	
Citywide Transportation Impact Fee <i>Note: Per net new PM peak hour trip</i>	\$8,572.00 each	

Source: City of Palo Alto, 2022

<b>TABLE 4-15 PALO ALTO DEVELOPMENT IMPACT FEE EXEMPTIONS</b>					
<b>X = Exempt NOTE: When an exempt use changes to a non-exempt use, a fee is due.</b>					
<b>Exemption</b>	<b>Housing</b>	<b>Community Facilities</b>	<b>Traffic: Charleston/ Arastradero</b>	<b>Citywide Traffic Fee</b>	<b>Parkland Dedication</b>
Ordinance section	16.65.060	16.58.030	16.60.040	16.59	21.50.100
<b>Residential Exemptions</b>					
Single-family home remodels or additions	X	X	X	X	X
New home on an empty parcel					Only applies if a subdivision or parcel map is required
Second units					
Accessory Dwelling Unit Garage/Carport Conversions (with no FAR expansion) or Junior Accessory Dwelling	X	X	X	X	
Accessory Dwelling Units less than 750 square feet	X	X	X	X	
Accessory Dwelling Units 750 square feet and larger. Fee is proportional to the size of the primary unit.	X		X	X	
<b>Multifamily Residential</b>					
Required BMR units	X				
Below Market housing beyond required units	X	X	X	X	
100% Affordable Housing	X	X	X	X	X
<b>Non-Residential Exemptions</b>					
Demolition of existing building	Fees may apply if replacement building has additional floor area, or in the case of the Citywide TIF, if the replacement building generates additional traffic, regardless of whether it remains the same size or not.				
Tenant improvements that do not increase building area	X	X	X	X	All non-residential uses exempt
Churches	X				
Colleges and universities	X				
Commercial recreation	X				
Hospitals and convalescent facilities	X				
Private clubs, lodges, and fraternal organizations	X				
Private educational facilities	X				
Public buildings & schools	X	X	X	X	
Retail, personal service, or automotive service 1,500 s.f. or smaller (one-time)	X	X	X	X	
Non-residential use 250 s.f. or smaller					
Hazardous materials storage	X	X	X	X	
On-site cafeteria/ recreation/childcare (employee use only)	X	X	X	X	
Daycare, nursery school, preschool		X	X	X	

Source: City of Palo Alto Zoning Code

**TABLE 4-16 PALO ALTO DEVELOPMENT IMPACT FEE EXEMPTIONS**

	Fee
<b>Documents and Photocopies</b>	
Administrative Extensions and Zoning Letters	Applicable hour rate/1 hr. minimum
Comprehensive Plan	\$415.45 each
Property Research requiring more than 30 minutes	Applicable hourly rate/1 hr. minimum
Zoning Map Booklet	\$120.36 each
<b>Environmental Impact Assessment</b>	
CEQA Categorical Exemption	\$600.68 each
Environmental Document (Consultant Prepared)	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration and applicable Legal Review fees and Other Application fees
Environmental Document (Staff prepared)	\$6,518.00 per deposit
Environmental Impact Assessment - Mitigated Negative Declaration	Initial deposit of 100 percent of estimated costs due upon application plus 25% for contract administration and applicable Legal Review and Other Application fees.
Mitigation Monitoring - Environmental Impact Report	\$4,879.68 per deposit
Mitigation Monitoring - Mitigated Negative Declaration	\$1,625.88 per deposit
<b>Historic Resource</b>	
Demolition Application for Historic Buildings	\$1,331.20 each
Historic Resource Review - Major Project	\$1,996.75 each
Historic Resource Review - Minor Project (Staff Review)	\$1,331.20 each
Historic Resource Review of Individual Review Application	\$332.83each
Mills Act Contract - Establish or Withdraw	\$2,440.45 per deposit
Transfer of Development Rights Projects	\$790.09 per deposit
Williamson Act Contract - Establish or Withdraw	\$2,563.97 per deposit
<b>Individual Review</b>	
Expansion of Existing Two-Story greater than 150 sq. ft.	\$7,499.35 each
Individual Review - Minor Revisions to Approved Projects	\$3,897.22 each
Individual Review Refund Fee	2 hr. applicable hourly rate
New Two-Story Addition or New Two-Story Home	\$9,368.50 each
Preliminary Individual Review with Architect	\$499.19 per occurrence
<b>Other Application Fees</b>	
Contract Administration	25 percent of direct cost
Planning Compliance Fee	Initial deposit equal to 3 hrs of applicable staff rate
Pre-Screening fee	\$3,988.20 per deposit
Public Noticing - 150 ft. Radius	\$681.26 each
Public Noticing - 600 ft. Radius	\$1,196.15 each
Public Noticing beyond 600 ft. Radius	\$1,594.87 each
Recording Fee with County	County cost of recording, if required.
Records Retention	\$6.73 each

Source: City of Palo Alto Zoning Code, 2022



<b>TABLE 4-17 PALO ALTO DEVELOPMENT IMPACT FEE EXEMPTIONS</b>	
	<b>Fee</b>
<b>Site and Design</b>	
Site and Design Major <i>Note: Initial deposit plus any Legal Review fees and applicable Other Application fees. 100 percent of processing costs and legal costs will be recovered plus any Environmental Impact Assessment and any other entitlements necessary to complete the project, whether indicated as 100 percent cost recovery in this schedule or not.</i>	\$29,945.16 per deposit
<b>Subdivision – Five or More Parcels</b>	
Subdivision Final Map	\$6,198.54 each
Tentative Map	\$11,426.76 per deposit
<b>Subdivision – Five or More Parcels</b>	
Parcel Map	\$5,184.46 each
Preliminary Parcel Map, Minor	\$6,211.09 each
<b>Subdivision (Minor) with Exception</b>	
Parcel Map, Minor with Exception	\$3,795.73 each
Preliminary Parcel Map, Minor with Exception	\$9,822.60 each
<b>Use Permit</b>	
Conditional Use Permit - additional upon hearing request	\$12,823.03 each
Conditional Use Permit - Director Level	\$7,648.98 each
Day Care Center	\$189.72 each
Temporary Use Permit - Minor	\$1,519.60 each
<b>Variance</b>	
Variance - additional upon hearing	\$12,823.03 each
Variance - Director's Level	\$4,886.21 each
<b>Wireless Permit</b>	
Wireless Tier 1 <i>Note: Initial deposit plus any applicable Other Application fees. Refer to Municipal Code 18.42.110.</i>	\$3,552.66 per deposit
Wireless Tier 2 <i>Note: Initial deposit plus any applicable Other Application fees. Refer to Municipal Code 18.42.110.</i>	\$7,648.98 per deposit
Wireless Tier 3 <i>Note: Initial deposit plus any applicable Other Application fees. Refer to Municipal Code 18.42.110.</i>	\$8,123.28 per deposit
<b>Zone Change</b>	
Planned Community Zone Change	\$9,761.40 per deposit
Planned Community Zone Change - Minor Change	\$1,995.12 per deposit
Zone Change Regular	\$8,132.46 per deposit

City of Palo Alto Zoning Code, 2022

- **Development Impact Fee Nexus Studies.** An impact fee is a monetary exaction that is charged by a local governmental agency to an applicant in connection with approval of a development project for the purpose of mitigating impacts of the project. There must be a “nexus” or connection between the fee and the actual impacts of the project, and the fee must be “roughly proportional” to the impact the project is creating. In order to establish a reasonable relationship between the development project and the fee it is charged, cities typically commission “nexus studies.” The City has adopted and regularly updated nexus studies for each of its development impact fees.
- **Inclusionary Housing Program.** The City has adopted an Inclusionary Housing ordinance for residential for-sale projects that contain three or more units. Projects creating one or more net new dwelling units for individual sale are required to provide 15% of the units created at prices affordable to moderate income households. Projects on lots of 5 acres or greater are required to provide 20% of the units at affordable prices. An in-lieu fee applies where the percentage calculation would result in a fraction of a unit. This program and in-lieu fee are not a Development Impact Fee, but similarly add to the cost of market-rate housing development.
- **Parks, Community Center, and Libraries Development Fee.** The City completed surveys of the number of residential and non-residential users of parks, community center, and libraries, and generated estimates of the acres or square feet of park, community center, or library space required to accommodate the residents and employees of Palo Alto. A development fee was adopted for parks, community centers, and libraries based on the number of employees or residents generated by each residential or commercial project using square feet or number of units.

The fees for parks, community centers and libraries add approximately \$64,503 to the price of a single-family dwelling unit less than 3,000 square feet in size and approximately \$47,707 to the price of a multi-family dwelling smaller or equal to 900 square feet. These increased costs

are significant when added to the cost of land, labor, and materials for development in Palo Alto, and they could impact affordable housing projects with limited budgets. An average single-family unit would require impact fees and planning fees totaling \$10,500 plus school fees, which are applied based on square foot. In addition, average building fees for single-family dwellings starts at a minimum of \$16,000 (therefore a minimum of \$26,500 per unit). An average large-scale multi-family development in a residential zone would depend on the number of units in the project. However, in general, the cost of multi-family units would range between \$38,000 to \$56,000 per unit.

The Annual Report on City Services 2019-2020 conducted by the City of San Jose identifies Palo Alto as one of the highest impact/capacity fee charging cities for both single-family and multiple-family home construction.<sup>15</sup> The survey conducted by the City of San Jose uses 2019-2020 information and compares the City of Palo Alto's entitlement fees with the cities of Morgan Hill, San Mateo, San Jose, and Sunnyvale and the County of Santa Clara. Palo Alto ranks as the lowest entitlement fees charging city in the south Bay Area. It should be noted however, that entitlement fees are designed only to cover the cost the City incurs to process these development applications and provide the support services needed by City staff. The City also allows for a waiver of existing fees for very low- and low-income housing projects. Housing Element Program 3.3 *Affordable Housing Development Incentive Program* allows affordable housing projects to be exempt from infrastructure impact fees and, where appropriate, waives the imposition of development fees; however, other public service districts may charge fees that are outside of the control of the City. Additional fees present in the City are school impact fees. For the fiscal year 2019-2020, the Palo Alto Unified School District adopted a fee of \$3.79 per square foot for residential units.

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<sup>15</sup> Annual Report on City Services 2019-2020, San Jose. Accessed: [https://www.bing.com/search?q=Annual%20Report%20on%20City%20Services%202019-2020%20san%20jose&q&qs=n&form=QBRE&=Search%20%7B0%7D%20for%20%7B1%7D&=Search%20work%20for%20%7B0%7D&=%25eManage%20Your%20Search%20History%25E&msbrank=1\\_1\\_0&sp=-1&pq=annual%20report%20on%20city%20services%202019-2020%20&sc=8-41&sk=&cvid=7C5BCC7B0ECD44FFBD8C48290A8F515B&ghsh=0&ghacc=0&ghpl=](https://www.bing.com/search?q=Annual%20Report%20on%20City%20Services%202019-2020%20san%20jose&q&qs=n&form=QBRE&=Search%20%7B0%7D%20for%20%7B1%7D&=Search%20work%20for%20%7B0%7D&=%25eManage%20Your%20Search%20History%25E&msbrank=1_1_0&sp=-1&pq=annual%20report%20on%20city%20services%202019-2020%20&sc=8-41&sk=&cvid=7C5BCC7B0ECD44FFBD8C48290A8F515B&ghsh=0&ghacc=0&ghpl=)

The following includes recent examples of multi-family home projects and their associated fees:

- 2755 El Camino Real (57 units Workforce Housing, completed in 2022)
  - Building Permit Fees: approximately \$302,000
  - Planning Fees: approximately \$17,400
  - Cost recovery Fee: \$115,000
  - Impact fee \$1,571,291
  - Total: approximately \$35,200 per unit.
  
- 565 Hamilton Street (19 units, completed in 2022)
  - Building Permit Fees: approximately \$248,000
  - Planning Fees: approximately \$27,000
  - Cost recovery fee: \$53,000
  - Impact Fee: \$630,339
  - Total: approximately \$50,500 per unit

Government Code § 65583 requires that locally imposed fees do not exceed the estimated reasonable costs of providing the service. Furthermore, Government Code § 65583 requires that impact fees must have a substantial nexus to the development and that the dedication of land or fees be proportional to its impact. Palo Alto abides by these requirements with respect to fees and exactions.

That said, the City recognizes that planning/permitting and development fees add to the cost of residential development. To mitigate the impact of planning/permitting and impact fees on the cost of some residential development, the City uses HOME and CDBG funds, deferral of development impact fees as well as other funding sources to gap-finance affordable housing development. Programs 3.3 *Affordable Housing Development Incentive Program* will help reduce financial barriers to affordable housing development.

### ON/OFF-SITE IMPROVEMENT STANDARDS

Site improvements are a necessary component of the development process. Site improvements are required to ensure that minimum standards are maintained to protect public health, safety and welfare. The types of improvements may provide new or modified sewer, water, and street infrastructure. These improvements help make the development feasible. Typically, site improvements are requested during the plan check process or as conditions of approval during the public hearing process and vary depending on the existing condition of each project. Inadequate infrastructure must be upgraded to serve the increased intensity on the site, as proposed by a project. For example, all storm drainage facilities serving the development shall accommodate a 50-year storm. If existing storm drain facilities are inadequate, they must be enlarged as necessary. If inadequate water supply and pressure exists for fire safety and provision of water throughout the development, the project is required to up-size the water meter and water services. All upgrading costs are the responsibility of the property owner/project applicant. All electric, telephone and cable TV utility services must be installed fully underground and to required City standards. Satisfactory provisions for all other utilities and service connections, including water, sewer, and gas must be made to City and public utility standards.

Given the built-out nature of Palo Alto, most of the residential areas are already served with adequate infrastructure. New construction or infill developments may require the City to extend or add to the existing infrastructure facilities.

### BUILDING CODES AND ENFORCEMENT

The State of California has adopted the 2022 statewide California Building Standards Code (Title 24) based on the International Code Council's (ICC) codes. The City has adopted these codes with additional local amendments similar to neighboring jurisdictions and would not adversely hinder the construction of affordable housing.

The local amendments include revised time limits of building permit applications, revised expiration periods for building permits, revisions in occupancy determinations, revised concrete inspections, revised

structural wall bracing methods, and revised safety requirements regarding fire/sprinkler, seismic and flood elevation design.

Additionally, the City has adopted the Tier 1 and Tier 2 Appendices of the 2022 CALGreen Building Standards Code, which creates uniform regulations for new residential and non-residential California buildings that are intended to reduce construction waste, require increased water conservation, make buildings more efficient in the use of materials and energy, and reduce environmental impacts during and after construction. These standards may increase initial construction costs but reduce operating expenses and expenditure of natural resources over the long run.

Enforcement of building code standards does not constrain the production or improvement of housing in Palo Alto but serves to maintain the condition of the neighborhoods.

The City's Code Enforcement program is an important tool for maintaining the housing stock and protecting residents from unsafe conditions. This is particularly important because approximately 29 percent the current housing stock was built in the decade between 1950-60 and is now more likely to be in need of significant repairs or rehabilitation due to age.

Planning and Development Services staff investigates and enforces City codes and State statutes when applicable. Violation of a code regulation can result in a warning, citation, fine, or legal action. If a code violation involves a potential emergency, officers will respond immediately; otherwise, complaints are generally followed up within one working day by visiting the site of the alleged violation, and, if necessary, beginning the process of correcting the situation.

## AFFORDABLE HOUSING INCENTIVES AND OPPORTUNITIES

### DENSITY BONUS PROVISIONS

Density bonus provisions are an important tool for attracting and helping developers construct affordable housing, and thus assisting the City in achieving the RHNA. Density bonuses allow a developer to increase the density of development above that allowed by standard zoning

regulations and provide regulatory relief in the form of concessions. In exchange, a developer provides affordable units in the development. Palo Alto adopted a Density Bonus Ordinance (Municipal Code Chapter 18.15) in January 2014 pursuant to SB1818 and consistent with Government Code Sections 65913 and 65915. The density bonus regulations allow for bonuses of 20 to 50 percent, depending on the amount and type of affordable housing provided. As required by State law, the regulations also allow for exceptions to applicable zoning and other development standards, called concessions or incentives, to further encourage the development of affordable housing. Consistent with state law (Government Code sections 65915 through 65918), the City continues to offer residential density bonuses as a means of encouraging affordable housing development. The City is committed to complying with State density bonus legislation through updates to the City's Density Bonus Ordinance, as necessary. The most recent update to the City's Density Bonus ordinance was in 2021.

In addition to offering density bonuses, the City created the Housing Incentive Program (HIP) as an alternative to State Density Bonus Law. While providing many of the same incentives as a density bonus, the HIP also offers project streamlining if a project meets the City's objective standards criteria. Therefore, potential projects utilizing the HIP could only be subject to a courtesy design meeting instead of the maximum five hearings as outlined in the Housing Crisis Act (SB330). The HIP also allows Director-level approval of additional FAR (more than can be achieved under the State Density Bonus Law in most cases) and flexibility in development standards. An additional incentive for applicants to use the HIP is a developer can pay in-lieu fees instead of providing affordable units to receive its incentives. At present, rental projects may pay in-lieu fees to satisfy the City's inclusionary housing requirement to receive HIP benefits, whereas on-site affordable housing is required under State density bonus law.

#### CITYWIDE AFFORDABLE HOUSING PLAN

Established in 1974, the City's Below Market Rate (BMR) Housing Program has been instrumental in the production of affordable housing

by requiring developers to provide a certain percentage of units as BMR in every approved project of five units or more. The purpose of the program is to create and retain a stock of affordable housing in Palo Alto for people of low and moderate income. In 2017, the BMR housing program was repealed in its entirety under Section 2 of Ordinance No. 5408. It was replaced by Chapter 16.65 of the City's zoning code, which provides citywide affordable housing requirements. When development of three or more residential units is built in the City of Palo Alto, the developer is required to contribute at least 15% of those units at below market rates (projects of seven or more units must provide one or more BMR units within the development). Fractional units must pay an in-lieu fee. For example, if the BMR requirement is 1.25 units, one BMR unit must be provided in the development and the developer must pay an in-lieu fee for the fractional .25 unit.

All residential ownership projects, mixed use, residential rental, or nonresidential project proposing to provide affordable units under the provisions of Section 16.65.080 must submit an affordable housing plan concurrently with the application for the first approval of the project. The city provides an application form specifying the contents of the affordable housing plan. If an affordable housing plan is required, no application for a first approval of the project may be deemed complete until a complete affordable housing plan is submitted. The cost of reviewing any proposed alternative, including but not limited to the cost to the city of hiring a consultant to review the application, is borne by the applicant. No affordable housing plan is required for a mixed-use, residential rental project, or a nonresidential project if the applicant proposes to pay housing impact fees, or if the project is exempt under Section 16.65.025. As of January 2022, in lieu fees range from \$56.72 to \$85.07 per square foot. Any affordable housing plan is processed concurrently with all other permits required for the development project. Before approving the affordable housing plan, the decision-making body must find that the affordable housing plan conforms to this chapter. A condition is attached to require recordation of an affordable housing agreement.



The approved affordable housing plan must be executed and recorded prior to issuance of any building permit for the development project. A request for a minor modification of an approved affordable housing plan may be granted by the Planning and Development Services director if the modification is substantially in compliance with the original affordable housing plan and conditions of approval. Other modifications to the affordable housing plan are processed in the same manner as the original plan. Affordable housing agreements acceptable to the City Manager or designee and approved as to form by the City Attorney are recorded against the residential or nonresidential project prior to approval of any final or parcel map, or issuance of any building permit, whichever occurs first, unless the project is required only to pay impact fees. The affordable housing agreement specifies the number, type, location, size, and phasing of all affordable units, provisions for income certification and screening of potential purchasers or renters of units, and resale control mechanisms, including the financing of ongoing administrative and monitoring costs, consistent with the approved affordable housing plan and any affordable housing guidelines, as determined by the city manager or designee. All housing impact fees or other funds collected under the affordable housing plan are deposited into the city's commercial and residential housing funds.

#### AFFORDABLE HOUSING INCENTIVE PROGRAM

In 2018, the City passed the Affordable Housing Combining District (Overlay) Ordinance, allowing property owners and developers within the mixed-use commercial zones to apply for a zoning overlay that eases regulatory barriers to the development of affordable housing. The project must be 100% affordable rental housing (up to 120 percent of AMI) and be located within ½ mile from CalTrain or ¼ mile from a bus transit corridor and zoned CD, CC, CN, or CS. If approved for a specific parcel, the overlay would:

- Increase maximum building size to a floor area ratio (FAR) of 2.4
- Remove maximum dwelling unit densities
- Allow heights up to 50 feet except within 50 feet of a residential zone

- Reduce parking ratio to 0.75 spaces per unit except where precluded by state law

Effective July 2022, the City modified the Affordable Housing Overlay district into the AH Incentive Program to streamline the approval process. The Affordable Housing Overlay was a legislative zoning map amendment that required ARB, PTC, and Council review and approval. The new Incentive Program only requires review and approval by the ARB. If a project meets the affordability and location standards indicated here, it automatically qualifies for these modified development standards. This zoning revision is expected to have removed a constraint and increased an incentive for the development of 100% affordable housing units, at a range of income levels up to 120 percent of AMI. Although mixed income and market rate projects cannot take advantage of this AH Incentive Program, they are still eligible for flexible development standards and additional FAR through the Housing Incentive Program.

#### TRANSFER OF DEVELOPMENT RIGHTS

Transfer of development rights (TDR) programs may be used to restrict development on certain parcels, while allowing the owner of the restricted property to transfer development rights to another property. As a result, TDR programs often serve to protect resources and sensitive areas while encouraging development in more appropriate areas. The purpose of allowing transfer of development rights in the City of Palo Alto is to encourage seismic and historic rehabilitation of buildings, as specified in Municipal Code Chapter 18.18.080. Transferable development rights may be transferred to an eligible receiver site upon certification by the City (pursuant to Section [18.18.070](#)) of the floor area from the sender site. The City does not guarantee that at all times in the future there will be sufficient eligible receiver sites to receive such transferable development rights. During the 5<sup>th</sup> cycle housing element planning period, the City found the TDR program slightly effective in encouraging higher-density housing in appropriate locations and two projects utilized the TDR program. One project was approved with TDRs but did not ultimately move forward. A second project is currently under construction and will receive TDRs as the owner completes seismic and

historic retrofits. The TDR program is not considered a constraint to residential development.

#### OFFICE GROWTH CONTROL OR SIMILAR ORDINANCES

Section 18.40.200 of Palo Alto's Zoning Code adopts a citywide cap on office/R&D development that appears in Policy L-1.10 of the City of Palo Alto Comprehensive Plan 2030, pursuant to the *Palo Alto Reduced Office/R&D Development Cap Initiative*. This initiative establishes a cap of 850,000 square feet on new office/R&D development, exempting medical office uses in the Stanford University Medical Center (SUMC) vicinity. Through December 31, 2030, this Section 18.40.220 may not be amended or repealed except by a vote of the people, provided, however, that the Palo Alto City Council may reduce the citywide cap of 850,000 new square feet of office/R&D development without a vote of the people. This ordinance does not cap residential development. As of July 2022, approximately 280,000 square feet of commercial space has been developed with another approximately 43,000 square feet in the planning pipeline. There is approximately 527,000 square feet remaining in the cap.

#### HOUSING FOR SPECIAL NEEDS POPULATIONS

##### AFFIRMATIVELY FURTHERING FAIR HOUSING

Affirmatively Furthering Fair Housing (AFFH) Assembly Bill (AB) 686 requires that all housing elements due on or after January 1, 2021, must contain an Assessment of Fair Housing consistent with the federal Affirmatively Furthering Fair Housing (AFFH) Final Rule of July 16, 2015. Under state law, AFFH means "taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." A detailed analysis of the fair housing issues related to special needs populations is included in Appendix C, and Section 6, Housing Plan, contains programs to facilitate housing for special needs populations.

### REASONABLE ACCOMMODATIONS REQUESTS

The Federal Fair Housing Act and the California Fair Employment and Housing Act require that cities and counties provide reasonable accommodation where such accommodation may be necessary to afford individuals with disabilities equal housing opportunities. Cities and counties must also consider requests for accommodations related to housing for people with disabilities and provide the accommodation when it is determined to be “reasonable” based on fair housing laws and the case law interpreting the statutes.

While fair housing laws intend that all people have equal access to housing, the law also recognizes that people with disabilities may need extra tools to achieve equality. Reasonable accommodation is one of the tools intended to further housing opportunities for people with disabilities. For developers and providers of housing for people with disabilities who are often confronted with siting or use restrictions, reasonable accommodation provides a means of requesting from the local government flexibility in the application of land use and zoning regulations or, in some instances, even a waiver of certain restrictions or requirements because it is necessary to achieve equal access to housing. Cities and counties are required to consider requests for accommodations related to housing for people with disabilities and provide the accommodation when it is determined to be “reasonable” based on fair housing laws and the case law interpreting the statutes.

State law allows for a statutorily based four-part analysis to be used in evaluating requests for reasonable accommodation related to land use and zoning matters and can be incorporated into reasonable accommodation procedures. This analysis gives great weight to furthering the housing needs of people with disabilities and also considers the impact or effect of providing the requested accommodation on the City and its overall zoning scheme. Developers and providers of housing for people with disabilities must be ready to address each element of the following four-part analysis:

- The housing that is the subject of the request for reasonable accommodation is for people with disabilities as defined in federal or state fair housing laws;
- The reasonable accommodation requested is necessary to make specific housing available to people with disabilities who are protected under fair housing laws;
- The requested accommodation will not impose an undue financial or administrative burden on the local government; and
- The requested accommodation will not result in a fundamental alteration in the local zoning code.

To create a process for making requests for reasonable accommodation to land use and zoning decisions and procedures regulating the siting, funding, development, and use of housing for people with disabilities, the City adopted a reasonable accommodation process ordinance in January of 2014. The codified ordinance is available at all counters where applications are made for permits and licenses, and on the City's website. The Director of Planning and Development Services shall issue a written determination of the action taken for either approval or denial of a reasonable accommodation request based on the four-part analysis. The written decision of the Director shall be final unless an applicant submits an appeal within ten calendar days of the decision. Appeals shall be heard by the Planning and Transportation Commission in a public hearing pursuant to the procedures established for discretionary actions in PAMC Chapter 18.77.

#### ACCESSIBLE HOUSING FOR THE DISABLED

The City strictly enforces the California Building Standards Code Title 24, Part 2 (Building Code Chapter 11A and 11B – Accessibility Provisions). The City also enforces accessible parking standards described in the Municipal Code for all land uses. The City is not aware of any significant constraints to the provision of affordable housing for the disabled in its Zoning Code or other regulatory provisions and has approved, on an ad hoc basis, regulatory changes necessary to accommodate the needs of disabled households as required by State law.

These regulations, which implement State law, apply to new construction of multiple-family units in buildings having three or more units. When there is a conflict between a Title 24 requirements and a zoning ordinance requirement, Title 24 is applied to the project.

Although there are no mandatory accessibility requirements for single-family houses, the City assists low-income homeowners with minor accessibility modifications to their homes by funding through the Home Access Program.

Group homes are allowed as "residential care homes". Residential care homes are permitted in all residential zones, including R-1, R-2, R-E, RMD, RM-20, RM-30, and RM-40. Residential care homes with fewer than six persons are allowed by right in all above-mentioned zones. Residential care homes are allowed with a Conditional Use Permit in PF (Public Facility) and GM (General Manufacturing) districts. Consistent with other use permits, a public hearing is not required as part of the approval process; except that a hearing may be requested.

The City's parking requirements ensure adequate accessible parking. In addition, the City has the flexibility to reduce the overall parking requirement for a use with lower-than-normal demand, for example, in special needs housing where the occupants have fewer cars. The reduction can be approved through the Planning and Development Services department, which is less stringent than the variance process used in many other cities for review of applications for parking reductions.

### **4.3 ENVIRONMENTAL CONSTRAINTS**

Environmental constraints are potential housing constraint as they have the potential to limit the density and locations of housing developments due to various factors and hazards. A city's environmental setting and characteristics can greatly affect the feasibility and cost of developing housing. As mentioned in Chapter 3, approximately 55 percent of Palo Alto's total land area includes existing and designated parks, open space preserves and agricultural land conservation areas with controlled development regulations. Lack of developable land and smaller parcel sizes are potential constraints to housing.

There are a number of environmental factors in Palo Alto that can affect the character and density of development in the City. These include the availability of natural resources such as land and water, and environmental hazards such as earthquakes/seismic activity, flooding, and wildfires. As described in Chapter 3 Housing Resources and Opportunities and Appendix D Sites Inventory the majority of sites identified in Palo Alto's Sites Inventory are located in the urban core of the City, which is not affected by these environmental constraints. Additionally, the City's Capital Improvement Program includes infrastructure projects that support and protect housing.

#### SEISMIC AND GEOLOGIC HAZARDS

Several residential sites in the foothills area of the City lie within areas with geologic and seismic conditions that constrain development. Seismic hazards include ground shaking, fault rupture, liquefaction, land sliding, ground settlement, and seismically induced flooding. The design of new housing projects in risk-prone areas must consider geologic, seismic, flood, and fire hazards. The City strictly enforces Building Code seismic safety restrictions for all types of construction. For residential sites within earthquake fault zone areas, in-depth soils reports are required as a part of the development approval process. Although the entire city is subject to moderate to severe earth movement during a seismic event, standard engineering solutions can help mitigate these conditions.

Other hazards in Palo Alto not associated with seismic events include landslides that may result from continuous heavy rain, or erosion caused by fallen trees and uplifted roots, or significant removal of vegetation, or other human activities that alter the stability of steep hillsides. The Public Works Department oversees tasks that combat the potential risks. These include providing routine tree pruning as needed, cleaning existing inlets in pipes to direct runoff into the storm drain system or review private development projects. As part of a private development project application, the Public Works Department requires reports prepared by geotechnical engineers that assess the risk on hillside areas and provide development requirements to minimize erosion and provide structural stability. Some areas of the city have isolated cases of known pollutants

within soil due to past uses and non-permitted discharges. Depending on the contaminants, this may contaminate the groundwater and require additional measures to dispose of any groundwater or soil that is found to be contaminated.

## FLOODING

Palo Alto is subject to flooding following unusually heavy rainfall. Flooding is typically associated with overtopping of creek banks, inadequately sized bridges and culverts, and blocked storm drains. Much of the city lies outside the 100-year flood plain boundary defined by the Federal Emergency Management Agency (FEMA). However, a substantial area is subject to flooding in a 100-year storm and designated as a Special Flood Hazard Area on FEMA's Flood Insurance Rate Map with approximately 25-30 percent of the city within this flood hazard zone. Structures within this zone must meet certain building requirements to reduce potential flooding impacts when expanding or improving property if the improvement cost is greater than 50 percent of the value of the property.

The impacts of global climate change have led to more drastic weather changes that include heavier and more frequent rain event storms, droughts that facilitate larger, more intense forest fires, warmer temperatures and changes to the jet stream. Therefore, future development decisions for Palo Alto will need to consider these impacts throughout the City. Along the Palo Alto baylands, coastal water level will increase. According to San Francisco Bay Conservation and Development Commission (BCDC) projections, mean sea level will rise between .1 to .9 meters (12 and 36 inches) by the year 2100. BCDC online maps depict a scenario for a one-meter rise in sea level possible for the year 2100.<sup>16</sup>

## WILDFIRES

Generally, there are three major factors that sustain wildfires and allow for predictions of a given area's potential to burn. These factors include fuel, topography, and weather. In addition, other factors complicate the issues, including the wildland/urban interface, diversified responsibility

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<sup>16</sup> San Francisco Bay Conservation and Development Commission. Accessed: BCDC.gov.



for wildland vegetation management, and destructive insects and diseases.

Cities such as Palo Alto are considered to have the wild land/urban interface because they are built within and adjacent to mountainous areas and have increased the number of people living near heavily vegetated areas where wild lands meet urban development. A fire along the wild land/urban interface can result in major losses of property and structures unless adequate protection measures have been provided. Chapter 7A of the California Building Code (CBC) and Chapter R337 of the California Residential Code (CRC) contain standards associated with the construction of buildings in wildfire prone areas. The City of Palo Alto recognizes and refers to both the CBC and CRC in the design and approval process for housing developments. Fuel, topography and weather also impact fire risks in Palo Alto. Palo Alto's hilly topography in the South portion of the City has led to residential construction near mountainsides and in canyons. Homes built in steep, narrow canyons and at canyon rims face an increased fire risk.

## NOISE

The most pervasive source of noise in Palo Alto is motor vehicles. However, trains, aircraft, concerts, electrical substations, and mechanical equipment are also contributors, as are random sources like leaf blowers and construction equipment. Average noise levels are highest along Highway 101, El Camino Real, Alma Street, the railroad tracks, the Palo Alto Airport, and along major traffic corridors like Middlefield Road and Oregon Expressway. The City continues efforts to curb noise impacts from the above-mentioned sources and will also take actions that prevent adverse levels of noise from being generated by new development. The City regulates noise impacts from loud vehicles and has a Noise Ordinance designed to address particular noise problems. It assists agencies that develop noise control legislation and promote enforcement of adopted standards

## SUSTAINABILITY AND CLIMATE ACTION PLAN (S/CAP)

In 2020, Palo Alto reduced GHG emissions an estimated 50.6 percent from the 1990 baseline, despite a population increase of 21.8 percent during that same time period.<sup>17</sup> This equates to 5.7 metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>e) per Palo Alto resident in 2020 compared to 14 MT CO<sub>2</sub>e per Palo Alto resident in 1990. The California Air Resources Board 2017 Scoping Plan Update recommends local government goals of 6 MT CO<sub>2</sub>e per capita by 2030. It is important to note, however, that 2020 was the start of the COVID-19 pandemic, and the 2020 GHG inventory includes pandemic-related impacts, such as shelter-in place orders and changes in how and where people worked, resulting in emissions that may be temporary. Without the effects of the pandemic, emissions reductions would be closer to a 42 percent decrease relative to 1990 and 6.7 MOT CO<sub>2</sub>e per resident. In early 2020, the City launched an update to the Sustainability and Climate Action Plan (S/CAP) to develop the strategies needed to meet sustainability goals, including the goal of reducing GHG emissions 80 percent below 1990 levels by 2030. City staff proposed goals and key actions in seven areas: Energy, Mobility, Electric Vehicles, Water, Climate Adaptation and Sea Level Rise, Natural Environment, and Zero Waste and added a new Climate Action area. Council accepted the updated S/CAP Goals and Key Actions in October 2022 and adopted a new carbon neutrality by 2030 goal.

## WATER INFRASTRUCTURE

The City of Palo Alto is a mature community with well-established infrastructure systems.

Palo Alto receives potable water from the City and County of San Francisco's regional water system, operated by the San Francisco Public Utilities Commission (SFPUC). The amount of water available to the SFPUC's customers is constrained by hydrology, physical facilities, and the institutional limitations that allocate available water. The City of Palo has a long-term entitlement from the SFPUC system of 16.58 million

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<sup>17</sup> CityofPaloAlto.org, Sustainability Actions and Accomplishments. Accessed: <https://www.cityofpaloalto.org/City-Hall/Sustainability/Data-and-Education/Sustainability-Actions-and-Accomplishments>

gallons per day (MGD) or 18,579 acre-feet per year (AFY). The City's supply/demand balance is discussed in detail in the City of Palo Alto's 2020 Urban Water Management Plan<sup>18</sup>. Based on the long-term water use forecast in the 2020 UWMP, adequate normal year supplies are available to serve future residential growth within City boundaries, including those sites identified in Section 3.3 of the Housing Element Residential Sites Inventory.

The amount of water available during a drought depends on the severity of a drought and the dry year allocation agreements between the users of the regional water system. The 2020 UWMP provides details on the City's responses to drought reductions, including specific measures and options to address supply limitations (Section 7 - Water Shortage Contingency Plan). While the SFPUC has an adopted Level of Service goal of no more than a 20% system-wide shortfall, implementation of the Bay Delta Plan is projected to result in greater water supply reductions if and until alternative supplies are developed. These anticipated dry-year supply reductions will be considered as Palo Alto plans for additional housing development.

As stated above, Palo Alto receives potable water from the City and County of San Francisco's regional water system, operated by the San Francisco Public Utilities Commission (SFPUC). Senate Bill 1087 (enacted 2006) requires that water and wastewater service providers develop written policies that grant priority to proposed development that includes housing affordable to lower income households. The legislation also prohibits water and sewer providers from denying or conditioning the approval of development that includes housing affordable to lower income households, unless specific written findings are made. The City will provide a copy of the final Housing Element to San Francisco Public Utilities Commission (SFPUC), East Palo Alto Sanitation District, and West Bay Sanitation District within 30 days of adoption. The City will also continue to coordinate with these districts to ensure priority service provision to affordable housing developments.

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<sup>18</sup> City of Palo Alto. 2021. 2020 Urban Water Management Plan and Water Shortage Contingency Plan. [https://www.cityofpaloalto.org/files/assets/public/utilities/uwmp/2020-uwmp\\_final-submission-to-dwr.pdf](https://www.cityofpaloalto.org/files/assets/public/utilities/uwmp/2020-uwmp_final-submission-to-dwr.pdf) (accessed November 2021).

The City's wastewater treatment plant has a capacity of 39 MGD and has sufficient capacity to serve expected residential growth. On-going maintenance and repair of existing storm drainage, water, and wastewater improvements are identified as part of the City's Capital Improvement Plan (CIP). Needed repairs are prioritized in the CIP and projected over a multi-year period.

The existing stormwater infrastructure in the areas targeted for additional housing units is generally adequate to accommodate the expected storm runoff from new housing development since development will occur in already urban areas. While no significant infrastructure constraints exist citywide, localized constraints are possible depending on a site's proximity to existing utility and service lines and whether additional connections or upgrades to those lines would be necessary. These types of improvements would typically be the responsibility of the property owner/developer.

On-site drainage improvements, in addition to any minor modifications to the municipal storm drain system triggered by the projected future development, would be the responsibility of each individual housing developer. The developers are also responsible for incorporating stormwater source control and treatment measures into their project designs, as required by the National Pollutant Discharge Elimination System (NPDES) stormwater discharge permit issued to Bay Area municipalities by the San Francisco Bay Regional Water Quality Control Board.

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# GOALS & POLICIES

# 5

## 5.1 GOAL 1.0 – HOUSING PRESERVATION

Preserve and improve or replace in kind the existing housing stock and residential neighborhoods. Preserve or replace in kind affordable housing units in the community to maintain adequate housing opportunities for all residents.

### POLICY 1.1

Promote the rehabilitation of deteriorating or substandard residential properties using sustainable and energy conserving approaches. (Existing Policy H1.1)

### POLICY 1.2

Work with property owners and nonprofit housing providers to preserve assisted multi-family units at risk of conversion to market rents and extend the affordability covenants in perpetuity whenever feasible.

### POLICY 1.3

Use existing and new funding sources to fund rehabilitation loan and grant programs to assist in the preservation of both deed-restricted and naturally occurring affordable housing units.

### POLICY 1.4

Ensure the retention or replacement in kind of existing lower income units that are identified for potential redevelopment.

## 5.2 GOAL 2.0 – AFFORDABLE HOUSING

Assist in the provision of safe, attainable, and sustainable housing, especially affordable housing, to meet the needs of all economic segments of the community.

### POLICY 2.1

Increase opportunities for affordable housing development through use of flexible development standards. (Adapted from existing Program Objective H3.1.5)

### POLICY 2.2

Enhance incentives that expand development standard concessions and other inducements offered as tools to facilitate the development of more affordable housing, with a mix of affordability levels within mixed-income housing.

### POLICY 2.3

Achieve a diversity of rental and homeownership opportunities, including apartments, townhomes, condominiums, single-family houses, and accessory dwelling units, micro-units and alternative housing options to accommodate the housing needs of all socioeconomic segments of the community.

### POLICY 2.4

Encourage property developers and owners to adopt sustainable and green practices housing programs that protect residents' quality of life.

### **5.3 GOAL 3.0 – HOUSING DEVELOPMENT**

Support holistic and strategic housing development with a variety of housing types, prices, tenures, densities, and locations, to address the diverse needs of all current and future residents.

#### **POLICY 3.1**

Support the redevelopment of suitable lands for mixed uses containing housing to encourage infill development. Optimize the use of existing urban services, and support transit use. (Existing Policy H2.2)

#### **POLICY 3.2**

Provide adequate sites, zoned at the appropriate densities and development standards to facilitate both affordable and market rate housing production.

#### **POLICY 3.3**

Prioritize funding for the acquisition of housing sites near public transit and services, the acquisition and rehabilitation or replacement in kind of existing housing, and the provision for housing-related services for affordable housing. (Adapted from Existing Program H3.4.1)

### **5.4 GOAL 4.0 – GOVERNMENTAL BARRIERS**

Provide for a government environment that facilitates housing development.

#### **POLICY 4.1**

Exempt permanently affordable housing units from any infrastructure impact fees adopted by the City. (Existing Program H3.3.2)

#### **POLICY 4.2**

Provide for streamlined, timely and coordinated processing of development projects and associated environmental clearances to minimize project-holding costs.



#### POLICY 4.3

Implement development standards, objective design standards, and architectural and green building standards that encourage new high-quality rental and ownership housing.

#### POLICY 4.4

Heighten community awareness and receive community input regarding the social, economic and environmental values of maintaining economic diversity in the City by providing affordable and mixed income higher density housing along transit corridors and at other appropriate locations.

### **5.5 GOAL 5.0 – HOUSING DIVERSITY**

Establish a variety of housing types and services to accommodate the diversity of persons and households with special needs.

#### POLICY 5.1

The City will support local agencies and organizations in the creation or preservation of housing and associated supportive services that serves the City's population with special needs. Group homes and supported living facilities for persons with special needs, housing designed for seniors and persons with disabilities, emergency and transitional shelter for persons experiencing homelessness, are some examples of the types of needed housing.

#### POLICY 5.2

Encourage universal design of housing products and environments, making them usable by a wide range of persons with different physical and mental abilities.

#### POLICY 5.3

Coordinate with regional agencies providing services to the homeless, for needs assessment and resource allocation.

## 5.6 GOAL 6.0 – FAIR HOUSING

Promote equal opportunity in all City housing types (ownership and rental, market rate and affordable) for all residents to have safe and accessible housing.

### POLICY 6.1

Support programs and agencies that seek to eliminate housing discrimination. (Existing Policy H4.1)

### POLICY 6.2

Conduct fair housing outreach and education for residents, property owners, and housing providers to ensure each understands their rights and responsibilities.

### POLICY 6.3

Identify mechanisms to increase production and access to housing.

### POLICY 6.4

Enforce notification and relocation assistance requirements for low income households displaced due to demolition, condominium conversion, and persons displaced due to code enforcement activities of illegally converted or substandard residential dwellings.

### POLICY 6.5

Support and provide ways to empower community members to participate in community development.

## 5.7 PROGRAMS & IMPLEMENTING OBJECTIVES

### PROGRAM 1: MAINTAIN SITES.

Programs that identify adequate sites, with appropriate zoning and development standards to accommodate Palo Alto's RHNA allocation for each income level:

#### PROGRAM 1.1: ADEQUATE SITES PROGRAM

Through zoning and comprehensive plan designations, the City maintains a residential site inventory that is adequate to accommodate the City's share of regional housing needs. The City's Regional Housing Needs Assessment (RHNA) is 6,086 units (1,556 units for very-low income, 896 units for low income, 1,013 units for moderate income, and 2,621 units for above moderate income). With anticipated pipeline projects (778 units) and projected accessory dwelling unit production (512 units); a total of 1,290 units can be credited toward the City's RHNA. Based on the City's Site Inventory capacity analysis (see Appendix D), the remaining 4,796 units (1,869 lower-income, 773 moderate-income, 2,154 above moderate-income) can be achieved through various strategies to accommodate future housing needs. Specifically, the City is able to accommodate 1,575 units of the remaining RHNA obligation with sites with appropriate zoning and development standards, in the following income categories (298 very low, 304 low, 335 moderate, and 638 above moderate income). Therefore, the City has a remaining shortfall of sites for 4,511 units (1,258 very low, 592 low, 678 moderate, and 1,983 above moderate income) that must be accommodated with rezoning and upzoning.

Responsible Agency: Funding Sources(s): Implementing Objective:	Planning and Development Services  General Fund  A. Amend the Comprehensive Plan and zoning districts as needed for properties identified to meet the City’s RHNA obligations. The amendments include changes to allow increased residential densities shown in Appendix D in developments and relevant development standards to accommodate increased density, and modifications to allowable uses to permit multi-family residential uses where is it not currently allowed.  The rezone/upzoning shall include the following provisions of Government Code Section 65583.2(h) and (i) for sites accommodating lower incomes: (1) By-right development of multi-family developments in which 20 percent or more of units are affordable to lower income households; (2) Accommodation of at least 16 units per site; (3) Minimum density of 20 units per acre; (4) At least 50 percent of the lower-income need must be accommodated on sites designated for residential use only or on sites zoned for mixed uses that accommodate all of the very low and low-income housing need, if those sites: allow 100 percent residential use, and require residential use occupy 50 percent of the total floor area of a mixed-use project.  The rezoning includes the following requirements for these Stanford-owned properties: <ul style="list-style-type: none"><li>i. For the housing opportunity site located at the corner of Pasteur Drive and Sand Hill Road and the adjoining property at 1100 Welch Road, as an alternative to the State Density Bonus law, amend zoning regulations to allow approximately net new 425 units up to 85 feet in height; redevelopment of the Welch Road property shall include a plan to protect or mitigate tenant displacement.</li><li>ii. For the housing opportunity site located at 3128 El Camino Real (McDonald’s), as an alternative to the State Density Bonus law, amend zoning regulations to allow at least 144 housing units with a maximum height of 50 feet nearest El Camino Real and transitioning taller away from the street to minimize a wall effect; allow a minimum of 315 housing units if combined with an adjacent property.</li><li>iii. For the housing opportunity site located at 3300 El Camino Real, as an alternative to the State Density Bonus law, allow up to 200 housing units, up to a 1.4:1 floor area ratio (FAR) with a 20% inclusionary housing requirement consistent with the City’s Planned Home Zoning process; commercial office approved or permitted on this property is in addition to the floor area allowed for the future housing project.</li></ul>
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Primary  
Associated  
Goals and  
Policies:

**Time Frame:** Complete by January 31, 2024

**Quantified Objective:** The City will amend the Comprehensive Plan or zoning designation of 291 properties located in commercial, industrial or residential zoning districts that combined will generate a realistic yield for 5,537 housing units.

- A. Rezone ROLM and GM zoned properties to allow multi-family residential housing with a density of 90 dwelling units per acre for those properties nearest Bayshore Freeway and generally bounded by East Charleston Road and Loma Verde Avenue. This action will require additional changes to the related development standard to accommodate higher density development.

**Time Frame:** Complete by January 31, 2024

**Quantified Objective:** The City will rezone approximately 146 sites in the designated area, including the already identified housing inventory sites, to allow for development at 90 dwelling units per acre.

- B. Maintain an updated inventory of housing sites and actively promote sites available for lower- and moderate-income housing development to potential developers, private and non-profit organizations, and other interested persons. Post information on the City’s website and update as necessary to maintain accurate information.
- C. Maintain an updated list of residential housing projects that have been submitted, approved, and denied throughout the housing cycle.

**Time Frame:** Post information on the City’s website by January 2024 and update annually, or more often if needed.

**Quantified Objective:** Support the development of 1,556 units for very-low income, 896 units for low income, 1,013 units for moderate income, and 2,621 above-moderate households during the planning period.

- D. Provide technical assistance and information on parcels available for lower-income developments to private or non-profit housing developers. Technical assistance includes land development counseling by staff planners.

**Time Frame:** Develop technical assistance program by June 2024 and set/publish regular hours for assistance on the City’s website.

**Quantified Objective:** Support the development of 1,556 units for very-low income, 896 units for low income households during the planning period.

Goals: 2, 3, 4

Policies: 2.2, 3.1, 3.2, 3.3, 4.2, 4.4

#### PROGRAM 1.2: SITE INVENTORY MONITORING PROGRAM

In 2017, Senate Bill 166 (SB 166), otherwise known as “no net loss”, was passed to ensure that cities and counties “identify and make available” additional adequate sites if a housing project is approved at a lower

density or with fewer units by income category than what is identified in the Housing Element. In conjunction with the Adequate Sites Program above, the City will further implement a monitoring program that evaluates the current capacity of housing sites for all income levels throughout the duration of the planning period. The City commits to tracking its available housing sites database to ensure that it remains in compliance with State law and provides sufficient housing sites at all income levels during the Sixth Cycle.

<p>Responsible Agency: Funding Sources(s): Implementing Objectives:</p>	<p>Planning and Development Services</p> <p>General Fund</p> <p>A. Maintain an updated inventory of residential housing developments that have been submitted, approved and denied. <b>Time Frame:</b> Update inventory annually every April. <b>Quantified Objective:</b> Management of site inventory through the Annual Progress Report to HCD.</p> <p>B. Monitor the development of vacant and nonvacant properties identified in the sites inventory and ensure that adequate sites are available to meet the remaining RHNA by income category; amend the sites inventory list and rezone additional properties as needed. In the event that sites in zones that allow 100% nonresidential sites that are identified for lower-income RHNA develop with non-residential uses, the City will prioritize its buffer allocation to accommodate any shortfall. <b>Time Frame:</b> Conduct review of sites inventory annually and report findings in housing element progress report; correct any deficiency within 180 days if identified. <b>Quantified Objective:</b> The City will maintain a sufficient number of reserve housing inventory sites to remain compliant with State law. In the event the City falls short of that requirement, it has committed to adding or rezoning additional properties within 180 days of noticed shortfall of units.</p> <p>C. Actively promote, through outreach and discussions, sites available for lower- and moderate-income housing development to potential developers, private and non-profit organizations, and other interested persons and organizations. <b>Time Frame:</b> Update inventory annually every April. <b>Quantified Objective:</b> Conduct a minimum of four (4) meetings annually with potential developers about lower- and moderate income housing sites.</p>
<p>Primary Associated Goals and Policies:</p>	<p>Goal: 3 Policy 3.2</p>

PROGRAM 1.3: SITES USED IN PREVIOUS HOUSING CYCLE

The Housing Element may reuse available nonvacant sites included in one previous housing element inventory, vacant sites included in two previous housing elements, and sites rezoned for RHNA after the statutory deadline, providing the sites are subject to a program that allows the project by right if it includes 20% lower-income units. Some sites within this Housing Element were used in previous cycles and this program is included to address the by-right approval requirement.

Per AB 1397, the use by right of these sites during the planning period is restricted to developments in which at least 20 percent of the units in the development are affordable to lower income households, provided that these sites have sufficient water, sewer, and other dry utilities available and accessible or that they are included in an existing general plan program or other mandatory program or plan to secure sufficient water, sewer, dry utilities supply to support housing development.

Responsible Agency:  
Funding Sources(s):  
Implementing Objective:

Planning and Development Services

General Fund

- A. The City shall rezone or amend its Municipal Code to allow by-right approval for housing developments proposed for non-vacant sites included in one previous housing element inventory and vacant sites included in two previous housing elements, provided that the proposed housing development consists of at least 20 percent lower income and affordable housing units.

**Time Frame:** Complete by January 31, 2024

**Quantified Objective:** Complete rezoning and amend development standards for 16 properties (14 nonvacant and two vacant sites) to enable a projected realistic housing yield of 390 housing units.

Primary Associated Goals and Policies:

Goal: 4  
Policy 4.2

PROGRAM 1.4: CITY-OWNED LAND LOTS

The City owns several surface parking lots that can be redeveloped to replace and add parking while creating new housing opportunities, including affordable housing. This program seeks to identify suitable sites for redevelopment and to pursue partnerships for redevelopment.

Responsible Agency:  
Funding Sources(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

- A. Any future project on the six City-owned surface parking lots identified in Appendix D for redevelopment shall include replacement public parking and provide 100 % affordable housing units serving households earning up to 80% of the Area Median Income (AMI). The City will prepare a request for proposals to solicit interest in a public/private partnership for redevelopment of one or more sites in the City’s University Avenue Downtown area.  
**Time Frame:** Complete by December 2024  
**Quantified Objective:** Subject to available funding and following the RFP effort, the City will select a development partner to secure project approval for the construction of an affordable housing project.
- B. Review City-owned parcels and identify sites based on availability, size, access to services and related metrics that would be appropriate for transitional housing. Once parcel(s) have been identified, pursue partnerships and funding opportunities to build transitional housing.  
**Time Frame:** Complete December 2024 subject to public/private partnership.  
**Quantified Objective:** Subject to identification of suitable sites and formation of public/private partnership; provide transitional housing opportunities for 75 or more beds during the planning cycle.
- C. Maintain an updated list of City owned parcels available for residential development and post on the City’s website. Update annually to reflect residential housing projects that have been submitted, approved, and denied throughout the housing cycle.  
**Time Frame:** Post information on the City’s website by June 2023 and update annually.  
**Quantified Objective:** Support the development of the six identified City owned sites for a minimum of 168 lower income units during the planning period.

Primary Associated Goals and Policies:

Goals: 2, 3  
Policies: 2.3, 3.2



PROGRAM 1.5: STANFORD UNIVERSITY LANDS

Stanford University owns a significant amount of land in Palo Alto, including the Research Park, Stanford Health Care and Lucile Packard Children’s Hospital, the Stanford Shopping Center, 27 University Avenue (Transit Center) and other property. Half of the jobs generated in Palo Alto are located on Stanford University owned land. Three sites for housing have been identified by Stanford University or long-term leaseholders and are listed in Program 1.1. This program sets forth a longer view policy discussion that is intended to ensure additional sites can be identified for the next housing cycle (Seventh Cycle).

Responsible Agency:  
Funding Sources(s):  
Implementing  
Objectives:

Planning and Development Services  
General Fund

- A. Remove the Conditional Use requirement for residential uses in the Research Park zone district, which is specific for the Stanford Research Park.

**Time Frame:** Complete by January 31, 2025.

**Quantified Objective:** This will remove a governmental housing constraint that may encourage greater residential uses in the Stanford Research Park.

Engage Stanford University in a dialogue about future multi-family housing opportunities within the Stanford Research Park, including consideration of a new neighborhood along Foothill Expressway. Identify locations suitable for housing and mixed-use development and zoning modifications and housing incentives as appropriate for consideration in the Seventh Cycle Housing Element Update.

- B. Engage Stanford University and long-term leaseholder Simon Properties for possible residential redevelopment opportunities at the Stanford Shopping Center for consideration in the Seventh Cycle Housing Element Update.

**Time Frame:** For implementing objectives E and F, initiate conversations with stakeholders prior to December 31, 2027, and strive to complete discussion prior to end of housing cycle.

**Quantified Objective:** Establish a concept plan or memorandum of understanding with appropriate stakeholders that identify the location and amount of future housing at these locations by the end of the planning period.

Primary Associated  
Goals and Policies:

Goal: 3  
Policies: 3.1, 3.2, 3.3

PROGRAM 1.6 LOT CONSOLIDATION

To facilitate the development of affordable housing of all sizes and scale, the City will routinely coordinate with property owners and give high priority to processing subdivision maps that include affordable housing units. Additionally, the City will adopt incentives for development of high-density residential sites such as reducing minimum yard setbacks, and open space to enhance design flexibility and create a more pedestrian-oriented environment and modifying parking standards where access exists to public transportation.

Responsible Agency:	Planning and Development Services
Funding Source(s):	General Fund
Implementing Objectives:	<ul style="list-style-type: none"> <li>A. Facilitate lot consolidation or residential and mixed-use developments by annually meeting and providing information and technical assistance to property owners and developers.</li> <li>B. Offer incentives for lot consolidation when minimum standards are met. Incentives could include expedited processing, increased allowable density, decreased parking ratio requirements, reduced setbacks, and increased lot coverage and height allowance.</li> <li>C. Waiver of certain development impact fees for lot consolidation for 100 percent affordable housing.</li> <li>D. Create lot consolidation provisions for affordable housing projects within the Zoning Ordinance.</li> </ul> <p><b>Time Frame:</b> January 2024  <b>Quantified Objective:</b> Incentives would be applied to applicable projects throughout the planning period to facilitate the development of larger residential projects.</p>
Primary Associated Goals and Policies:	Goals: 2, 3 Policies: 2.2, 3.1

**PROGRAM 2: AFFORDABLE HOUSING.**

Programs that assist in the development of adequate housing to meet the needs of extremely low-, very low-, low- and moderate-income households:

PROGRAM 2.1: AFFORDABLE HOUSING DEVELOPMENT

The City is committed to increasing the supply of affordable housing. The City will continue to prioritize households at the extremely low-income level and seek new funding opportunities and partnerships to improve housing conditions for vulnerable and lower-income communities. The City will work with developers to facilitate affordable housing development by providing development incentives as provided for in Program 3.3 and gap financing as a local match to state, federal, and other public funding sources.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

A. Use funds available through the City's residential and commercial affordable housing fund to provide gap funding for qualifying affordable housing projects. Housing funds are derived from development impact fees, in-lieu inclusionary fees and, if adopted by voters in November 2022, through proceeds from a local business tax.

**Time Frame:** Annually review fund balances and if sufficient funds warrant, prepare a Notice of Funding Availability. The fund balance will vary over time based on development activity and for the business tax, first collection is anticipated to start no sooner than January 2024.

**Quantified Objective:** The City intends to supplement its Residential and Commercial Housing Fund by dedicating approximately one-third of the recently passed business tax proceeds toward homelessness and affordable housing initiatives. Over the planning period, the City anticipates it would generate approximately twenty million dollars (\$20 M) for use toward affordable housing and homelessness projects. Based on this projection, the City would expect to be able to support gap funding for the production of 55 affordable housing units during the planning cycle or support other housing priorities.

B. Prepare an updated nexus and feasibility study and adjust the residential and commercial housing development impact fee as appropriate.

**Time Frame:** Initiate study prior to December 31, 2026 with estimated completion by June 30, 2028. (*The City's impact fees are currently up to date – this timeline aligns with the requirements of State law, AB 602*).

**Quantified Objective:** Use the study to adjust impact fees as necessary to support continued contribution to the City's affordable housing fund without burdening housing production with excessive fees that cannot be supported by the City's development standards.

- C. Partner with qualified housing developers to identify affordable housing development opportunities with emphasis on promoting housing choices that serve the needs of special needs populations, including seniors, homeless, female-headed households, large families, low-income, and/or persons with disabilities. Meet annually throughout the housing cycle.

**Time Frame:** By December 31, 2023 establish relationships and initiate meetings with housing developers to discuss affordable housing opportunities.

**Quantified Objective:** Through annual meetings, identify with partners at least three affordable housing opportunity sites and facilitate project approval and permitting to realize implementation.

- D. Research and identify additional State and federal funding opportunities for affordable housing projects. Disseminate information on funding opportunities on the City's website and/or to potential developers during technical assistance meetings.

**Time Frame:** Ongoing

**Quantified Objective:** Support the development of 1,556 units for very-low income, and 896 units for low-income households during the planning period.

Primary  
Associated Goals  
and Policies:

Goals: 2, 3, 5  
Policies: 2.3, 3.3, 5.1

PROGRAM 2.2: BELOW MARKET RATE (BMR) PROGRAM

The City is committed to providing more affordable housing opportunities through programs such as the City's BMR program. The purpose of the program is to create and retain a stock of affordable housing in Palo Alto for people of low- and moderate-income.

Responsible  
Agency:  
Funding  
Sources(s):  
Implementing  
Objectives:

Planning and Development Services

General Fund

- A. Continue to require development of three or more net-new residential units to provide at least fifteen (15%) of those units as inclusionary units at below market rates for ownership housing or pay a fee toward the City's affordable housing fund.

**Time Frame:** Ongoing.

**Quantified Objective:** 15% of the net new multi-family ownership housing stock will be deed-restricted to affordable housing (two-thirds at 100% AMI and one-third at 120% AMI), except in instances where an in-lieu payment may be accepted. The City will collect in-lieu payments for new multi-family rental housing based on project floor area times a dollar amount set by the City's fee schedule, currently \$24.52; payments will be used to support qualifying affordable housing projects. Some rental home builders may elect to provide inclusionary units to qualify for the State Density Bonus, in such instances no additional in-lieu payment will be received.

- B. Update the City's feasibility study from 2020 and consider a tiered inclusionary housing requirement for ownership and rental housing where market conditions support a higher inclusionary rate; consider requirements for lower income units at a reduced inclusionary requirement.

**Time Frame:** Complete by June 30, 2026.

**Quantified Objective:** Prepare a study and present findings to the City Council with options to modify the City's inclusionary requirements. If supported, enact municipal code changes to implement changes. Implementation of this objective may have the effect of modifying the quantified objective in A above.

C. Amend the City’s BMR program to ensure continued affordability of income-restricted ownership units for the life of the project (exempting certain affordable projects taking advantage of tax credit financing). Once amended, conduct outreach with home builders and other stakeholders regarding amended program.

**Time Frame:** Complete by December 31, 2028.

**Quantified Objective:** Conduct outreach with home builders and other stakeholders and draft an ordinance to extend income restrictions in accordance with the implementing objective.

D. Review the City's Below Market Rate rental procedures for households who exceed the maximum income limit during their tenancy. [Note: this can only apply to units in the City’s BMR program, 100% affordable projects may have other lender-dictated requirements.]

**Time Frame:** Complete by December 31, 2025.

**Quantified Objective:** Update rental procedures to ensure reasonable transition time for households whose incomes increase but end up disqualifying households from deed-restricted housing.

Primary  
Associated  
Goals and  
Policies:

Goals: 2, 3  
Policies: 2.3, 3.2

### PROGRAM 3: CONSTRAINTS.

Programs that address constraints to the maintenance, improvement, and development of housing at all income levels and abilities:

#### PROGRAM 3.1: FEE WAIVERS AND ADJUSTMENTS

Application and development impact fees support staff resources and off-set facility costs and support the use, expansion and maintenance of a variety of City services including parkland, libraries, and public safety facilities and other services. High fees can also impede housing production by increasing the per unit cost of development, impacting projected returns and potentially discourage new home building. This program seeks to identify, study and implement cost reduction strategies that promote housing and do not negatively impact City facilities or services.

Responsible Agency:  
Funding Sources(s):  
Implementing  
Objectives:

Planning and Development Services  
General Fund

- A. Amend the City’s municipal fee schedule to waive City staff costs associated with the processing of an affordable housing planning application, except for directly related consultant supported costs.

**Time Frame:** October 2024

**Quantified Objective:** Reduce application processing costs by approximately \$20,000 per affordable housing application and processed for a planning entitlement.

- B. Prepare an economic feasibility study to analyze the impact development impact fees may have on housing production; adjust fees as appropriate to enable a reasonable return on investment and ensure sufficient fee collection to support City services.

**Time Frame:** October 2025

Primary Associated  
Goals and Policies

Goals: 3, 4  
Policies: 3.1, 4.1

PROGRAM 3.2: MONITOR CONSTRAINTS TO HOUSING

The Constraints chapter of the Housing Element identifies several conditions and practices that act to constrain housing development. By addressing these conditions and practices, the City can streamline development processes, and promote future residential development. The City will continue to monitor its policies, standards, and regulations to ensure the City’s regulatory framework facilitates residential and balanced mixed-use development in the community.

Responsible Agency:	Planning and Development Services
Funding Source(s):	General Fund
Implementing Objectives:	<ul style="list-style-type: none"> <li>A. Continue to monitor new local policy initiatives for effectiveness in combatting identified constraints to housing development.</li> <li>B. When new land use regulations, impact fees or procedural changes are being considered by the Planning and Transportation Commission and City Council, the City shall prepare an analysis in the accompanying staff report detailing how the regulation may impact housing production, if at all, and recommended solutions to address those impacts.</li> <li>C. Continue to monitor application of the Municipal Code standards for constraints to housing projects and recommend changes annually, as appropriate, to enhance the feasibility of affordable housing.</li> </ul> <p><b>Time Frame:</b> Ongoing and annually.</p>
Primary Associated Goals and Policies:	Goals: 2, 4 Policies: 2.1, 2.3, 4.2

PROGRAM 3.3: AFFORDABLE HOUSING DEVELOPMENT INCENTIVES

The Planning and Development Services Department, in its review of development applications, market conditions and through conversations with non-profit housing providers may recommend to the City Council waiving or modifying certain development standards or propose changes to the PAMC to encourage the development of low- and moderate-income housing. The City assists affordable housing production with flexible development standards, streamlined application review processes, direct financial assistance and other incentives to encourage affordable housing.



Responsible Agency:

Planning and Development Services

Funding Source(s):

General Fund

Implementing Objectives:

A. Amend the municipal code to extend the affordable housing incentive program to apply to all housing opportunity sites identified in the Housing Element and zoned for commercial, industrial or multi-family residential; consider extending to religious institution sites located in the R1 district with a reduced density provision.

B. Amend the affordable housing overlay (incentive program) regulations to allow housing projects to achieve a residential floor area ratio of 2.4:1.0 without requiring commercial floor area (except on University and California Avenue); allow compliance with State Density Bonus parking standards if more permissible than local requirements; and housing projects income restricted to 60% of the area median income level or below, allow up to sixty (60) feet in height.

**Time Frame:** Completed by December 31, 2024

**Quantified Objective:** Amend the zoning code and comprehensive plan as necessary to extend the provision of affordable housing incentive program to sites in the housing inventory and extend codify additional incentives described herein.

C. Assess existing development review process to determine if an expedited permit process can be implemented for affordable housing projects.

**Time Frame:** Initiate assessment by December 2023 with implementation of assessment option initiated by December 2024.

**Quantified Objective:** The timeframes associated with permit processing can be viewed as a constraint to affordable development. The City aims to process planning entitlements for affordable housing projects exempt from environmental review with 90 days from application submittal.

D. Research and identify additional State and federal funding opportunities for affordable housing projects. Disseminate information on funding opportunities on the City's website and/or to potential developers during technical assistance meetings.

**Time Frame:** Ongoing and annually

**Quantified Objective:** Support the development of 1,556 units for very-low income, and 896 units for low-income households during the planning period.

Primary Associated Goals and Policies:

Goal: 2, 3, 4

Policies: 2.1, 2.2, 2.3, 3.2, 4.2

PROGRAM 3.4: HOUSING INCENTIVE PROGRAM (HIP)

The HIP was enacted in 2019 as an alternative to the State Density Bonus law and provides development incentives including no housing density restrictions, increased floor area ratios and increased lot coverage. This program seeks to expand the suite of development incentives and extend the program to residential districts.

Responsible Agency:

Funding Source(s):

Implementing Objectives:

Planning and Development Services

General Fund

- A. Continue to allow HIP projects to benefit from relaxed development standards including, increased floor area ratios and waiver from lot coverage requirements.

**Time Frame:** Ongoing.

**Quantified Objective:** Monitor development activity and document how many projects take advantage of the HIP as opposed to base district zoning standard or other State incentives, such as State Density Bonus law.

- B. HIP qualifying projects that also comply with City approved objective standards shall be administratively reviewed with one courtesy meeting before the Architectural Review Board but subject to appeal to the City Council.

**Time Frame:** Ongoing.

**Quantified Objective:** Monitor projects for compliance with desired review schedule, track application processing timelines and number of applications appealed to Council; use data to inform future modifications to the HIP program.

- C. Based on the findings of a feasibility study, modify the local Housing Incentive Program to amend development standards that promote greater housing production; align the City's parking requirements to be consistent with State Density Bonus law; allow for sites subject to the City's retail preservation ordinance – except in the ground floor (GF) and retail (R) combining districts and strategic locations generally depicted in the draft South El Camino Real Design Guidelines – a reduction in the amount of retail replacement floor area needed for redevelopment and waive the retail preservation requirement for identified housing opportunity sites.

- D. Based on the findings of a feasibility study, extend and amend the local Housing Incentive Program to multi-family residential districts to amend development standards that promote greater housing production and to align the City’s parking requirements to be consistent with the State Density Bonus law.
- E. Based on the findings of a feasibility study, extend the local Housing Incentive Program to the ROLM and GM districts in northeast portion of the City nearest the Bayshore Freeway and generally bounded by East Charleston Road to the east and Loma Verde Avenue. The Housing Incentive Program development standards shall be amended to increase height and floor area allowances for housing projects; reduce parking requirements, including consideration of parking maximums that do not exceed provisions of the State Density Bonus Law, and adjustment to other development standards to enable greater housing production.

**Time Frame:** Complete by December 31, 2024.

**Quantified Objective:** Amend the municipal code and comprehensive plan to codify implementing objective; as with A and B above, monitor program and housing production generated from program – make adjustments as warranted.

Primary Associated Goals  
and Policies:

Goal: 2, 3, 4  
Policies: 2.2, 3.1, 3.2, 4.2, 4.4

PROGRAM 3.5: PEDESTRIAN AND TRANSIT ORIENTED DEVELOPMENT  
(PTOD)

The California Avenue Pedestrian and Transit Oriented Development (PTOD) Combining District, adopted in 2006, is intended to allow higher density residential dwellings on commercial, industrial and multi-family parcels within a walkable distance of the California Avenue Caltrain station, while protecting low density residential parcels and parcels with historical resources that may also be located in or adjacent to this area. The City has seen very limited development using the PTOD standards. To support and encourage housing near the Caltrain station, the PTOD development standards and the review process should be reexamined and updated appropriately.

Responsible Agency:	Planning and Development Services
Funding Source(s):	General Fund
Implementing Objectives:	<p>A. Assess the existing Pedestrian and Transit Oriented Development (PTOD) Combining District development standards and to expedite the review process to identify modifications needed to support higher density housing production.</p> <p><b>Time Frame:</b> Initiate in 2026.  <b>Quantified Objective:</b> Amend the municipal code to codify regulations supporting more housing development in the PTOD area.</p>
Primary Associated Goals and Policies:	<p>Goal: 3, 4  Policies: 3.1, 3.3, 4.2</p>

PROGRAM 3.6: ACCESSORY DWELLING UNIT (ADU) FACILITATION

This program aims to annually monitor provisions made to ADU legislation and amend the City’s Zoning Ordinance as necessary to ensure compliance with State law. Furthermore, the City is committed to reducing barriers to alternative types of housing such as ADUs.

In recent years, multiple bills have added requirements for local governments related to ADU ordinances. The 2016 and 2017 updates to State law included changes pertaining to the allowed size of ADUs, permitting ADUs by right in at least some areas of a jurisdiction, and parking requirements related to ADUs. More recent bills reduce the time to review and approve ADU applications to 60 days, remove lot size requirements and replacement parking space requirements and require local jurisdictions to permit junior ADUs. AB 68 allows an ADU and a junior ADU to be built on a single-family lot, if certain conditions are met. The State has also removed owner-occupancy requirements for ADUs, created a tiered fee structure that charges ADUs based on their size and location, prohibited fees on units of less than 750 square feet, and permitted ADUs at existing multi-family developments.

Responsible Agency:

Funding Source(s):

Implementing Objectives:

Planning and Development Services

General Fund

- A. Develop, maintain and update a City Summary Guide to ADUs and JADUs to promote, educate, and assist homeowners with developing ADUs/JADUs.

**Time Frame:** Complete by June 2023 and maintain annually thereafter.

**Quantified Objective:** Facilitate the development of 512 ADUs over the planning period.

- B. Provide informational workshop(s) and/or publish resources on City's website on building ADUs and JADUs. Target outreach to property owners in low- and moderate-resource areas and provide workshops and materials in English, Spanish, and Chinese.

**Time Frame:** Publish material on the City's website by December 2023 and facilitate one workshop annually in multiple languages.

**Quantified Objective:** Facilitate construction of 512 ADUs over the planning period.

- C. Based on the findings of a feasibility study, develop pre-approved standards for ADU foundation plans or prefabricated plans.

**Time Frame:** Initiate efforts by January 2024.

**Quantified Objective:** Facilitate construction of 512 ADUs over the planning period.

- D. Continue to monitor and publish information related to ADU production and application review timelines; meet with ADU stakeholders and review application processing performance to identify potential impediments and make adjustments as needed.

**Time Frame:** Meet with ADU stakeholders at least once every two years starting in 2024; prepare information reports bi-annually.

**Quantified Objective:** Prepare bi-annual reports documenting findings to facilitate construction of 512 ADUs over the planning period.

- E. Investigate a process that waives development impact fees for ADUs under certain conditions.

**Time Frame:** Complete investigation by December 2024. Review process every two years to see if additional changes can be made.

**Quantified Objective:** Facilitate the development of 512 ADUs over the planning period.

- F. Perform a review of ADU trends and commit to adjustments if assumptions are not met. Additional actions could include additional public outreach efforts, ADU incentives, and financial assistance.

Primary Associated Goals  
and Policies:

**Time Frame:** Review ADU trends every two years starting in 2024.  
**Quantified Objective:** Facilitate the development of 512 ADUs over the  
planning period.  
Goals: 2, 3, 4  
Policies: 2.3, 3.1, 4.3

### PROGRAM 3.7: EXPEDITED PROJECT REVIEW

The City continues to explore opportunities to improve the efficiency of the development review process. As a response to a housing shortage in the State of California, Senate Bill 330 (SB 330) was passed to restrict local rules that limit housing production. SB 330 helps strengthen the Permit Streamlining Act, by creating a more efficient two-step application process. The City has already made improvements towards expediting the development process for housing in the City by developing objective standards. Additionally, in conformance with Government Code Section 65940.1 (SB 1483), the City has all schedule of fees, application forms, Zoning Ordinance/Municipal Code, and other relevant information publicly accessible on the City's website. The City will continue to find ways to make the development process more efficient to uphold SB 330, by further streamlining the permit process and directly coordinating with developers to ensure a timely application and development process.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

- A. Identify opportunities to implement changes to reduce administrative burdens during permitting, such as automating processes, creating reference guides, and streamlining review processes.

**Time Frame:** Ongoing.

**Quantified Objective:** The City recently received a building permit audit with recommendations to improve application processing and streamlining; most of these improvements are anticipated to be completed by December 2024. Staff is exploring other document management and project tracking solutions, including software-based solutions to ensure projects are being processed in a timely manner.

- B. Formalize a procedure to offer no-cost pre-application consultation services for new housing developments.

**Time Frame:** Complete by June 2023

**Quantified Objective:** Provide a no-cost pre-consultation meeting for up to 90 minutes for any multi-family housing project.

- C. For housing projects subject to the City’s Architectural Review Board, limit the number of hearings before the ARB to a maximum of two meetings.

**Time Frame:** Complete by December 31, 2024

**Quantified Objective:** Amend the zoning code to limit multi-family housing projects to two hearings before the City’s ARB unless additional review is agreed upon by the home builder and City; document the City’s performance.

Primary Associated Goals  
and Policies:

Goal: 4  
Policy: 4.2

PROGRAM 3.8: OBJECTIVE DESIGN STANDARDS FOR SOFA

The South of Forest Coordinated Area Plan (SOFA) addresses a specific nine-block area near the Downtown district. Objective design standards are a tool to provide housing developers clear direction in developing residential projects and have been developed for housing projects outside of the SOFA area. To close this gap, the City will develop objective standards for SOFA. The objective standards also reduce the amount of discretionary design review, which reduces processing timelines. If a project meets the objective design standards, the approval is ministerial and a courtesy meeting with the Architectural Board is required instead

of having to complete a discretionary review process with potentially more than one hearing.

Responsible Agency:	Planning and Development Services
Funding Sources(s):	General Fund
Implementing Objectives:	<p>D. Develop Objective Design Standards for the SOFA Area to accommodate future residential development at higher densities.</p> <p><b>Time Frame:</b> Complete by December 31, 2026</p> <p><b>Quantified Objective:</b> Support additional residential development proposed for the SOFA area.</p>
Primary Associated Goals and Policies:	<p>Goal: 3,4</p> <p>Policy: 3.1, 4.2, 4.3</p>

PROGRAM 3.9: ZONING ORDINANCE MONITORING

The City’s Zoning Ordinance is continuously updated to address local needs and changes in State/Federal laws. The City will continue to monitor its policies, standards, and regulations to ensure they comply with State and federal requirements. The zoning ordinance will be amended annually, at a minimum, to ensure compliance.

Responsible Agency:	Planning and Development Services
Funding Sources(s):	General Fund
Implementing Objectives:	<p>A. Amend the zoning code to comply with AB 101 to permit low barrier navigation centers.</p> <p>B. Amend the zoning code to comply with the Employee Housing Act.</p> <p>C. Amend the zoning code to comply with AB 101 to permit residential care facilities by right and remove the requirement of the conditional use permit.</p> <p><b>Time Frame:</b> Complete by December 31, 2024. This program would be implemented on an ongoing basis through the remainder of the planning period.</p> <p><b>Quantified Objective:</b> Continue to amend the zoning code as needed.</p>
Primary Associated Goals and Policies	<p>Goal: 2, 5</p> <p>Policy: 2.3, 5.1</p>



#### PROGRAM 4: CONSERVATION.

Programs that conserve and improve the condition of the existing affordable-housing stock:

##### PROGRAM 4.1: REPLACEMENT HOUSING

Development on nonvacant sites with existing residential units is subject to a replacement requirement pursuant to Government Code Section 65583. The City will amend its code to require the replacement of units affordable to the same or lower income level as a condition of approval for any development on a nonvacant RHNA site consistent with those requirements.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

- A. Amend the City’s municipal code to require housing opportunity sites identified as meeting the lower income regional housing needs assessment (RHNA) allocation, and other applicable sites with existing affordable units, to require a one for one replacement of deed restricted units or units occupied by lower income tenants, when redeveloped.

**Time Frame:** Complete by June 30, 2024.

**Quantified Objective:** Amend the municipal code to achieve objective.

- F. Expand the SB330 requirements to require any commercial development to replace any demolished residential units as a part of any redevelopment.

**Time Frame:** Complete by June 30, 2025.

**Quantified Objective:** Amend the municipal code to achieve objective.

Primary Associated Goals  
and Policies:

Goals: 1, 3  
Policies: 1.2, 1.4, 3.3

PROGRAM 4.2: HOUSING AND NEIGHBORHOOD PRESERVATION

The City is committed to preserving its existing housing stock (or replace in kind) and neighborhoods. All residents deserve to live in safe and hazard free housing. Preserving the City’s neighborhoods helps sustain the City’s high quality of life. Preservation of its housing and neighborhoods is a continued priority for the City.

Responsible Agency:

Planning and Development Services

Funding Sources(s):

General Fund

Implementing Objectives:

- A. Annually communicate with renters through direct mailing to multi-family apartment buildings and through the City’s website, resources available to renters, including expectations for housing quality and steps to take for suspected substandard housing conditions.

**Time Frame:** Initiate in 2025 and annually thereafter.

**Quantified Objective:** Prepare relevant information and post online, explore best outreach approaches to communicate with renters.

- B. In response to any complaint about substandard housing received by the City’s Code Enforcement Program, staff will provide information to the resident or homeowner about the City’s Rehabilitation Program.

**Time Frame:** Ongoing.

**Quantified Objective:** Staff will respond to any complaints received, provide access to relevant information and when necessary, connect the complainant with mediation services offered by the City through contract provider.

- C. The City will conduct increased outreach to increase awareness of housing resources, fair housing workshops, and tenant protection. Specifically, the City will conduct at least one fair housing workshop annually for community-based organizations that serve residents and housing providers in areas of the City with the highest number of substandard housing complaints to Code Enforcement.

**Time Frame:** Ongoing and annually, with first workshop to occur by December 2024.

**Quantified Objective:** Disseminate information to the public to increase the awareness of support for home rehabilitation with the goal of reaching at least five new households annually. The City will engage with community-based organizations to gauge the effectiveness of the workshops. If new households are not reached, City will increase outreach efforts.

- D. The City will consider and develop options for limiting short-term rentals in all areas of the City to ensure housing stock is used for long-term rentals. Strategies to evaluate include prohibiting short-term rentals (no less than 30 days allowed), limiting the number of days the unit can be used for short-term rentals, prohibiting short-term rentals in all multi-unit dwellings, allowing for short-term rentals if the property is the owner's primary residence, and benchmarking the number of short-term rentals allowed to no more than a specific percentage of the community's rental housing stock.
- E. The City will evaluate the feasibility of adding regulations to incentivize the use of housing units for residential purposes to support retention of housing stock.

**Time Frame:** Initiate in 2025

**Quantified Objective:** Amend the municipal code to codify regulations limiting short-term rentals.

Primary Associated Goals  
and Policies:

Goal: 6  
Policies: 6.2

#### PROGRAM 4.3: HOME REHABILITATION

The City is committed to maintaining quality housing conditions throughout the City. The City will continue to implement the Residential Rehabilitation Program through the City's Community Development Block Grant (CDBG) program, which offers financial assistance through grants and identifies new funding opportunities for loans to qualified lower-income households to repair and maintain their homes.

<p>Responsible Agency: Funding Source(s): Implementing Objectives:</p>	<p>Planning and Development Services Community Development Block Grant (CDBG)</p> <p>A. Annually dedicate CDBG funds as available to support the City’s Rehabilitation Program; seek additional funding to supplement CDBG funding.</p> <p><b>Time Frame:</b> Ongoing and annually. <b>Quantified Objective:</b> Participate and remain in good standing with the CDBG program, with the goal of providing funding to support the rehabilitation of at least five homes annually.</p> <p>B. The City will conduct increased outreach to increase awareness of CDBG funds and availability of said funds. The City will conduct one fair housing workshop annually to disseminate information regarding program requirements and availability of funds. The City will also update their website annually with information on the program.</p> <p><b>Time Frame:</b> Ongoing and annually, with first workshop to occur by December 2024. <b>Quantified Objective:</b> Disseminate information to the public to increase the use of available CDBG funds with the goal of supporting the rehabilitation of at least 5 homes annually.</p>
<p>Primary Associated Goals and Policies:</p>	<p>Goal: 1,6 Policies: 1.1, 1.3, 6.2</p>

PROGRAM 4.4: SEISMIC RETROFIT

Palo Alto was among the first jurisdictions to enact progressive seismic upgrade legislation and successfully established a program that required structure assessment reports and incentives to encourage seismic retrofits. Much more is known today about the effect earthquakes have on different building typologies and engineering solutions to make buildings safer. An analysis of the City’s housing stock finds there are multi-family housing units located in soft-story buildings that are vulnerable to a seismic event. In addition to addressing the safety concerns associated with seismically vulnerable buildings, structurally enhancing these buildings will reduce the potential for displacement and serve to make the City’s housing stock more resilient.

Responsible Agency:  
Funding Source(s):  
Implementing Objective:

Planning and Development Services  
General Fund

- A. Amend the City’s seismic hazards identification program to strengthen regulations and require seismic upgrades of vulnerable housing stock through a combination of mandatory provisions and voluntary incentives.

**Time Frame:** Initiate effort in 2023, complete by 2026.

**Quantified Objective:** Amend the City’s seismic regulations to advance implementation objective, including a compliance schedule for approximately 130 soft-story multi-family buildings in Palo Alto.

Primary Associated Goals  
and Policies:

Goal: 1  
Policy: 1.1

#### PROGRAM 5: AT-RISK HOUSING.

Programs that preserve assisted housing developments at-risk of conversion to market-rate:

##### PROGRAM 5.1: PRESERVATION OF AT-RISK HOUSING

The City will continue to support the preservation of affordable housing projects that could potentially convert to market-rate units during the planning period. The City will monitor all units and assist property owners in maintaining the affordability of these units and provide relocation resources to tenants if preservation is unsuccessful.

<p>Responsible Agency: Funding Source(s): Implementing Objectives:</p>	<p>Planning and Development Services General Fund / HOME Investment Partnership Program</p> <p>A. Provide direct notification to property owners and tenants of low-income deed restricted housing units of the state requirement to notify affected households about the termination of the affordability restrictions at six and twelve months, and three years.</p> <p><b>Time Frame:</b> Twice during the reporting period, once in 2024 and again in 2028. <b>Quantified Objective:</b> Mail requirements to qualifying property owners as specified.</p> <p>B. Engage the property owner of 4230 Terman Drive (Terman Apartments) with 72 affordable housing units at risk of conversion to market rate units during the housing cycle to explore opportunities for continued affordability.</p> <p><b>Time Frame:</b> Initiate conversation in 2024. <b>Quantified Objective:</b> Preserve 72 affordable housing units that are at risk of conversion.</p>
<p>Primary Associated Goals and Policies:</p>	<p>Goal: 1 Policies: 1.2, 1.3, 1.4</p>

PROGRAM 5.2: FUNDING PARTNERSHIPS

Preserve and protect affordable, middle-income and at-risk housing through site acquisition or partnership opportunities, such as the California Community Housing Agency (CalCHA), a political subdivision of the State of California that issues governmental bonds for the purpose of financing affordable housing projects for moderate and middle income households, or similar programs or agencies.

Responsible Agency:  
Funding Sources(s):  
Implementing  
Objectives:

Planning and Development Services  
General Fund / HOME Investment Partnership Program

- A. Review CalCHA partnership requirements and present an option to decision-makers for inclusion to the program; identify existing housing sites meeting criteria for preservation, prepare and adopt necessary resolutions or agreements to operationalize program.

**Time Frame:** Make decision to engage with CalCHA (or other similar programs) by June 2025.

- B. Continue seeking funding sources, especially for extremely low income housing, including supporting the ongoing development of the Bay Area Housing Financing Authority (BAHFA).

**Time Frame:** Annually and ongoing.

**Quantified Objective:** Support the BAHFA to provide services to 50 extremely low-income households during the planning period.

Primary Associated Goals  
and Policies:

Goal: 1  
Policy: 1.3

PROGRAM 5.3: WATER SUPPLIERS

Meeting a State requirement, the City will provide a copy of the adopted 2023–31 Housing Element to applicable water supply agencies and purveyors within 30 days of adoption. The City will also continue to coordinate with these agencies to ensure affordable housing developments receive priority water service provision if and when development is restricted by water shortages within the region.

Responsible Agency:  
Funding Sources(s):  
Implementing  
Objectives:

Planning and Development Services  
General Fund

- A. Provide a copy of the adopted 2023-31 Housing Element to the City’s Utility Department.

**Time Frame:** Within 30 days of adoption

Primary Associated  
Goals and Policies:

Goal: 4  
Policies: 4.2

## PROGRAM 6: FAIR HOUSING.

Programs that promote equal housing opportunities, regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or ability:

### PROGRAM 6.1: HOUSING FOR PERSONS WITH SPECIAL NEEDS

The City's municipal code is periodically updated to address a wide range of issues and California and Federal law. The City will continue to monitor its policies, standards, and regulations to ensure that they comply with applicable law. The City will also facilitate the development of housing for persons with disabilities and other special needs through incentives for affordable housing development.

Responsible Agency:

Funding Source(s):

Implementing Objectives:

Planning and Development Services

General Fund, CDBG

A. For extremely low income housing units, update the City's affordable housing guidelines to establish preferences for populations with special needs.

**Time Frame:** Complete by December 31, 2024.

B. Contract with and financially support non-profit services providers such as the Opportunity Center, that help meet the supportive services needs of the City's diverse community, especially those with extremely low incomes.

**Time Frame:** Ongoing and annually as funds are available.

**Quantified Objective:** Support the Opportunity Center with the goal of providing services to 50 low-income households during the planning period.

C. In order to assist in the housing needs for special needs populations, the City will:

- Create incentives that encourage the development of various types of housing units, including units for persons with disabilities including seniors.
- Engage with housing stakeholders and housing providers, on the identification of needs and new solutions,
- Encourage housing developers, through the City's BMR requirements, to designate a portion of new affordable housing units for special needs populations, and



- Partner with the County and other agencies to pursue funding sources designated for housing for special needs groups, including seniors and persons with disabilities.

D. **Time Frame:** Starting in 2023 and annually thereafter. Work with Stanford and other higher education institutions to require that student, faculty, and staff housing be proactively addressed in master plans.

**Time Frame:** Starting in 2023 and annually thereafter.

**Quantified Objective:** Meet annually with housing service providers and the Santa Clara County representatives to identify opportunities to further support special needs populations.

Primary Associated Goals  
and Policies:

Goal: 5,6

Policies: 5.1, 5.2, 5.3, 6.3

PROGRAM 6.2: MULTI-FAMILY HOUSING AND LARGE UNITS

Due to the high cost of housing and scarcity of land, housing units large enough to accommodate large families are limited. Large families are defined as 5 or more persons living in the household. The City considers large families as a vulnerable population within the City and is committed to exploring additional opportunities for multi-family housing developments. Furthermore, the City will continue to advocate and promote the production of housing units of all types to accommodate all persons and family sizes. Large family units have three or more bedroom units.

Responsible Agency:	Planning and Development Services
Funding Source(s):	General Fund
Implementing Objectives:	<ul style="list-style-type: none"> <li>A. Explore incentives to encourage larger units, such as FAR exemptions for three or more bedroom units.</li> <li>B. Promote and encourage a mix of different bedroom units in each development.</li> <li>C. The City shall encourage housing designs that meet the needs of extended, multigenerational, and/or large families.</li> <li>D. Meet with housing stakeholders and conduct public hearings before the Planning and Transportation Commission to receive public and commissioner input on ways to achieve stated objective. Make recommendations to Council and follow up with an ordinance to effect a change in local zoning regulations as directed.</li> </ul> <p><b>Time Frame:</b> Initiate in 2027 and conclude before December 31, 2029.  <b>Quantified Objective:</b> Support additional development of large housing units, with the goal of a housing stock where large units comprise 10% of all rental units.</p>
Primary Associated Goals and Policies:	Goals: 2, 5, 6 Policy: 2.3, 5.1, 6.3

PROGRAM 6.3: MIXED-USE DEVELOPMENT

Mixed-use projects are a more efficient use of land and can make housing development more profitable and therefore more likely to be constructed and are appropriate in certain areas. Mixed-use development downtown or near high quality transit and rail service can enhance the local economy and support small businesses. In addition, the City is cognizant of its jobs/housing balance and will continue to focus on proactive solutions that better align housing needs generated by new job growth and strive to reduce its existing jobs/housing imbalance. Palo Alto will consider and implement development standards that incentivize greater housing production and temper the strong market demand for commercial development.

Responsible Agency:  
Funding Source(s):  
Implementing  
Objectives:

Planning and Development Services  
General Fund

- A. Continue to focus on proactive land use policies, such as commercial office growth restrictions to promote an improved jobs to housing balance.

**Time Frame:** Ongoing

**Quantified Objective:** Support the development of 2,629 units on sites where office space is the existing use.

- B. Amend the City’s Municipal Code to reduce commercial floor area allowances or other commercial incentives at strategic locations to shift the economic benefit of redevelopment toward home building.

**Time Frame:** Complete by December 31, 2025

**Quantified Objective:** Support the development of 716 units on sites with existing commercial uses.

- C. Amend the City’s Municipal Code to expand affordable housing production in commercial districts consistent with State law.

**Time Frame:** Complete by December 31, 2023

- D. Review the City’s Workforce Housing Overlay regulations and consider amendments to better align the target housing population (120%+ to 140% AMI) with a housing typology that provides clear reduced rents compared to market rate rents for a comparable unit. Engage with organizations, research case studies and identify successful tools used to facilitate missing middle housing opportunities; report findings to the City Council and

implement through text amendments or policy changes, regulations to promote workforce housing opportunities.

- E. **Time Frame:** Complete by December 31, 2026 Examine extending the University Ave In-Lieu Parking program for residential projects and consider an in-lieu parking program for the California Avenue area. Discuss with home builders and other stakeholders the feasibility of marketing different housing typologies without on-site parking (paid through in-lieu fee) and implications to City parking resources; present findings to the City Council with options on how to proceed.

**Time Frame:** Complete by December 31, 2025

Primary Associated  
Goals and Policies:

Goal: 3,6  
Policies: 3.1, 3.2, 6.3

PROGRAM 6.4: HOMELESSNESS PROGRAM

Santa Clara County adopted the Santa Clara Community Plan to End Homelessness, which is designed to address homelessness throughout Santa Clara County as a whole. The City’s Homeless Prevention Program was created as a result of the County’s Community Plan to End Homelessness. The Program is for Palo Alto households who are at risk of becoming homeless as defined by HUD and focuses on self-sufficiency and stabilization. And for those experiencing homelessness and waiting for more permanent housing, provide services that offer immediate support.

Responsible Agency:  
Funding Sources(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

- A. Expand geographic and service areas of the City’s Safe Parking Program. Consider using City parks, parking lots and commercial lots for the program. Expand program services to include case management and explore opportunities to provide supervised access to City facilities.

**Time Frame:** Initiate by 2026, complete by December 2028.

**Quantified Objective:** Support the City’s existing population living in vehicles by annually moving 40% of individuals using Safe Parking to housing as it becomes available.

- B. Create a social services directory and make it available to residents at public counters and on City website.

**Time Frame:** Complete by June 2023.

- C. Expand the City’s homeless prevention program to include renter protections and financial assistance for rent, security deposits, and utilities. Identify funding sources to support households at risk of homelessness; engage with homelessness stakeholders, conduct hearings before the Planning and Transportation and City Council and make recommendations to support objective; implement based on available funding.

**Time Frame:** Initiate in 2026 and complete by June 2028.

- D. Continue to pursue the Homekey (LATP) site for use as a temporary bridge housing facility to provide accommodations for individuals who are actively engaged in services leading to permanent housing. Engage with stakeholders, including the State Department of Housing and Community Development, LifeMoves, Santa Clara County Office of Supportive Housing, and the Santa Clara County Housing Authority.

**Time Frame:** Complete by June 30, 2024.

**Quantified Objective:** Advance the project and ensure robust uptake by engaging in ongoing outreach to the unhoused, ensuring support services, connectivity, and transitional housing for, at a minimum 88 households annually.

- E. Explore additional opportunities for Homekey funding or other similar funding sources to convert hotels to permanent or interim housing for persons experiencing homelessness or at risk of homelessness. Work with stakeholders to identify additional funding opportunities and locations to support homelessness population and those at risk of homelessness.

**Time Frame:** Ongoing.

Primary Associated Goals  
and Policies:

Goal: 5, 6  
Policies: 5.1, 5.2, 5.3, 5.5, 5.6, 6.3

PROGRAM 6.5: ALTERNATIVE HOUSING

Under this program, the City will continue to support alternative types of housing, such as large family units, single-room occupancy units, and managed living units or “micro-units,” to accommodate extremely-low-income households.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

A. Coordinate with HIP Housing or similar house sharing services to provide shared housing arrangements. Identify opportunities to extend home sharing services to Palo Alto and promote on the City’s website as appropriate.

**Time Frame:** Initiate conversations in 2024.

B. Encourage innovative housing structures, such as micro-unit housing and new shared and intergenerational housing models to help meet the housing needs of aging adults, students, and lower-income individuals citywide. Meet with housing stakeholders and conduct public hearings before the Planning and Transportation Commission to receive public and commissioner input on ways to achieve stated objective. Make recommendations to Council and follow up with an ordinance to effect a change in local zoning regulations as directed.

**Time Frame:** Initiate in 2024 and conclude before December 31, 2026.

C. Review and amend the Zoning Ordinance to address State legislation pertaining to the definitions of family, Farmworker Housing, Employee Housing, Residential care facilities, Group Homes and/or Boardinghouses.

D. Amend the Zoning Ordinance to address AB 101 (Low Barrier Navigation Centers "by right"), AB 139 (emergency shelter requirements), AB 2162 (Supportive and Transitional Housing "by right") and Health and Safety Code 17021.8 (Farmworker Housing) requirements, as well as the Employee Housing Act (H&S Section 17021.5) and residential care facilities for seven or more persons.

**Time Frame:** Complete by December 31, 2024.

Primary Associated Goals  
and Policies:

Goal: 5, 6  
Policies: 2.3, 5.1, 5.3, 5.4, 5.5, 5.6, 6.3

PROGRAM 6.6: FAIR HOUSING

The City of Palo Alto is committed to providing equitable opportunities to all residents of Palo Alto in order to expand access to housing and increase housing mobility. The City will take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities. The action items listed below will assist the City in reducing barriers to housing, including but not limited to racial inequities, high housing costs, and public awareness of existing resources.

AB 686 (2017) requires each city to administer its programs and activities related to housing in a manner that affirmatively furthers fair housing. Palo Alto will take actions to overcome patterns of segregation, address disparities in housing needs and access to opportunity, and foster inclusive communities. To address the requirements of AB 686, the City participates in the 2020-2025 Santa Clara County Consolidated Plan (ConPlan). The County's ConPlan identifies eight housing goals for the County and each of its participating jurisdictions including Palo Alto. Additionally, the ConPlan identifies regional and local barriers to fair housing around the region, with heavy emphasis on racial and economic disparity, land use and zoning, and lack of assistance and resources. Programs were identified to reduce barriers in the City including adjusting zoning amendments to expand affordable and alternative housing opportunities and increasing accessibility to information.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

**Fair Housing Services**

A. Distribute educational materials to property owners, apartment managers, and tenants relative to fair housing requirements, regulations, and services via the City's website, social media, community announcements and similar forums.

**Time Frame:** Initiate by May 31, 2024 and update annually thereafter.

**Quantified Objective:** Address patterns of fair housing issues throughout the City.

- B. City will encourage affirmative marketing on all residential projects and will require developers to advertise to under-represented minority groups to indicate the availability of housing units that meet affordable housing requirements.

**Time Frame:** Develop policy and initiate by May 31, 2024. Update annually thereafter.

**Quantified Objective:** Address patterns of segregation citywide.

- C. Provide multi-lingual fair housing information (i.e. requirements, regulations, and services) to the public via the public counters, message boards, City website, neighborhood watch, and in response to telephone inquiries. Annually distribute fair housing information to at least 20 property owners/managers of housing units in South Ventura.

**Time Frame:** Ongoing, update material and information annually.

- D. Provide biannual public announcements, via different media (e.g., social media, newspaper ads, and public service announcements at local radio and television channels) related to fair housing programs and opportunities for Palo Alto residents. Public announcement will be provided in English, Spanish, and Simple Chinese.

**Time Frame:** Initiate in January 2024 and biannually thereafter.

**Quantified Objective:** Address patterns of segregation, particularly in the South Ventura neighborhood and north of Downtown, adjacent to Menlo Park.

- E. Partner with Project Sentinel to conduct random compliance testing of rental properties in South Ventura at least once per year during the planning period. Refer individuals to State Fair Employment and Housing, HUD Fair Housing and Equal Opportunity division, and other legal services as appropriate.

**Time Frame:** Ongoing.

**Quantified Objective:** Aim to reduce fair housing complaints by approximately 10% annually in the years following implementation of this program.

- F. Allocate annual funding for fair housing services through the Action Plan process for the use of CDBG funds.

**Time Frame:** Annually as part of the CBDG update.



### Fair Housing Impediments

G. Encourage mixed-income developments accessible to lower income residents citywide, especially in high opportunity and resource-rich areas through use of the City's Below Market Rate (BMR) requirements, Housing Trust Funds, development of city-owned properties, and use of grant funding for housing.

**Time Frame:** Ongoing

**Quantified Objective:** Support the development of 1,556 units for very-low income, and 896 units for low-income households during the planning period.

H. Develop or identify a funding source for the City to provide funding to Project Sentinel. Ongoing funding will support the group's efforts to address housing discrimination in the City and to educate the general public on fair housing issues.

**Time Frame:** Initiate funding source identification in January 2024

**Quantified Objective:** Goal for ongoing funding to reach an additional 20 residents annually.

### Tenant Protections

I. Institute Tenant Protections to prevent anti-displacement including the following: relocation assistance; eviction reduction program; rental survey program; security deposit limit; right to counsel.

**Time Frame:** Begin implementation in December 2023 with implementation completed by the following dates:

- June 2024 (rental registry, eviction reduction and security deposit limit programs)
- December 2027 (right to counsel)

**Quantified Objective:** Aim to reduce fair housing complaints by educating approximately 20 tenants and landlords annually.

J. Consider adoption and implementation of a Fair Chance Ordinance to prevent anti-displacement.

**Time Frame:** December 2027

**Quantified Objective:** Aim to further reduce fair housing complaints.

K. Require a 90-day notice for a rent increase of 6% instead of the State's 10% threshold for noticing.

**Time Frame:** Begin implementation in December 2023.

L. Promote Housing Choice Vouchers to support housing mobility by educating landlords about income discrimination (i.e., Cannot post “NO Section 8” on applications)

**Time Frame:** Ongoing

**Quantified Objective:** Assist 200 households annually or the number of vouchers allocated under the housing choice voucher program, including project-based vouchers.

M. Work with Project Sentinel and renter organizations to conduct an annual workshop in the South Ventura neighborhood to educate tenants and landlords about fair housing requirements.

**Time Frame:** Ongoing, annually.

**Quantified Objective:** Aim to reduce fair housing complaints by educating approximately 20 tenants and landlords annually.

N. Respond to complaints of discrimination (i.e. intaking, investigation of complaints, and resolution) within 3 days and follow up with information on the resources and services available through fair housing services.

**Time Frame:** Ongoing.

**Quantified Objective:** Aim to reduce fair housing complaints by ensuring timely attention to complaints.

O. Provide training to tenants and landlords to educate them about their rights and responsibilities related to relocation assistance. Conduct one workshop for tenants and one workshop for landlords annually, in multiple languages.

**Time Frame:** Annually.

**Quantified Objective:** Aim to educate at least 20 tenants and landlords annually.

P. Enforce relocation payment required through assessment of liens in cases where landlords fail to pay required assistance.

**Time Frame:** Ongoing.

**Quantified Objective:** Establish a complaint tracking system by June 2024 with a goal of minimizing complaints through outreach and education.

Primary Associated Goals  
and Policies:

Goal: 6

Policies: 6.1, 6.2, 6.3, 6.4, 6.5

PROGRAM 6.7: COMMUNITY OUTREACH PROGRAM

Community outreach is a key component to developing a comprehensive and inclusive housing market in the city. It is critical to engage local community groups and stakeholders from all sectors of the community in order to educate and provide inclusive housing opportunities. The goal of this program is to provide underrepresented community groups, which are affected by restrictions to fair and equitable housing, greater opportunities for becoming informed and engaged in the City's housing and overall planning process.

Strategies to expand accessibility and help further educate community groups include:

- » Sharing and distributing public announcements/information through a variety of mediums such as flyers, E-blasts, website updates, new media, and social media;
- » Actively engaging existing stakeholders and seeking additional stakeholders from all sectors of the community to participate in the public participation process;
- » Increasing accessibility to public meetings by conducting public meetings around typical work hours, accommodating persons with disabilities, choosing locations near transit centers, and providing resources such as childcare, language translation services, and food and refreshments where possible;
- » Continuing to educate all community groups about the services available for rental, homeownership, and rehabilitation/maintenance services.

Responsible Agency:  
Funding Source(s):  
Implementing Objectives:

Planning and Development Services  
General Fund

A. Partner with Human Services for community outreach with a focus on traditionally underrepresented groups. Meet with Human Services representatives bi-annually to formulate strategies aimed at engaging the City's most vulnerable populations.

**Time Frame:** Bi-annually; initiate first meeting by January 2024.

**Quantified Objective:** Reach at least 20 households annually through work with Human Services.

B. The City shall continue to facilitate opportunities for all residents and stakeholders to provide meaningful and effective input on proposed planning activities early on and continuously throughout plan development and the public review process. Outreach efforts to disadvantaged communities, and engagement materials in multiple languages will be a priority, as will ensuring that all public meetings are in locations accessible to all persons.

**Time Frame:** Ongoing.

**Quantified Objective:** Increase public participation rates amongst City's underrepresented groups by at least 20% by the end of the planning period.

C. Create a website that provides relevant housing application and processing information to the home building community.

**Time Frame:** Complete by January 15, 2024 and update annually.

**Quantified Objective:** Support the development of 1,556 units for very-low income, 896 units for low income, 1,013 units for moderate income, and 2,621 above-moderate households during the planning period.

D. Study and research what other jurisdictions have implemented to provide affordable housing preferences for historically disadvantaged populations

**Time Frame:** Complete by June 30, 2024 and update annually.

E. **Quantified Objective:** Report back to the City Council with findings of the research

F. Promote general awareness of lower-income housing availability by providing the location, type, and contact information of housing developments in the City on the website.

**Time Frame:** Complete by January 15, 2024 and update annually.

**Quantified Objective:** Promote availability of lower-income housing opportunities.

Primary Associated Goals  
and Policies:

G. Develop a language access policy to ensure residents with limited English proficiency have accessible information.

**Time Frame:** Complete by January 15, 2024

**Quantified Objective:** Promote housing opportunities across the City.

Goal: 6

Policies: 6.1, 6.2, 6.3, 6.4, 6.5

**Please Start Here, Instructions in Cell  
A2, Table in A3:B16**

**Form Fields**

Site Inventory Forms must be submitted to HCD for a housing element or amendment adopted on or after January 1, 2021. The following form is to be used for satisfying this requirement. To submit the form, complete the Excel spreadsheet and submit to HCD at [sitesinventory@hcd.ca.gov](mailto:sitesinventory@hcd.ca.gov). Please send the Excel workbook, not a scanned or PDF copy of the tables.

<b>General Information</b>	
Jurisdiction Name	Palo Alto
Housing Element Cycle	6th
<b>Contact Information</b>	
First Name	Tim
Last Name	Wong
Title	Senior Planner
Email	<a href="mailto:tim.wong@cityofpaloalto.org">tim.wong@cityofpaloalto.org</a>
Phone	6503292493
<b>Mailing Address</b>	
Street Address	250 Hamilton Avenue
City	Palo Alto
Zip Code	94301
<b>Website</b>	
<a href="http://www.cityofpaloalto.org">www.cityofpaloalto.org</a>	

Table A: Housing Element Sites Inventory, Table Starts in Cell A2

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Consolidated Sites	General Plan Designation (Current)	Zoning Designation (Current)	Minimum Density Allowed (units/acre)	Max. Density Allowed (units/acre)	Parcel Size (Acres)	Existing Use/Vacancy	Infrastructure	Publicly-Owned	Site Status	Identified in Last/Last Two Planning Cycle(s)	Lower Income Capacity	Moderate Income Capacity	Above Moderate Income Capacity	Total Capacity	Year Built	Improvement to Land Value Ratio	CoStar Rating
Palo Alto	555 UNIVERSITY AV	94301	120-03-024		CC	CD-C		40	0.17	One story office space (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1970	1.01	2
Palo Alto	435 TASSO ST	94301	120-03-025		CC	CD-C		40	0.33	Three story office space (FAR: 2.0)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	10	0	10	1984	1.5	3
Palo Alto	624 UNIVERSITY AV	94301	120-03-040		MF	RM-40	31	40	0.15	Two story office space (FAR: 0.6)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1926	0.33	2
Palo Alto	543 COWPER ST	94301	120-03-067		CC	CD-C		40	0.23	One story office space (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1978	1.47	2
Palo Alto	330 LYTTON AV	94301	120-15-003		CC	CD-C		40	0.16	One story restaurant space (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1997	1.46	2
Palo Alto	401 WAVERLEY ST	94301	120-15-007		CC	CD-C		40	0.22	One story commercial (FAR: 0.5), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1977	1.09	2
Palo Alto	444 COWPER ST	94301	120-15-014		CC	CD-C		40	0.14	Surface Parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1900	0.04	
Palo Alto	426 WAVERLEY ST	94301	120-15-039		CC	CD-C		40	0.12	Two story commercial building (FAR: 0.5)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	3	3	1920	0.32	
Palo Alto	318 UNIVERSITY AV	94301	120-15-058		CC	CD-C		40	0.18	One story restaurant (FAR: 0.8)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1926	0.53	2
Palo Alto	328 UNIVERSITY AV	94301	120-15-059		CC	CD-C		40	0.18	One story retail (FAR: 0.8)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1926	0.53	2
Palo Alto	527 WAVERLEY ST	94301	120-15-080		CC	CD-C		40	0.16	Surface Parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0	
Palo Alto	515 WAVERLEY ST	94301	120-15-081		CC	CD-C		40	0.18	Surface Parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0	
Palo Alto	550 WAVERLEY ST	94301	120-15-084		CC	CD-C		40	0.14	One story restaurant (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1952	0.91	3
Palo Alto	560 WAVERLEY ST	94301	120-15-085		CC	CD-C		40	0.14	Two story restaurant (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1938	0.89	2
Palo Alto	630 COWPER ST	94301	120-16-011		CC	CD-C		40	0.34	One story office space (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	10	0	10	1956	0.45	1
Palo Alto	464 FOREST AV	94301	120-16-044		SOFA I CAP	RM-40	31	40	0.23	One story medical office (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1952	0.39	2
Palo Alto	163 EVERETT AV	94301	120-25-042		CN	CD-N		30	0.19	One story office space (FAR: 0.5), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1951	0.7	1
Palo Alto	525 ALMA ST	94301	120-26-109		CC	CD-C		40	0.25	One story retail (FAR: 1.0)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	8	8	1948	1.39	2
Palo Alto	654 HIGH ST	94301	120-27-037		CC	CD-C		40	0.19	Two story office space	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	6	6	1900	0.04	3
Palo Alto	660 HIGH ST	94301	120-27-039		SOFA II CAP	RT-50		50	0.14	One story office space (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1946	1.3	1
Palo Alto	701 EMERSON ST	94301	120-27-049		SOFA II CAP	RT-35		50	0.22	One story commercial (FAR: 0.2), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	8	8	2003	0.98	1
Palo Alto	721 EMERSON ST	94301	120-27-072		SOFA II CAP	RT-35		50	0.12	One story office space (FAR: 0.6), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	2003	0.8	1
Palo Alto	718 EMERSON ST	94301	120-27-073		SOFA II CAP	RT-35		50	0.12	One story auto service (FAR: 0.8)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1950	0.54	1
Palo Alto	838 EMERSON ST	94301	120-28-033		SOFA II CAP	RT-35		50	0.12	One story office space (FAR: 0.2), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1959	0.03	2
Palo Alto	821 EMERSON ST	94301	120-28-036		SOFA II CAP	RT-35		50	0.12	One story vacant office space (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1966	0.32	2
Palo Alto	840 EMERSON ST	94301	120-28-037		SOFA II CAP	RT-35		50	0.48	Surface Parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	19	0	19	1959	0.03	2
Palo Alto	849 HIGH ST	94301	120-28-040		SOFA II CAP	RT-35		50	0.24	One story office space (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	9	0	9	1950	1.49	2
Palo Alto	875 ALMA ST	94301	120-28-045		SOFA II CAP	RT-50		50	0.32	One story retail (FAR: 0.7), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	12	0	12	1949	0.79	1
Palo Alto	853 ALMA ST	94301	120-28-046		SOFA II CAP	RT-50		50	0.16	One story office space (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	6	6	1927	0.11	2
Palo Alto	901 HIGH ST	94301	120-28-050		SOFA II CAP	RT-35		50	0.32	Auto Storage	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	12	0	12	1900	0.01	1
Palo Alto	975 HIGH ST	94301	120-28-089		SOFA II CAP	RT-35		50	0.35	One story office space (FAR: 0.5)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	14	0	14	1968	0.47	1
Palo Alto	929 HIGH ST	94301	120-28-090		SOFA II CAP	RT-35		50	0.12	One story office space (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1955	0.2	1
Palo Alto	925 HIGH ST	94301	120-28-091		SOFA II CAP	RT-35		50	0.14	Auto Storage	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0.01	
Palo Alto	940 HIGH ST	94301	120-28-092		SOFA II CAP	RT-35		50	0.18	Auto garage	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1946	0.63	2
Palo Alto	960 HIGH ST	94301	120-28-093		SOFA II CAP	RT-35		50	0.12	Auto garage	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1947	0.59	1
Palo Alto	917 ALMA ST	94301	120-28-097		SOFA II CAP	RT-50		50	0.24	One story office space (FAR: 0.9)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	9	0	9	1929	1.2	2
Palo Alto	829 EMERSON ST	94301	120-28-099		SOFA II CAP	RT-35		50	0.19	One story retail (FAR: 0.4), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	7	7	1962	0.9	2
Palo Alto	1015 ALMA ST	94301	120-30-049		SOFA II CAP	RT-35		50	0.12	One story commercial (FAR: 0.2)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1955	1.25	2
Palo Alto	2011 EL CAMINO REAL	94306	124-31-024		CN	CN		30	0.2	One story retail (FAR: 0.6), surface parking	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	4	4	1930	0.62	
Palo Alto	466 GRANT AV	94306	124-33-037		MF	RM-40	31	40	0.19	Residential (1)	YES - Current	NO - Privately-Owned	Available	Not Used in Prior Housing Element	0	0	5	5	1900	0.02	
Palo Alto	LEGHORN ST	94303	147-05-012		CS	CS		40	0.85	Auto storage	YES - Current	NO - Privately-Owned	Available	Used in Prior Housing Element - Non-Vacant	19	0	8	27	1900	0	



Table B: Candidate Sites Identified to be Rezoned to Accommodate Shortfall Housing Need, Table Starts in Cell A2

Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Type of Shortfall	Parcel Size (Acres)	Current General Plan Designation	Current Zoning	Proposed General Plan (GP) Designation	Proposed Zoning	Minimum Density Allowed	Maximum Density Allowed	Total Capacity	Vacant/Nonvacant	Description of Existing Uses	Infrastructure	Year Built	Improvement to Land Value Ratio	CoStar Rating
Palo Alto	725 UNIVERSITY AV	94301	003-02-021	0	0	8	0	Shortfall of Sites	0.25 MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	One story medical office (FAR: 0.4), surface parking	YES - Current	1954	0.41	1	
Palo Alto	701 UNIVERSITY AV	94301	003-02-022	0	0	8	0	Shortfall of Sites	0.25 MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	One story medical office (FAR: 0.5), surface parking	YES - Current	1959	0.12	2	
Palo Alto	435 MIDDLEFIELD RD	94301	003-02-023	0	0	0	13	Shortfall of Sites	0.23 MF	RM-30	MF	RM-30	16	40	7	Non-Vacant	One story medical office (FAR: 0.5), surface parking	YES - Current	1961	0.91	0.25	
Palo Alto	725 UNIVERSITY AV	94301	003-02-047	0	0	0	4	Shortfall of Sites	0.19 MF	RM-30	MF	RM-30	16	40	7	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1954	0.37	2	
Palo Alto	827 MIDDLEFIELD RD	94301	003-02-064	0	0	4	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1926	0.21	2	
Palo Alto	853 MIDDLEFIELD RD	94301	003-02-094	5	3	0	4	Shortfall of Sites	0.8 MF	RM-20	MF	RM-20	8	30	12	Non-Vacant	One story medical offices (FAR: 0.5), surface parking	YES - Current	1952	0.57	2	
Palo Alto	MIDDLEFIELD RD	94301	120-03-046	0	0	0	3	Shortfall of Sites	0.13 MF	RM-20	MF	RM-20	8	30	3	Non-Vacant	Surface Parking	YES - Current	1900	0.02	2	
Palo Alto	660 MIDDLEFIELD RD	94301	120-04-017	0	0	6	0	Shortfall of Sites	0.29 MF	RM-20	MF	RM-20	8	30	6	Non-Vacant	One story medical offices (FAR: 0.4), surface parking	YES - Current	1951	0.29	2	
Palo Alto	643 WEBSTER ST	94301	120-04-022	0	0	0	0	Shortfall of Sites	0.23 MF	RM-30	MF	RM-30	16	40	6	Non-Vacant	Residential (1)	YES - Current	1903	0.03	2	
Palo Alto	744 MIDDLEFIELD RD	94301	120-04-053	0	0	8	0	Shortfall of Sites	0.37 MF	RM-20	MF	RM-20	8	30	8	Non-Vacant	One story medical offices (FAR: 0.5), surface parking	YES - Current	1956	0.69	2	
Palo Alto	652 HOMER AV	94301	120-05-008	7	4	0	5	Shortfall of Sites	0.64 MF	RM-20	MF	RM-20	8	30	16	Non-Vacant	One story medical offices (FAR: 0.5), surface parking	YES - Current	1956	0.36	2	
Palo Alto	850 MIDDLEFIELD RD	94301	120-05-011	7	4	0	0	Shortfall of Sites	0.66 MF	RM-20	MF	RM-20	8	30	16	Non-Vacant	One story medical offices (FAR: 0.7), surface parking	YES - Current	1955	0.47	2	
Palo Alto	884 MIDDLEFIELD RD	94301	120-05-012	0	0	5	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	5	Non-Vacant	One story medical offices (FAR: 0.6), surface parking	YES - Current	1953	0.69	1	
Palo Alto	343 COWPER ST	94301	120-10-044	0	0	0	4	Shortfall of Sites	0.19 MF	RM-30	MF	RM-30	16	40	6	Non-Vacant	Two story office space (FAR: 0.5), surface parking	YES - Current	1907	0.13	1	
Palo Alto	720 COWPER ST	94301	120-10-046	0	0	0	7	Shortfall of Sites	0.23 MF	RM-30	MF	RM-30	16	40	7	Non-Vacant	One story medical office (FAR: 0.6), surface parking	YES - Current	1973	0.49	1	
Palo Alto	116 EMERSON ST	94301	120-24-019	0	0	4	0	Shortfall of Sites	0.24 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1922	0.92	1	
Palo Alto	124 EMERSON ST	94301	120-24-020	0	0	4	0	Shortfall of Sites	0.24 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1926	0.35	2	
Palo Alto	262 HAWTHORNE AV	94301	120-25-158	0	0	0	4	Shortfall of Sites	0.16 MF	RM-30	MF	RM-30	16	40	4	Non-Vacant	Residential (1)	YES - Current	1918	0.97	1	
Palo Alto	202 BRYANT ST	94301	120-25-159	0	0	0	0	Shortfall of Sites	0.16 MF	RM-30	MF	RM-30	16	40	4	Non-Vacant	Residential (1)	YES - Current	1918	0.61	2	
Palo Alto	75 ENCINA AV	94301	120-33-003	0	0	0	4	Shortfall of Sites	0.13 CS	CS	CS	CS	0	40	4	Non-Vacant	One story office space (FAR: 1.0)	YES - Current	1958	0.44	1	
Palo Alto	63 ENCINA AV	94301	120-33-004	0	0	0	8	Shortfall of Sites	0.27 CS	CS	CS	CS	0	40	8	Non-Vacant	One story office space (FAR: 1.0)	YES - Current	1941	1.17	1	
Palo Alto	27 ENCINA AV	94301	120-33-010	0	0	0	5	Shortfall of Sites	0.16 CS	CS	CS	CS	0	40	5	Non-Vacant	Surface parking	YES - Current	1900	0.00	2	
Palo Alto	825 EL CAMINO REAL	94301	120-33-011	0	0	0	6	Shortfall of Sites	0.2 CS	CS	CS	CS	0	40	6	Non-Vacant	One story medical offices (FAR: 0.5), surface parking	YES - Current	1955	0.37	1	
Palo Alto	805 EL CAMINO REAL	94301	120-33-012	0	0	0	7	Shortfall of Sites	0.24 CS	CS	CS	CS	0	40	7	Non-Vacant	One story medical offices (FAR: 0.5)	YES - Current	1940	0.36	2	
Palo Alto	841 EL CAMINO REAL	94301	120-34-001	9	5	0	0	Shortfall of Sites	0.64 CS	CS	CS	CS	0	40	20	Non-Vacant	One story car wash (FAR: 0.2), surface parking	YES - Current	1973	0.0	2	
Palo Alto	116 COLERIDGE AV	94301	124-17-003	0	0	4	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1952	0.09	2	
Palo Alto	119 SEALE AV	94301	124-18-045	0	0	4	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1966	0.53	2	
Palo Alto	114 SEALE AV	94301	124-18-050	0	0	4	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1962	0.55	2	
Palo Alto	127 RINCONADA AV	94301	124-18-085	0	0	4	0	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1963	1.14	2	
Palo Alto	122 RINCONADA AV	94301	124-19-003	0	0	0	4	Shortfall of Sites	0.23 MF	RM-20	MF	RM-20	8	30	4	Non-Vacant	Residential (1)	YES - Current	1925	0.78	2	
Palo Alto	1681 EL CAMINO REAL	94306	124-25-044	6	3	0	4	Shortfall of Sites	0.91 MF	RM-20	MF	RM-20	8	30	13	Non-Vacant	One story medical offices (FAR: 0.5), surface parking	YES - Current	1939	0.11	2	
Palo Alto	2181 PARK BL	94306	124-27-038	0	0	8	0	Shortfall of Sites	0.25 MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	Two story office space (FAR: 1.2), surface parking	YES - Current	1957	1.07	2	
Palo Alto	325 COLLEGE AV	94306	124-28-013	0	0	0	5	Shortfall of Sites	0.2 MF	RM-30	MF	RM-30	16	40	5	Non-Vacant	Residential (1)	YES - Current	1938	0.23	2	
Palo Alto	1192 EL CAMINO REAL	94301	124-31-021	0	0	10	0	Shortfall of Sites	0.17 CN	CN	CN	CN	0	40	13	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1947	0.98	2	
Palo Alto	2137 EL CAMINO REAL	94306	124-31-058	0	0	7	0	Shortfall of Sites	0.32 CN	CN	CN	CN	0	30	7	Non-Vacant	Surface Parking	YES - Current	1900	0.01	2	
Palo Alto	2127 EL CAMINO REAL	94301	124-31-059	0	0	6	0	Shortfall of Sites	0.25 CN	CN	CN	CN	0	30	6	Non-Vacant	One story office space (0.6), surface parking	YES - Current	1940	0.91	2	
Palo Alto	430 CAMBRIDGE AV	94306	124-32-009	0	0	0	4	Shortfall of Sites	0.14 CC	CC	CC	CC	0	40	4	Non-Vacant	One story tutoring center/ office space (FAR: 1.0)	YES - Current	1958	1.33	2	
Palo Alto	456 CAMBRIDGE AV	94306	124-32-012	0	0	0	5	Shortfall of Sites	0.16 CC	CC	CC	CC	0	40	5	Non-Vacant	One story retail (FAR: 1.0)	YES - Current	1951	0.82	2	
Palo Alto	417 COLLEGE AV	94306	124-32-026	0	0	0	5	Shortfall of Sites	0.2 MF	RM-30	MF	RM-30	16	40	5	Non-Vacant	Residential (1)	YES - Current	1959	0.12	2	
Palo Alto	371 COLLEGE AV	94306	124-32-031	0	0	0	5	Shortfall of Sites	0.2 MF	RM-30	MF	RM-30	16	40	5	Non-Vacant	Residential (1)	YES - Current	1949	0.08	2	
Palo Alto	2401 EL CAMINO REAL	94306	124-33-061	0	0	0	7	Shortfall of Sites	0.24 CC	CC	CC	CC	0	40	7	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1975	0.56	3	
Palo Alto	4151 MIDDLEFIELD RD	94301	127-15-023	6	3	0	4	Shortfall of Sites	0.93 MF	RM-20	MF	RM-20	8	30	13	Non-Vacant	Two story office space (FAR: 0.6), surface parking	YES - Current	1961	1.26	3	
Palo Alto	2801 MIDDLEFIELD RD	94306	127-34-052	0	0	0	4	Shortfall of Sites	0.17 CN	CN	CN	CN	0	30	4	Non-Vacant	Two story office space (FAR: 0.4), surface parking	YES - Current	1986	1	2	
Palo Alto	708 COLORADO AV	94306	127-34-094	0	0	0	3	Shortfall of Sites	0.43 CN	CN	CN	CN	0	30	3	Non-Vacant	One story commercial (FAR: 0.8), surface parking	YES - Current	1959	0.37	2	
Palo Alto	706 COLORADO AV	94306	127-34-092	0	0	0	4	Shortfall of Sites	0.18 CN	CN	CN	CN	0	30	4	Non-Vacant	One story retail (FAR: 0.8), surface parking	YES - Current	1954	1.27	2	
Palo Alto	2741 MIDDLEFIELD RD	94306	127-34-095	0	0	0	5	Shortfall of Sites	0.22 CN	CN	CN	CN	0	30	5	Non-Vacant	Two story retail (FAR: 0.5)	YES - Current	1956	1.43	3	
Palo Alto	2811 MIDDLEFIELD RD	94306	127-34-098	18	12	0	12	Shortfall of Sites	1.74 CN	CN	CN	CN	0	30	41	Non-Vacant	One story commercial (FAR: 0.5), surface parking	YES - Current	1964	0.1	2	
Palo Alto	3200 MIDDLEFIELD RD	94306	132-10-148	0	0	8	0	Shortfall of Sites	0.37 MF	RM-20	MF	RM-20	8	40	8	Non-Vacant	One story medical offices (FAR: 0.5)	YES - Current	1957	0.68	0.31	
Palo Alto	460 LAMBERT AV	94306	132-38-017	0	0	0	7	Shortfall of Sites	0.22 CS	CS	CS	CS	0	40	7	Non-Vacant	Surface parking	YES - Current	1957	0.02	2	
Palo Alto	3200 ASH ST	94306	132-38-045	0	0	0	12	Shortfall of Sites	0.38 CS	CS	CS	CS	0	40	12	Non-Vacant	One story office space (FAR: 0.6)	YES - Current	1975	1.2	2	
Palo Alto	3260 ASH ST	94306	132-38-047	0	0	0	7	Shortfall of Sites	0.22 CS	CS	CS	CS	0	40	7	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1998	0.49	2	
Palo Alto	268 LAMBERT AV	94306	132-38-048	0	0	11	0	Shortfall of Sites	0.35 CS	CS	CS	CS	0	40	11	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1963	0.65	2	
Palo Alto	320 LAMBERT AV	94306	132-38-058	0	0	8	0	Shortfall of Sites	0.28 CS	CS	CS	CS	0	40	8	Non-Vacant	One story retail (FAR: 0.5), surface parking	YES - Current	1978	0.42	2	
Palo Alto	425 PORTAGE AV	94306	132-38-069	0	0	0	12	Shortfall of Sites	0.4 CS	CS	CS	CS	0	40	12	Non-Vacant	One story commercial (FAR: 0.8), surface parking	YES - Current	1947	0.68	2	
Palo Alto	3337 EL CAMINO REAL	94306	132-39-005	0	0	0	5	Shortfall of Sites	0.17 CS	CS	CS	CS	0	40	5	Non-Vacant	Two story vacant office space (FAR: 0.9)	YES - Current	1938	0.72	2	
Palo Alto	411 LAMBERT AV	94306	132-39-017	0	0	0	5	Shortfall of Sites	0.16 CS	CS	CS	CS	0	40	5	Non-Vacant	One story commercial (FAR: 0.6), vacant	YES - Current	1900	0	2	
Palo Alto	3339 EL CAMINO REAL	94306	132-39-074	0	0	0	11	Shortfall of Sites	0.36 CS	CS												



Jurisdiction Name	Site Address/Intersection	5 Digit ZIP Code	Assessor Parcel Number	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Type of Shortfall	Parcel Size (Acres)	Current General Plan Designation	Current Zoning	Proposed General Plan (GP) Designation	Proposed Zoning	Minimum Density Allowed	Maximum Density Allowed	Total Capacity	Vacant/Nonvacant	Description of Existing Uses	Infrastructure	Year Built	Improvement to Land Value Ratio	CoStar Rating
Palo Alto	PARK BL		94306	0	0	8	0	Shortfall of Sites	0.28	MF	RM-30	MF	RM-30	16	40	8	Non-Vacant	Surface Parking	YES - Current	1961		
Palo Alto	PARK BL		94306	20	11	0	13	Shortfall of Sites	1.38	MF	RM-30	MF	RM-30	16	40	44	Non-Vacant	Surface Parking	YES - Current	1950		
Palo Alto	404 SHERIDAN AV		94306	0	0	0	4	Shortfall of Sites	0.11	MF	RM-40	MF	RM-40	31	50	4	Non-Vacant	Surface Parking	YES - Current			
Palo Alto	2675 EL CAMINO REAL		94306	9	5	0	6	Shortfall of Sites	0.39	CN	CN	CN	CN	9	40	20	Non-Vacant	One story retail (FAR: 0.3), surface parking	YES - Current	1970	0.59	2
Palo Alto	2805 EL CAMINO REAL		94306	0	0	12	0	Shortfall of Sites	0.39	CS	CS	CS	CS	40	40	12	Non-Vacant	One story retail (FAR: 0.4), surface parking	YES - Current	1946	0.92	2
Palo Alto	555 COLLEGE AV		94306	0	0	15	0	Shortfall of Sites	0.48	CN	CN	CN	CN	40	40	15	Non-Vacant	Single story office space (FAR: 0.5), surface parking	YES - Current	1958	0.57	2
Palo Alto	2200 EL CAMINO REAL		94306	0	0	13	0	Shortfall of Sites	0.41	CN	CN	CN	CN	40	40	13	Non-Vacant	Auto service and convenience store (FAR: 0.2), surface parking	YES - Current	1990	0.19	2
Palo Alto	YALE ST		94306	0	0	0	4	Shortfall of Sites	0.14	CN	CN	CN	CN	40	40	4	Non-Vacant	Surface Parking	YES - Current	1958		
Palo Alto	3000 EL CAMINO REAL		94306	0	0	8	0	Shortfall of Sites	0.27	CN	CN	CN	CN	40	40	8	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current		1.14	2
Palo Alto	577 COLLEGE AV		94306	0	0	14	0	Shortfall of Sites	0.44	CN	CN	CN	CN	40	40	14	Non-Vacant	Two story office space (FAR: 0.8), surface parking	YES - Current	1958	1.24	3
Palo Alto	2310 EL CAMINO REAL		94306	11	6	0	7	Shortfall of Sites	0.76	CN	CN	CN	CN	40	40	24	Non-Vacant	One story restaurant (FAR: 0.4), surface parking	YES - Current	1924	1.39	3
Palo Alto	2400 EL CAMINO REAL		94306	11	6	0	7	Shortfall of Sites	0.75	CS	CS	CS	CS	40	40	24	Non-Vacant	Two Story Office Building	YES - Current		1.01	2
Palo Alto	NITA AV		94306	22	14	0	15	Shortfall of Sites	1.25	RO	ROLM	RO	ROLM	8	50	50	Non-Vacant	Surface Parking	YES - Current			
Palo Alto	105 LOWELL AV		94301	0	0	0	2	Shortfall of Sites	0.11	MF	RM-20	MF	RM-20	8	40	2	Non-Vacant	Residential (1)	YES - Current	1948	0.11	
Palo Alto	114 LOWELL AV		94301	0	0	0	4	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1985	0.45	
Palo Alto	120 LOWELL AV		94301	0	0	0	4	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1988	0.42	
Palo Alto	126 LOWELL AV		94301	0	0	0	4	Shortfall of Sites	0.17	MF	RM-20	MF	RM-20	8	40	4	Non-Vacant	Residential (1)	YES - Current	1994	0.13	
Palo Alto	211 MANZANITA AV		94306	0	0	0	3	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	3	Non-Vacant	Residential (1)	YES - Current	1937	0.99	
Palo Alto	12 CHURCHILL AV		94306	0	0	0	2	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	2	Non-Vacant	Residential (2)	YES - Current	1945	0.09	
Palo Alto	16 CHURCHILL AV		94306	0	0	0	3	Shortfall of Sites	0.14	MF	RM-20	MF	RM-20	8	40	3	Non-Vacant	Residential (1)	YES - Current	1945	0.2	
Palo Alto	LAMBERT AV		94306	0	0	0	7	Shortfall of Sites	0.23	CS	CS	CS	CS	40	40	7	Non-Vacant	Surface parking	YES - Current	1955	0.03	
Palo Alto	3457 EL CAMINO REAL		94306	0	0	0	4	Shortfall of Sites	0.15	CN	CN	CN	CN	40	40	4	Non-Vacant	One story retail (FAR: 0.6)	YES - Current	1950	1.11	1
Palo Alto	3487 EL CAMINO REAL		94306	0	0	0	6	Shortfall of Sites	0.2	CN	CN	CN	CN	40	40	6	Non-Vacant	Two story retail (FAR: 0.8), surface parking	YES - Current	1963	0.6	2
Palo Alto	3505 EL CAMINO REAL		94306	0	0	0	4	Shortfall of Sites	0.14	CN	CN	CN	CN	40	40	4	Non-Vacant	One story office space (FAR: 0.3)	YES - Current	1950	1.26	3
Palo Alto	3545 EL CAMINO REAL		94306	0	0	0	4	Shortfall of Sites	0.14	CN	CN	CN	CN	40	40	4	Non-Vacant	Two story retail (FAR: 0.4)	YES - Current	1969	1.34	2
Palo Alto	3897 EL CAMINO REAL		94306	0	0	0	11	Shortfall of Sites	0.36	CS	CS	CS	CS	40	40	11	Non-Vacant	One story car wash (FAR: 0.2)	YES - Current	2000	0.52	3
Palo Alto	4131 EL CAMINO REAL		94306	0	0	0	5	Shortfall of Sites	0.16	CN	CN	CN	CN	40	40	5	Non-Vacant	One story restaurant (FAR: 0.4) surface parking	YES - Current	1956	0.43	3
Palo Alto	4125 EL CAMINO REAL		94306	0	0	0	5	Shortfall of Sites	0.18	CN	CN	CN	CN	40	40	5	Non-Vacant	One story art school (FAR: 0.7)	YES - Current	1955	1.11	2
Palo Alto	4123 EL CAMINO REAL		94306	0	0	0	8	Shortfall of Sites	0.2	CN	CN	CN	CN	40	40	8	Non-Vacant	One story restaurant (FAR: 0.3) surface parking	YES - Current	1960	0.64	2
Palo Alto	4117 EL CAMINO REAL		94306	0	0	0	5	Shortfall of Sites	0.16	CN	CN	CN	CN	40	40	5	Non-Vacant	One story office space (FAR: 0.2), surface parking	YES - Current	1983	0.85	3
Palo Alto	4113 EL CAMINO REAL		94306	0	0	0	6	Shortfall of Sites	0.21	CN	CN	CN	CN	40	40	6	Non-Vacant	One story restaurant (FAR: 0.4)	YES - Current	1990	1.09	3
Palo Alto	EL CAMINO REAL		94306	0	0	0	3	Shortfall of Sites	0.12	CN	CN	CN	CN	40	40	3	Non-Vacant	Surface parking	YES - Current			
Palo Alto	3760 EL CAMINO REAL		94306	0	0	0	3	Shortfall of Sites	0.12	CN	CN	CN	CN	40	40	3	Non-Vacant	Surface parking	YES - Current		0.04	
Palo Alto	3924 EL CAMINO REAL		94306	0	0	0	3	Shortfall of Sites	0.11	CN	CN	CN	CN	40	40	3	Non-Vacant	One story commercial (FAR: 0.98)	YES - Current	1934	0.57	3
Palo Alto	3944 EL CAMINO REAL		94306	0	0	0	7	Shortfall of Sites	0.22	CN	CN	CN	CN	40	40	7	Non-Vacant	One story retail space (FAR: 0.5)	YES - Current	1987	0.49	3
Palo Alto	3864 EL CAMINO REAL		94306	0	0	0	5	Shortfall of Sites	0.18	CN	CN	CN	CN	40	40	5	Non-Vacant	One story restaurant (FAR: 0.5)	YES - Current	1956	1.19	0.45
Palo Alto	3780 EL CAMINO REAL		94306	0	0	7	0	Shortfall of Sites	0.24	CN	CN	CN	CN	40	40	7	Non-Vacant	One story retail (FAR: 0.4)	YES - Current	1950	0.13	0.42
Palo Alto	MAYBELL AV		94306	4	3	0	3	Shortfall of Sites	0.56	CN	RM-20	CN	RM-20	8	40	10	Non-Vacant	Surface parking	YES - Current	1950	0.02	
Palo Alto	4170 EL CAMINO REAL		94306	14	9	0	10	Shortfall of Sites	1.14	CS	CS	CS	CS	16	40	20	Non-Vacant	One story retail store (FAR: 0.5), surface parking	YES - Current	1998	1.01	3
Palo Alto	561 VISTA AV		94306	9	5	0	6	Shortfall of Sites	0.65	MF	RM-30	MF	RM-30	16	40	20	Non-Vacant	One story Faith-based institution. Congregation Emek Beracha	YES - Current	1975	0.03	2
Palo Alto	WAVERLY ST & LYTTON AVE		94301	18	11	0	13	Shortfall of Sites	0.85	CC	PF	CC	PF	62.5	62.5	42	Non-Vacant	Surface parking	YES - Current			
Palo Alto	COWPER ST & HAMILTON AVE		94301	14	9	0	10	Shortfall of Sites	0.67	CC	PF	CC	PF	62.5	62.5	33	Non-Vacant	Surface parking	YES - Current			
Palo Alto	WAVERLY ST & HAMILTON AVE		94301	14	8	0	10	Shortfall of Sites	0.64	CC	PF	CC	PF	62.5	62.5	32	Non-Vacant	Surface parking	YES - Current			
Palo Alto	EMERSON ST		94301	12	7	0	8	Shortfall of Sites	0.54	CC	PF	CC	PF	62.5	62.5	7	Non-Vacant	Surface parking	YES - Current			
Palo Alto	NEW MAYFIELD LN		94301	13	7	0	8	Shortfall of Sites	0.56	CC	PF	CC	PF	62.5	62.5	28	Non-Vacant	Surface parking	YES - Current			
Palo Alto	SHERMAN AVE & PERAL LN		94301	22	13	0	15	Shortfall of Sites	1	CC	PF	CC	PF	62.5	62.5	50	Non-Vacant	Surface parking	YES - Current			
Palo Alto	1985 LOUIS RD		94303	11	7	0	8	Shortfall of Sites	1.09	SF	R-1	SF	R-1	30	26	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	1140 COWPER ST		94301	6	4	0	4	Shortfall of Sites	0.61	SF	R-1	SF	R-1	30	14	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	3505 MIDDLEFIELD RD		94306	16	9	0	11	Shortfall of Sites	0.51	SF	R-1	SF	R-1	30	36	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	2490 MIDDLEFIELD RD		94301	0	0	11	0	Shortfall of Sites	0.46	SF	R-1	SF	R-1	30	11	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	2890 MIDDLEFIELD RD		94306	8	5	0	5	Shortfall of Sites	0.76	SF	R-1	SF	R-1	30	18	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	3149 WAVERLEY ST		94306	7	4	0	5	Shortfall of Sites	0.69	SF	R-1	SF	R-1	30	16	Non-Vacant	Surface parking/vacant land surrounding faith-based institution	YES - Current				
Palo Alto	860 E CHARLESTON RD		94303	0	0	14	0	Shortfall of Sites	0.23	LI	GM	LI	GM	81.25	14	Non-Vacant	One story office space (FAR: 1.2), surface parking	YES - Current	1956	1.11	2	
Palo Alto	4055 FABIAN WY		94303	0	0	14	0	Shortfall of Sites	0.23	LI	GM	LI	GM	81.25	14	Non-Vacant	One story office space (FAR: 0.2), surface parking	YES - Current	1957	1.26	3	
Palo Alto	801 SAN ANTONIO RD		94303	0	0	13	0	Shortfall of Sites	0.2	LI	GM	LI	GM	81.25	13	Non-Vacant	Faith-based institution (FAR: 0.6), surface parking	YES - Current	1957	1.43	1	
Palo Alto	799 SAN ANTONIO RD		94303	0	0	14	0	Shortfall of Sites	0.23	LI	GM	LI	GM	81.25	14	Non-Vacant	One story restaurant (FAR: 0.2), surface parking	YES - Current	1960	0.76	2	
Palo Alto	797 SAN ANTONIO RD		94303	0	0	14	0	Shortfall of Sites	0.23	LI	GM	LI	GM	81.25	14	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1962	1.43	2	
Palo Alto	830 E CHARLESTON RD		94303	0	0	17	0	Shortfall of Sites	0.27	LI	GM	LI	GM	81.25	17	Non-Vacant	One story auto service (FAR: 0.2), surface parking	YES - Current	1961	0.25	2	
Palo Alto	890 SAN ANTONIO RD		94303	0	0	24	0	Shortfall of Sites	0.31	LI	GM	LI	GM	81.25	24	Non-Vacant	Two story office space (FAR: 1.4), surface parking	YES - Current	1958	0.89	2	
Palo Alto	849 E CHARLESTON RD		94303	0	0	14	0	Shortfall of Sites	0.23	LI	GM	LI	GM	81.25	14	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current	1959	0.47	2	
Palo Alto	E CHARLESTON RD		94303	0	0	0	14	Shortfall of Sites	0.22	LI	GM	LI	GM	81.25	14	Non-Vacant	Surface parking	YES - Current				
Palo Alto	FABIAN WY		94303	0	0	26	0	Shortfall of Sites	0.4	LI	GM	LI	GM	81.25	26	Non-Vacant	One story office space (FAR: 0.5), surface parking	YES - Current				
Palo Alto	FABIAN WY		94303	0	0	29	0	Shortfall of Sites	0.45	LI	GM	LI	GM	81.25	29	Non-Vacant	Two story office space (FAR: 1.0), surface parking	YES - Current				
Palo Alto	811 E CHARLESTON RD		94303	0	0	11	0	Shortfall of Sites	0.54	LI	GM	LI	GM	81.25	16	Non-Vacant	One story auto service (FAR: 0.2), surface parking	YES - Current	1972	0.21		
Palo Alto	3980 FABIAN WY		94303	20	11	0	13	Shortfall of Sites	0.69	LI	GM	LI	GM	81.25	44	Non-Vacant	One story vacant office space (FAR: 0.5), surface parking	YES - Current	1995	1.01	3	
Palo Alto	3960 FABIAN WY		94303	20	11	0	13	Shortfall of Sites	0.68	LI	GM	LI	GM	81.25	44	Non-Vacant	One story vacant office space (FAR: 0.5), surface parking	YES - Current	1995	0.45	2	
Palo Alto	3940 FABIAN WY		94303	36	21	0	25	Shortfall of Sites	1.27	LI	GM	LI	GM	81.25	82	Non-Vacant	Two story office space (FAR: 0.8), surface parking	YES - Current	1991	0.51	3	
Palo Alto	4030 TRANSPORT ST		94303	0	0	0	29	Shortfall of Sites	0.45	LI	GM	LI	GM	81.25	29	Non-Vacant	Two story office space (FAR: 1.2), surface parking	YES - Current	1954	1.13	2	
Palo Alto	986 COMMERCIAL ST		94303	0	0	0	12	Shortfall of Sites	0													







**Table C: Land Use, Tak**

<b>Zoning Designation From Table A, Column G and Table B, Columns L and N (e.g., "R-1")</b>
R-1
RM-20
RM-30
RM-40
CS
CN
CC
CD-C
CD-N
RT-35
RT-40
GM
ROLM
PC
PF

## ole Starts in A2

General Land Uses Allowed	(e.g., "Low-density residential")
Low density residential (Chapter 18.12)	
Multi-family residential uses (Chapter 18.13)	
Multi-family residential uses (Chapter 18.13)	
Multi-family residential uses (Chapter 18.13)	
Residential and non-residential uses (Chapter 18.16)	
Residential and non-residential uses (Chapter 18.16)	
Residential and non-residential uses (Chapter 18.16)	
Residential and non-residential uses (Chapter 18.18)	
Residential and non-residential uses (Chapter 18.18)	
Residential and non-residential uses up to 35 feet	
Residential and non-residential uses up to 40 feet	
Light manufacturing, research, and commercial services uses (Chapter 18.20)	
Light manufacturing, research, and commercial services uses (Chapter 18.20)	
Any use in accordance with approved development plan (Chapter 18.38)	
Public facilities (Chapter 18.28)	