

2015-2023 Housing Element City of Palo Alto



Adopted by City Council
November 10, 2014



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT

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January 20, 2015

Mr. James Keene
City Manager
City of Palo Alto
250 Hamilton Avenue, 7th Floor
Palo Alto, CA 94301

Dear Mr. Keene

RE: Palo Alto's 5th Cycle (2015-2023) Adopted Housing Element

Thank you for submitting Palo Alto's housing element adopted November 10, 2014 which was received for review on December 1, 2014. Pursuant to Government Code (GC) Section 65585(h), the Department is reporting the results of its review.

The Department is pleased to find the adopted housing element in full compliance with State housing element law (GC, Article 10.6). The adopted element was found to be substantially the same as the revised draft housing element the Department's September 5, 2014 review determined met statutory requirements.

This finding was based on, among other reasons, the City's commitment to facilitate development of units affordable to lower-income households through program actions such as Program H-2.1.9 which commits the City of Palo Alto to amend the zoning code to create incentives that encourage the consolidation of smaller lots in developments with 100 percent affordable units. This and other programs will facilitate more compact development with a mix of uses to address climate change, energy conservation and air quality objectives, and maximize existing land resources. Such strategies also promote the feasibility of developing housing for lower-income families and workers while strengthening the local economy.

Please note Palo Alto now meets specific requirements for several State funding programs designed to reward local governments for compliance with State housing element law. For example, the Housing Related Parks (HRP) Program, funded by Proposition 1C, provides grant funds to eligible local governments for every qualifying lower income unit permitted since 2010. The HRP Program 2014 Notice of Funding Availability (NOFA), released December 10, 2014, announced the availability of approximately \$35 million in grant funds to eligible applicants. Applications are due **February 5, 2015**. Further information about the HRP Program is available on the Department's website at <http://www.hcd.ca.gov/hpd/hrpp/>.

HCD Review of Palo Alto's Housing Element
January 20, 2015
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The Department wishes the City of Palo Alto success in implementing its housing element and looks forward to following its progress through the General Plan annual progress reports pursuant to GC Section 65400. If the Department can provide assistance in implementing the housing element, please contact James Johnson, of our staff, at (916) 263-7426.

Sincerely,



Glen A. Campora
Assistant Deputy Director



CITY OF PALO ALTO
2015-2023 HOUSING ELEMENT

**COUNCIL ADOPTED
NOVEMBER 10, 2014**

**CITY OF PALO ALTO
DEPARTMENT OF PLANNING AND
COMMUNITY ENVIRONMENT
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CHAPTER 1

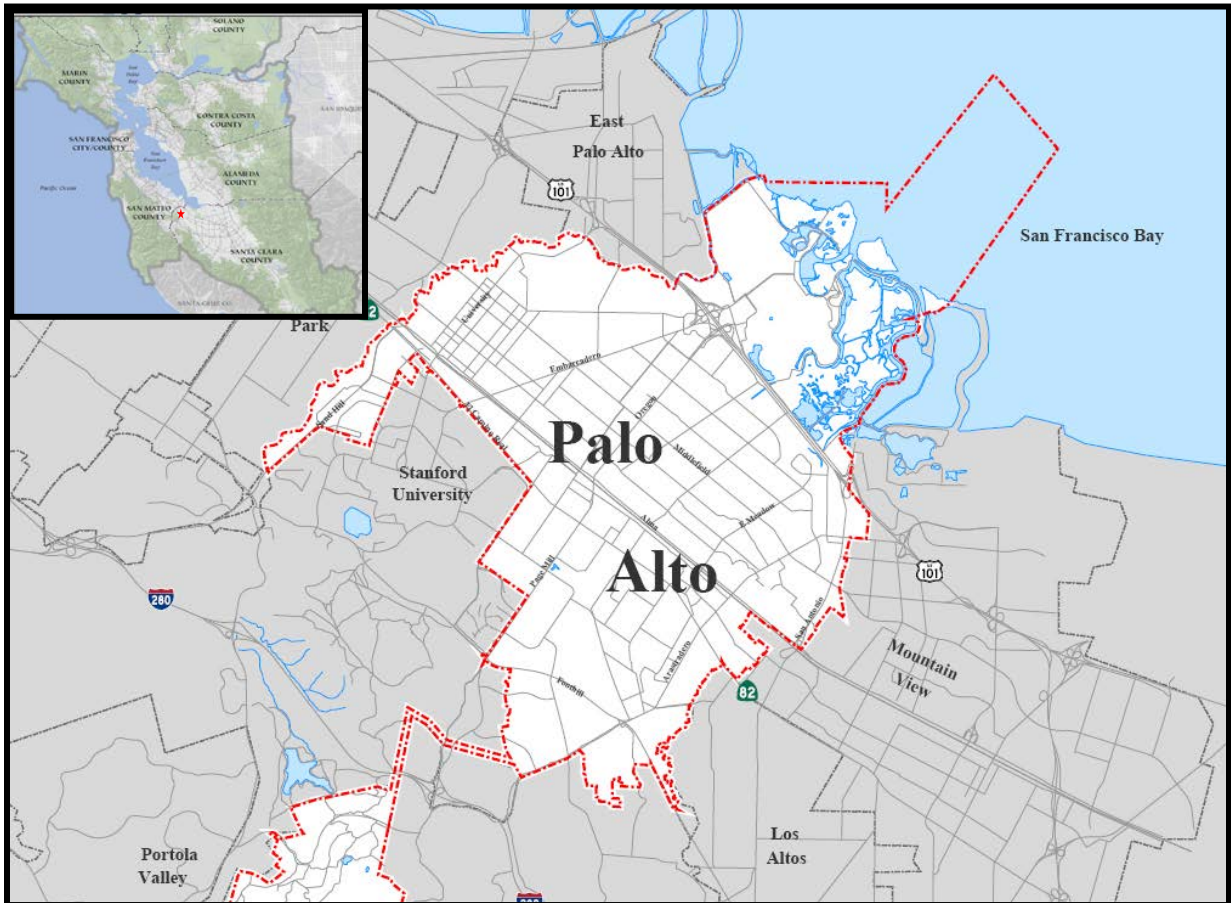
INTRODUCTION

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 66,000 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, one-third of which is open space.

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. Alternative transportation options include bike paths throughout the City, and an internal shuttle service.

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 number of housing types, including single family homes, townhomes, condominiums, apartments and one mobile home park.¹ Of the estimated 28,500 housing units in the City, approximately 62 percent are single family residential units. As with many other Silicon Valley jurisdictions, the demand for housing exceeds housing supply, thus escalating housing prices. In 2013, the median sales price for a single family home was \$1,720,000.

Palo Alto faces several challenges during the 2015-2023 Housing Element planning period:

- The City is nearly built out, with only 0.5 percent of the developable land vacant and no opportunities to annex additional areas to accommodate future housing needs.
- The high cost of the land—coupled with the smaller lot sizes in the City—makes residential development difficult.
- With the high median sales price, providing housing affordable to all segments of the population is very difficult.
- In addition, because the City has a large surplus of jobs, the circulation infrastructure is taxed by the large volumes of daily commuters, impacting local streets and neighborhoods.

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 major housing goal. 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. The Housing Element specifies ways in which the housing needs of existing and future residents can be met. Consistent with State Housing Element laws, it must be updated every eight years.

This Housing Element covers a period extending from adoption to January 31, 2023 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 2007-2014 City of Palo Alto Housing Element adopted in 2013.

This 2015-2023 Housing Element was prepared pursuant to Article 10.6 of the Government Code (State Housing Element Law) and presents a comprehensive set of housing policies and actions. It builds on an assessment of Palo Alto’s housing needs including the regional housing needs allocation and an evaluation of existing housing programs, available land for future housing, and addresses constraints on housing production.

¹ See Pages 47-48

1.3 RELATIONSHIP TO THE GENERAL 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 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 subjects can be added based on the community's needs and objectives. This Housing Element is intended to serve as the seventh mandated Element of Palo Alto's General Plan (known as the Palo Alto Comprehensive Plan.). The other "Elements" that the Plan must contain are Land Use, Circulation, Conservation, Open Space, Noise, and Safety. The Palo Alto Comprehensive Plan addresses the requirements of State law through the following elements:

- Land Use and Design
- Housing
- Transportation
- Natural Environment
- Community Services and Facilities
- Business and Economics

The Housing Element builds upon the other elements within the Palo Alto Comprehensive Plan, and is consistent with the Plan's policies and proposals. Housing policy is based upon the development capacity levels established in the Land Use and 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, if necessary, to ensure continued consistency between elements.

State law requires the Housing Element to include the following:

- Evaluation of existing housing needs
- Estimates of projected housing needs
- Review of previous Housing Element goals and programs that evaluates how well they achieved the City's objectives
- Inventory of adequate sites with an analysis that assesses the jurisdiction's ability to accommodate its share of the regional housing need in light of environmental and infrastructure issues and conditions
- Identification of governmental and non-governmental constraints to the production and maintenance of housing
- Specific proposals to address identified needs, remove or reduce governmental constraints; and conserve and improve existing affordable housing
- Quantifiable objectives that estimate the maximum number of units by income level for construction, rehabilitation and conservation of housing during the planning period

State law also requires communities to submit their housing elements for review by the State's Department of Housing and Community Development (HCD), to determine if they comply with State Housing Element Law (Article 10.6 of the Government Code).

1.4 DATA AND INFORMATION SOURCES

The information for this Housing Element Update came from a variety of sources. The primary sources used were:

- U.S. Census (Census 2000 and 2010)
- America Community Survey (ACS) data 2010-2012 (three-year estimates)
- California Department of Finance Housing and Population Estimates
- Association of Bay Area Governments (ABAG) projections (primarily 2009)
- Federal Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) data systems
- *Plan Bay Area 2013*
- City of Palo Alto

1.5 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 Assessment
ABAG	Association of Bay Area Governments
SF	square feet

1.6 COMMUNITY INVOLVEMENT

The 2015-2023 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 Community Panel meetings
- Community workshops on housing affordability and the Housing Element
- A housing questionnaire circulated to interested parties and available online
- Regional Housing Mandate Committee (RHMC) meetings

- Planning and Transportation Commission 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.

Community Panel

An ad hoc Community Panel was formed comprised of members representing a variety of community groups and public entities that have interests in the housing problems facing Palo Alto and finding solutions to those problems. The group included a member of the Planning and Transportation Commission, a representative from Palo Alto Housing Corporation, a member of Palo Alto Unified School District Board, a representative from the Human Relations Commission, a representative from the League of Women Voters, a mixed use developer with experience in Palo Alto, a representative from Palo Alto Parents (PTA Council), a representative from Palo Altans for Sensible Zoning, Housing and Special Needs Advocates, Palo Alto Neighborhood (PAN) representatives, and private individuals. The Community Panel represented the different housing interests of various segments of the community and provided a forum for the representatives of each group to share their knowledge and perspectives regarding housing needs and solutions. Although each Community Panel member represented the views of his or her respective groups, the also consulted with other individuals in the community. All Community Panel meetings were open to the public. The City anticipates holding eight Community Panel meetings between March 2014 and October 2014.

The Community Panel 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 Elements goals, policies and programs. The Community Panel recommendations were forwarded to the Planning Commission and the City Council.

Community Workshops

In addition to the work of the Community Panel, the City held two community workshops to hear from other members of the public on the issue of affordable housing and the Housing Element. These meetings were held on April 28, 2014 and April 30, 2014 in community facilities at locations in the northern and southern areas of Palo Alto. To advertise these meetings, an invitation was sent to neighborhood associations and the City’s general email list, a press release was prepared, and an advertisement was included in the local newspaper. The meetings were also advertised to the Community Panel, which is comprised of local stakeholders including representatives from groups that serve low-income and special needs groups. Identical agendas were prepared for each meeting.

The workshops were conducted as part of the *Our Palo Alto* speaker series. *Our Palo Alto* is a community conversation about the future of Palo Alto and is intended to create

Our Palo Alto
A community conversation about the city's future

CONVERSATION ENGAGEMENT PARTICIPATION EVENT
Housing Affordability

Join us for a lively, interactive and informative panel discussion on the difficulties faced by renters, homebuyers, and employers within the Palo Alto housing market. There is an acknowledgement that the availability of affordable housing in Palo Alto is a real challenge. What can be done to provide more affordable housing for residents at all economic levels? For future generations? How can the City's Housing Element be part of the solution? Come and participate in the discussion as we identify potential opportunities and solutions to these challenges.

Speakers include:

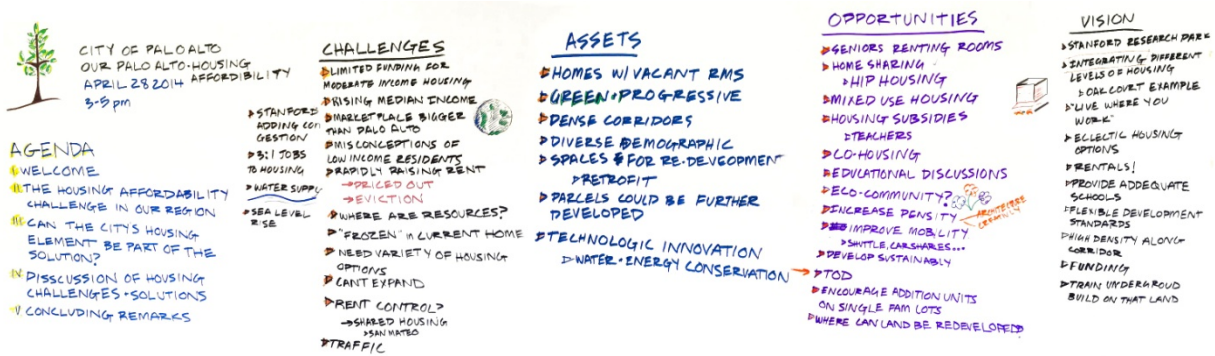
- Bena Chang, Silicon Valley Leadership Group
- Laura Stetson, MIG Consultants

What is Our Palo Alto?
Fueled by input and participation from citizens, Our Palo Alto is a community conversation about our City's future. These conversations will create opportunities for dialogue around Ideas, Action, and Design. Together we will discuss important ideas and programs, tackle the issues the community cares about, and design a long-term plan for the future.

To find out more information about Our Palo Alto or this event, go to www.cityofpaloalto.org/copalalto or call (650) 329-2100 x2443

This event is co-sponsored by the City of Palo Alto and Green Planning 510n.

opportunities for dialogue around important ideas and programs while tackling issues the community cares about. The workshops included two panel speakers, the Silicon Valley Leadership Group and the City’s Housing Element consultant, MIG, Inc. The speakers’ presentations provided an informational foundation for the discussion on housing issues affecting the Bay Area and specifically, Palo Alto. The presentations focused on the rising pressures on housing throughout the Bay Area and the rapidly changing demographics brought on by the tech boom. Panel speakers discussed the role Palo Alto’s Housing Element can play in addressing housing issues. The presentations informed lively conversation about the challenges and opportunities related to housing in Palo Alto. Below is an image of the wall graphic from one of the meetings, recording public comments.



Information received during these two meetings helped to define the work of City staff in identifying housing opportunity sites and developing revised goals, policies and programs. These meetings also provided opportunities for members of the public to ask questions of staff in a less formal setting.

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 English and Spanish and both printed and web-based versions of the questionnaire 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 424 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. More than half of respondents indicated that an increased variety of housing and the continuation of the City’s Below Market Rate (BMR) Housing Purchase Program are strategies that should be used to address the affordable housing crisis. Using the questionnaire’s open ended text boxes, many expressed a desire to preserve the City’s character through limited growth. Many agreed that if new development were to occur, it should happen along major transportation corridors and not in established residential neighborhoods. Many expressed a concern that new development would contribute to the City’s existing traffic issues while others suggested limiting commercial growth as a way to hold back increasing housing

demand. Many questionnaire comments referenced the need to improve the regional transit system and preserve mobile home units as a source of affordable housing.

The 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.

Regional Housing Mandate Committee Meetings

The Regional Housing Mandate Committee (RHMC) is a City Council subcommittee formed to work with staff and provide recommendations to Council on housing issues and the Housing Element Update process. The RHMC held monthly meetings, beginning December of 2013, to discuss issues critical to the Housing Element update.

Planning and Transportation Commission and City Council Meetings

The City held study sessions to review draft versions 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.

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 2014-2022.² The City must designate sites with the appropriate zoning and/or other land use policies that show the City can meet this estimated need. For the 2014-2022 planning period, the City must show that it can accommodate 1,988 housing units. The City is not required to construct the units, but must show that the adequate zoning or land use policies are in place to accommodate future housing growth.

The City of Palo Alto has engaged in a detailed site selection process with the public. The City's opportunity sites were developed in consultation with the Housing Element Community Panel, Regional Housing Mandate Committee (RHMC), Planning and Transportation Committee (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. For additional information about the site selection process, please see Appendix E.

Housing Element Program Review

Each Housing Element is required to provide a review of past accomplishments in light of the Element's Goals, Policies and Programs. Based on past accomplishments, staff proposed not to

² While the Housing Element planning period is defined as 2015-2023, the RHNA period is established separately and covers January 1, 2014 through October 31, 2022.

retain twelve programs, as those programs have either been completed or are no longer applicable. All other existing programs are proposed to be retained or revised. The Housing Element Community Panel, Regional Housing Mandate Committee, Planning and Transportation Commission and the City Council were presented the current Goal, Policies and Programs along with the 12 proposed programs to be removed. After extensive review of the 12 programs, it was recommended to keep one program, revise two programs and to not retain the remaining nine. A summary table of the twelve programs proposed for removal has been included as Appendix F.

1.7 ADOPTION

The City Planning and Transportation for reviewed the draft Housing Element on May 14, 2014. The PTC continued its review on May 28, 2014 and with some proposed revisions, it recommended the City council forward the draft Housing Element onto HCD for their initial review. The City Council approved submitting the draft Housing Element review on June 2, 2014. The draft Housing Element was submitted to HCD on July 7, 2014. On September 5, 2014, the City received a letter from HCD stating that the draft Housing Element, with some revisions, was statutorily compliant with State Housing Element law. The Planning and Transportation Commission held a public hearing that recommended approval of the Housing Element to the Council on October 1, 2014. The City Council adopted the Public Hearing Draft on November 10, 2014.

CHAPTER 2

HOUSING NEEDS ASSESSMENT

2.1 DEMOGRAPHIC PROFILE

Population Growth and Trends

Historical review of Palo Alto population data reveals that population growth from 1980-1990 was relatively low, around 1 percent growth rate. During the decade from 1990-2000, 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. This was one of the lowest rates of population growth for communities in Santa Clara County for that decade. Conversely, in 2010, the City reached a population of 64,403, the result of a 10 percent population increase. Over the same decade, the County experienced six percent overall population growth. Palo Alto's growth was due to both an increase in the number of dwelling units and an increase in household size.

Table 2-1 Population Trends of Neighboring Jurisdictions, 1990-2013

Jurisdiction	1990	2000	2010	2013	Percent Change 2000-2013
Cupertino	40,263	50,546	58,302	59,620	18%
Gilroy	31,487	41,464	48,821	51,544	24%
Los Altos	26,303	27,693	28,976	29,792	8%
Los Gatos	27,357	28,592	29,413	30,247	6%
Mountain View	67,460	70,708	74,066	76,260	8%
Palo Alto	55,225	58,598	64,403	66,368	13%
San Jose	782,248	894,943	945,942	984,299	10%
Santa Clara	93,613	102,361	116,468	120,284	18%
Sunnyvale	117,229	131,760	140,081	145,973	11%
Total County	1,497,557	1,682,585	1,781,642	1,842,254	9%

Sources: U.S. Census 1990, 2000, 2010 and California Department of Finance 2013

Between 2000 and 2013, Palo Alto was one of the fastest growing cities in the County, with an overall 13 percent increase. Throughout Santa Clara County, population increased by nine percent during the same period. Estimates of future growth indicate a moderate and steady increase in population over the next 20 years. By the year 2035, the Association of Bay Area Governments (ABAG) estimates that the population of Palo Alto will reach 84,000.

Table 2-2 Historical Population and Growth in Palo Alto, 1980-2035

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%
2013	66,638	2,235	3%
2025 (projection)	73,400	6,762	10%
2035 (projection)	84,000	10,600	14%

Sources: U.S. Census 1980, 1990, 2000, 2010, California Department of Finance 2013 and ABAG Projections 2009

Age Characteristics

The median age in Palo Alto has increased dramatically over the last four decades. In 1970, the median age was 29.5 years for males and 33.7 years for females. By 1990, the median age of Palo Alto residents had increased by approximately 6.5 years from 1970, climbing to 36 years for males and 40 years for females. In the year 2000, the median age for the entire population of Palo Alto was 40.2 years, which was considerably higher than the County median age of 34 years. From 2000-2010 the median age of Palo Alto’s population increased yet again from 40.2 to 41.9. During the same time, the Santa Clara County median age increased from 34 to 36.4 years.

Since the 1980s, the City of Palo Alto continues to experience two simultaneous trends in the population age breakdown—an increase in the youngest residents and an increase in the oldest residents. At the same time, there has been a continued decrease in the childbearing population age group (18-44 years) from the 1980s to the present.

The age group to experience the most significant increase has been the school age population (between 5 and 17 years), which increased by approximately 62 percent since 1980. Aging of the population is also evident in the increase in Palo Alto’s senior population. In 1980, the number of persons age 65 and over was 7,408, constituting 13 percent of the total population. By 2010, the population aged 65 and over had increased to 11,006, representing approximately 17 percent of Palo Alto’s total population. Overall, the senior population increased by almost 50 percent over the 1980-2010 period. Given the extensive senior-oriented resources in Palo Alto, it is expected that seniors will continue to reside in Palo Alto, but may begin shifting from single family homes to smaller units. This Housing Element will continue to plan for this demographic shift.

Table 2-3 Population Increase by Age in Palo Alto, 1970-2010

Age	1980	1990	2000	2010	Percent Change	
Group	Number	Number	Number	Number	1980-2010	2000-2010
Pre-School (under 5)	2,168	2,764	2,970	3,506	62%	18%
School Age (5-17)	8,998	6,999	9,436	11,573	29%	23%
Child Bearing (18-44)	24,004	24,863	21,872	20,300	-15%	-7%
Middle Age (45-64)	12,647	12,527	15,180	18,018	42%	19%
Senior (65 and over)	7,408	8,747	9,140	11,006	49%	20%
Median Age	35.2	38.2	40.2	41.9	19%	4%
TOTAL PERSONS	55,225	55,900	58,598	64,403	17%	10%

Source: US Census 1980, 1990, 2000 and 2010

Race and Ethnicity

In evaluating Palo Alto's racial distribution, the 2000 U.S. Census data indicated that a majority of Palo Alto's population was composed of white persons (73 percent). In the 2010s, Palo Alto's population is increasing in diversity although the white population remains the majority, comprising 61 percent of the population in 2010. The next largest population group by race is Asian. They comprised 17 percent of the City's population in 2000. In 2010 the proportion increased to 27 percent. Although the Hispanic population in Palo Alto increased by almost half in 2010 (from 2,722 to 3,974), it continued to comprise a small proportion. In 2000 Hispanics represented five percent of the population and six percent in 2010. The African-American remained consistent at two percent from 2000 to 2010.

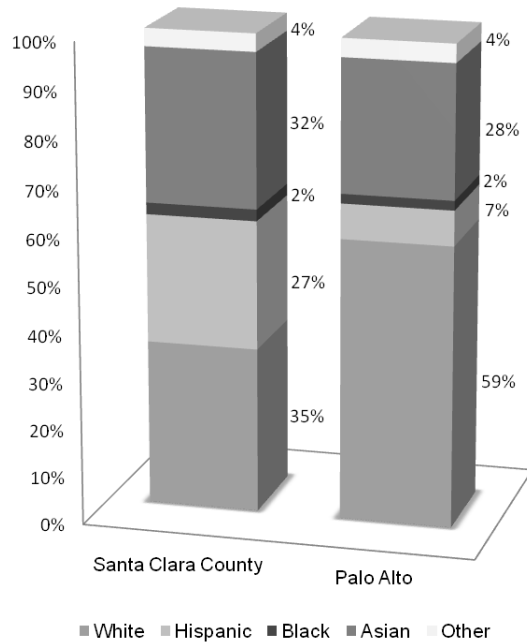
Table 2-4 Race and Ethnicity by Person

Racial/Ethnic Group	2000 Population (Percent of Total)		2010 Population (Percent of Total)		2000 to 2010 Percent Change	
	Palo Alto	Santa Clara County	Palo Alto	Santa Clara County	Palo Alto	Santa Clara County
White	73%	44%	61%	35%	-9%	-16%
Hispanic	5%	24%	6%	27%	46%	19%
Black	2%	3%	2%	2%	-3%	-5%
Asian	17%	25%	27%	32%	73%	32%
Other	3%	4%	4%	4%	44%	6%
Total	100%	100%	100%	100%	10%	6%

Source: U.S. Census 2000, 2010

Diversification trends continue, according to the most recent estimates (2012) from the American Community Survey. Palo Alto's racial and ethnic composition continues to closely parallel the countywide average in most categories. For example, Palo Alto's Asian population is increasing towards the countywide average of 32 percent for that group (Palo Alto has a 27 percent Asian population). However, 27 percent of Santa Clara County's population is Hispanic while only seven percent of the City's population identified themselves as Hispanic in 2012.

Figure 2-1 Racial/Ethnic Characteristics in Palo Alto and Santa Clara County, 2012



Source: ACS 2010-2012 three-year estimates

2.2 EMPLOYMENT CHARACTERISTICS AND TRENDS

Employment Trends

In 2000, 54 percent of Palo Alto residents were employed (31,369 persons). According to more recent (2012) estimates, that number had decreased to 31,007 employed persons residing in Palo Alto, representing 47 percent of the population. This decrease in the number and proportion of employed residents is likely due to the increase in the senior (age 65 and over) and children (ages under 18) populations, as these subpopulations largely do not work. Between 2000 and 2012, the senior population increased almost 24 percent, and the population under 18 years of age increased 19 percent.

Table 2-5 Employment Status of Population in Palo Alto, 2000 – 2012

Population	2000	2012	2000-2012 Percent Change
Persons age 16 and over	47,814	52,641	10.1%
Employed persons age 16 and over	31,369	31,007	-1.2%
Persons age 65 and over	9,140	11,296	23.6%
Persons age under 18	12,406	14,784	19.2%
Total Population	58,598	65,493	11.8%

Source: US Census 2000 and 2010-2012 ACS three-year estimates

Local Employment Growth

In 2013, ABAG adopted the *Plan Bay Area* to address transportation, land use and housing in the region through the year 2040. According to estimates compiled for *Plan Bay Area*, in 2010 there were 89,370 jobs in Palo Alto, with projections that total jobs will reach 119,030 in 2040 (33 percent growth).

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. In addition, Palo Alto attracts a high amount of venture capital investments. Many renowned companies and research facilities have their headquarters in Palo Alto including: Amazon.com's A9.com, VMware, Genencor, Hewlett-Packard, SAP, Space Systems/Loral, Wilson Sonsini Goodrich & Rosati, and Tesla Motors.

Stanford Hospitals and Clinics and Stanford University continue to be the largest employers, employing over 16,000 people. The three major hospital groups employ most of the employees in the Health, Educational sector: Stanford University Medical Center/Hospital, Lucille Packard Children’s Hospital, and Veteran’s Affairs Palo Alto Health Care System.

Table 2-6 Major Employers in Palo Alto, 2013

Employers	Approximate Number of Employees
Stanford University	10,979
Stanford University Medical Center/Hospital	5,545
Lucile Packard Children's Hospital	4,750
Veteran's Affairs Palo Alto Health Care System	3,850
VMware Inc.	3,509
Space Systems/Loral	3,020
Hewlett-Packard Company	2,500
Palo Alto Medical Foundation	2,200
SAP	2,200
Wilson Sonsini Goodrich & Rosati	1,650
Palo Alto Unified School District	1,362
City of Palo Alto	1,014

Source: City of Palo Alto Comprehensive Annual Financial Report, 2012 and 2013

Almost half of all employed Palo Alto residents hold Financial and Professional Service occupations (46 percent in 2000 and 49 percent in 2012). This sector includes software engineers and developers (mid-level to senior level), upper management level jobs of Silicon Valley

companies, product managers, and attorneys. The second most common occupational type is within the Health, Educational, and Recreational Services sector (30 percent in 2000 and 31 percent in 2012). These jobs include physicians, registered nurses and physical therapists, and educators.

Table 2-7 Employment by Occupation for Palo Alto, 2000-2012

Occupation	2000	2000	2012	2012
	Employees	% of all jobs	Employees	% of all jobs
Agricultural, and Natural Resources Jobs	9	0%	0	0%
Manufacturing/Production, Construction, Maintenance, and Transportation	1,390	4%	1,566	5%
Sales and office occupations	4,638	15%	3,388	11%
Financial and Professional Services	14,571	46%	15,057	49%
Health, Educational, and Recreational Services	9,390	30%	9,503	31%
Other Services	1,371	4%	1,493	5%
Total	31,369	100%	31,007	100%

Source: US Census 2000 and 2010-2012 ACS three-year estimates

Typical hourly and mean wages different occupations of Palo Alto residents are shown below.

Table 2-8 Typical Hourly and Mean Wages of Typical Jobs of Palo Alto Residents, 2013

Occupational Title	Mean Hourly Wage	Mean Annual Wage
Management Occupations	\$73.52	\$152,925
Business and Financial Operations Occupations	\$43.09	\$89,631
Computer Software Engineers, Hardware Engineer Applications and Mathematical Occupations	\$52.92	\$110,090
Architecture and Engineering Occupations	\$51.42	\$106,955
Life, Physical, and Science Occupations	\$42.76	\$88,932
Community and Science Service Occupations	\$26.16	\$54,428
Legal Occupations	\$63.59	\$132,264
Education, Training, and Library Occupations	\$28.71	\$59,719
Arts, Design, Entertainment, Sports, and Media Occupations	\$31.86	\$66,263
Healthcare Practitioners and Technical Occupations	\$51.82	\$107,784
Retail Sales and Related Occupations	\$26.10	\$54,296

Source: California Employment Development Department, Occupational Employment Statistics, 2013

The table below shows the commute travel time to work for Palo Alto residents 16 years of age and older who worked away from home in 2011 and 2012. In 2012, about 66 percent of the total employed residents of Palo Alto (31,007 people) commuted less than 30 minutes to go to work, while only nine percent commuted for more than 45 minutes. About eight percent of employed residents in the City work from home.

Table 2-9 Commute Patterns of Palo Alto Residents, 2011 and 2012

Estimated Travel Time to Work	Number of Commuters 2011	Number of Commuters 2012
0-14 Minutes	8,122	7,824
15-29 Minutes	11,731	12,680
30-44 Minutes	4,516	4,472
45+ Minutes	2,753	2,765
Worked at Home	2,659	2,377

Source: 2009-2011 ACS and 2010-2012 ACS three-year estimates

Jobs-Housing Balance

The employment trends discussed above indicate that Palo Alto has a jobs/housing imbalance heavily skewed to the jobs side of the ratio. In 2010, Palo Alto housed only about four percent of Santa Clara County’s population but contained approximately nine percent of all County jobs in the County. Recent estimates put the current jobs/housing balance at 3.05 jobs per employed resident. According to *Plan Bay Area* projections, the jobs housing imbalance is expected to continue to slightly decrease, resulting in a ratio of 2.98 jobs per employed resident by 2040. This trend requires the City to import most of its workers to meet the needs of business and industry, indicating in a large unmet need for worker housing in the City. Since many of Palo Alto’s workers cannot afford to live in the City, the imbalance creates negative impacts such as long commutes for workers both inside and outside the region, substantially increased traffic congestion during peak commute periods, and increased air pollution and energy consumption. The production of additional affordable housing would help to reduce or even avoid these impacts.

Over the years, the City has attempted to address its jobs/housing imbalance. In 2007, the City updated its Zoning Code, incorporating changes recommended by the 2002 Housing Element to encourage housing production. The updated Code encourages mixed-use development which would include retail and service uses with residential developments. This enables a good mix of land uses conducive to improving the jobs and housing imbalance. The changes in the Code introduced the concept of Pedestrian Transit Oriented Development zoning (PTOD) that allows higher density residential dwellings (40 dwelling units per acre) on commercial, industrial and multifamily parcels within a walkable distance of transit stations while protecting low density residential parcels and parcels located in or adjacent to the areas. Housing developments in the PTOD district encourages the following:

- Use of public transportation
- A variety of housing types, commercial retail and limited office uses

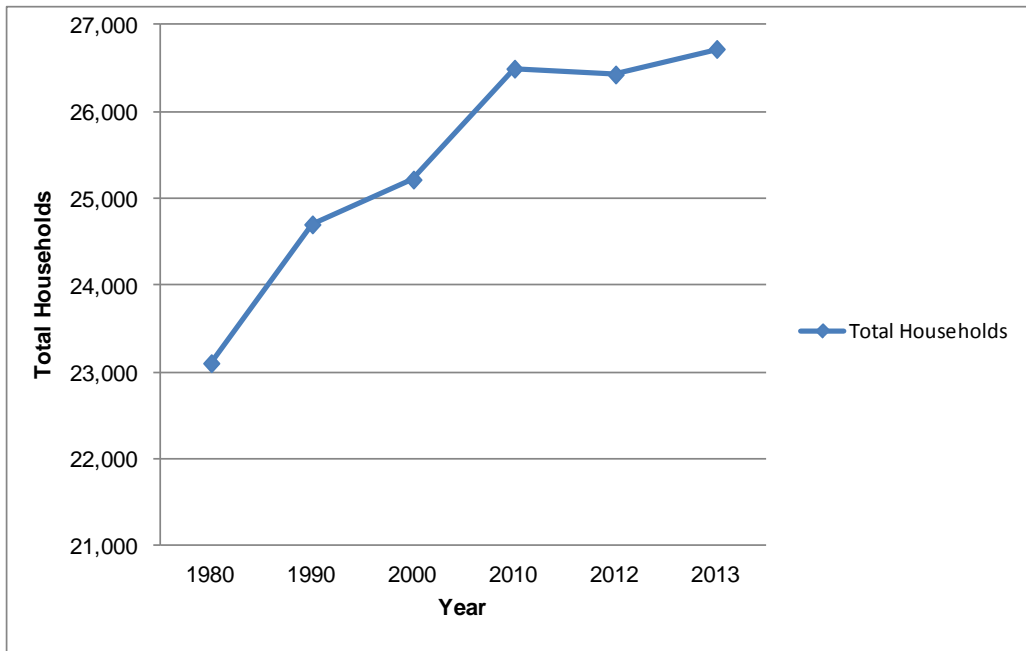
- Project design that achieves an overall context-based development for the PTOD overlay area
- Streetscape design elements that are attractive to pedestrians and bicyclists
- Connectivity to surrounding existing and planned pedestrian and bicycle facilities

More recent Zoning Code updates were completed in January 2014 (as directed in the 2007-2014 Housing Element) to help the City accommodate its Regional Housing Needs Allocation (RHNA). These updates included an amendment to the Neighborhood Commercial (CN) Zone to allow mixed-use residential developments with densities up to 20 dwelling units per acre. (Previously, the allowable maximum density was 15 dwelling units per acre). A Density Bonus Ordinance was also adopted consistent with Government Code Section 65915 to further encourage the development of affordable housing. The Density Bonus Ordinance allows up to a 35 percent increase in the number of market-rate units depending on the percentage of affordable units provided, and allows up to three development concessions to facilitate the inclusion of affordable units in residential developments.

2.3 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.

Figure 2-2 Total Household Growth in Palo Alto, 1980-2013



Source: US Census 1980, 1990, and 2010, the 2010-2012 ACS three-year estimate, and Department of Finance 2013 City/County Population and Housing Estimates.

Households can form even in periods of static population growth as adult children leave home, through divorce, and with the aging of the population. According to population estimates by the Department of Finance, there were approximately 26,720 households in the City in 2013.

Household Type and Size

Household size and type of household (Family and Non-Family Households) 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 non-family household is one in which a householder lives alone or only with non-relatives.

In evaluating the data from a historical perspective, while the total population increased by almost 19 percent between 1980 and 2012, the number of households in the City increased by only 14 percent. During this time, the percentage of family households increased by 24 percent, whereas the number of non-family households increased initially, but has since declined to approximately the 1980 level. In 2012, family households accounted for almost 64 percent of the total households in Palo Alto.

Family households are typically larger than non-family households because family households consist of a minimum of two persons, while non-family households can be single person households. In Palo Alto, there are more persons living in family than non-family households. Of the estimated 65,498 persons in Palo Alto in 2012, approximately 80 percent were living in family households (52,576 persons) and almost 19 percent (12,384 persons) in non-family households. The remaining 0.82 percent of the population (538 persons) was living in-group quarter facilities.

Table 2-10 Type of Household Growth in Palo Alto, 1980-2012

Year	Family Households	Percentage of Total Households	Non-Family Households	Percentage of Total Households
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%

Source: US Census 1990, 1980, 2000, and 2010-2012 ACS three-year estimates.

Although the number of single-parent households with children is less than married-couple family households, their number is increasing gradually. Between 2000 and 2012, the overall number of family households with children increased 28 percent and comprised 52 percent of all families in Palo Alto. During the same time, the number of single-parent families increased seven 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 2012, the number of

female-headed households with children increased 15 percent but still represented approximately seven percent of all family households. The significant changes in family households, particularly increases in families with children and female-headed families, may affect the demand for housing based on type and affordability for future housing in Palo Alto.

Table 2-11 Family Household Characteristics, 2000-2012

Household Type	2000		2012		Percent Change in Households
	Number	Percent	Number	Percent	
Families	14,593	58%	16,820	64%	15%
with children	6,861	47%	8,749	52%	28%
with no children	7,732	53%	8,071	48%	4%
single-parent families with children	1,337	9%	1,435	9%	7%
Female-headed families with children	1,011	7%	1,159	7%	15%
Non-family Households	10,723	42%	9,606	46%	-10%
Total Households:	25,216	100%	26,426	100%	5%

Source: US Census 2000, 2010-2012 ACS three-year estimates

The number of people occupying a housing unit and the type of occupants affects the size and condition of the unit, as well as the demand for additional units 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. In 2013, the average household size reached 2.5.

Table 2-12 Average Household Size in Palo Alto, 1970-2013

Year	Household Size (Person per Household)
1970	2.7
1980	2.3
1990	2.2
2000	2.3
2010	2.4
2013	2.5

Source: US Census 1970, 1980, 1990, 2000, 2010, and Department of Finance 2013

Increases in the number of children and households with extended families contributed to the increase in average household size in Palo Alto. 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 57 percent of the households in Palo Alto owned their homes in 2000, and 43 percent were renters. The proportion of renters and owners had a very minor shift in 2012 as the number of renters increased one percent and the ownership rate fell by one percent.

Table 2-13 Tenure of Occupied Housing in Palo Alto, 2000-2012

Tenure Type	2000		2010		2012	
	Number	Percent	Number	Percent	Number	Percent
Owner	14,420	57%	14,766	56%	14,732	56%
Renter	10,796	43%	11,727	44%	11,694	44%
TOTAL	25,216	100%	26,493	100%	26,426	100%

Source: US Census 2000, 2010, and 2010-2012 ACS three-year estimates

An overwhelming 94 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. According to 2012 estimates, the average household size was 2.67 for owner occupied housing units and 2.2 for renter-occupied housing units. In general, units available for rent in Palo Alto are smaller in size than ownership units.

Table 2-14 Tenure by Household Size in Palo Alto, 2012

Household Tenure	1-4 persons		5+ persons		Total
	Number	Percent	Number	Percent	Number
Owner	13,564	55%	1,168	68%	14,732
Renter	11,147	45%	547	32%	11,694
TOTAL	24,711	94%	1,715	6%	26,426

Source: 2010-2012 ACS three-year estimates

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 for the County of Santa Clara for the same period. This trend has continued, with 2012 estimates indicating that the difference between median household incomes in Palo Alto (\$118,396) and the County (\$89,445) has increased to 33 percent.

Table 2-15 Median Household Incomes in Palo Alto and Santa Clara County, 1990-2012

	1990	2000	2012
Palo Alto	\$68,737	\$90,377	\$118,936
Santa Clara County	\$53,670	\$74,335	\$89,445
Percent Difference	28%	22%	33%

Source: US Census 1990, 2000, and 2010-2012 ACS three-year estimates.

According to the 2000 Census, while there were many high-income households in Palo Alto, there were also households on more limited incomes. An interesting statistic from the 2000 Census data revealed that 14 percent of all Palo Alto households reported that their annual household income was less than \$25,000. This percentage was similar to the countywide average of 13 percent of all Santa Clara County households reporting incomes of \$25,000 or less. According to the three-year American Community Survey, in 2012 the number of households earning less than \$25,000 decreased to 11 percent in Palo Alto, while the share of the County increased to 14 percent. In other words, Palo Alto has reduced its proportion of households with limited incomes compared to the County since 2000 through 2012. In addition, there were 5,696 households in Palo Alto earning less than \$50,000 (approximately 22 percent of Palo Alto households) with an additional 21 percent of households earning between \$50,000 and \$100,000. However, Palo Alto also has almost twice as many households whose incomes are over \$200,000 in 2012 than the rest of the County. 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 2012, HUD considered a family of four earning \$52,500 or less and a single person earning \$36,750 or less and living in Santa Clara County to be very low-income households.

Figure 2-3 Household Income Distribution, 2012

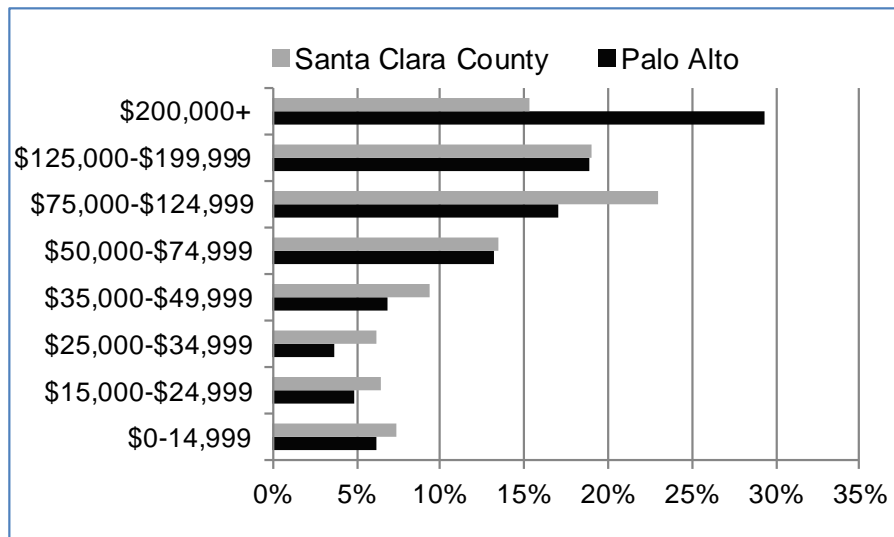


Table 2-16 HUD Annual Household Income Limits, 2012 Santa Clara County

Number of Persons in Household	Income Category		
	Extremely Low-Income (0-30% of AMI)	Very Low-Income (31-50% of AMI)	Low-Income (51-80% of AMI)
1	\$22,050	\$36,750	\$53,000
2	\$25,200	\$42,000	\$60,600
3	\$28,350	\$47,250	\$68,150
4	\$31,500	\$52,500	\$75,700
5	\$34,050	\$56,700	\$81,800
6	\$36,550	\$60,900	\$87,850

Source: HUD Income Limits, 2012.

Note: 2012 Santa Clara County Area Median Income for a family of four was \$105,000.

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 HUD’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 2010, approximately 79 percent of Palo Alto households earned moderate or above moderate incomes, and only 21 percent earned lower incomes. In comparison, approximately 68 percent of County households earned moderate or above moderate incomes and 32 percent earned lower incomes, including 13 percent who earned extremely low incomes. In Palo Alto, less than 10 percent of households earned extremely low incomes.

Table 2-17 Households by Income Category, 2010

Income Category (% of County AMI)	City of Palo Alto		Santa Clara County	
	Households	Percent	Households	Percent
Extremely Low (30% or less)	2,380	9%	75,395	13%
Very Low (31 to 50%)	1,535	6%	61,830	10%
Low (51 to 80%)	1,520	6%	56,325	9%
Moderate or Above (over 80%)	20,055	79%	403,195	68%
Total	25,485	100%	596,745	100%

Source: Department of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS), based on American Community Survey (ACS), 2006-2010.

Overpaying and Overcrowded Households

Overpaying

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, the cost burden for lower-income households reflect choices limited by a lack of a sufficient supply of housing affordable to these households. Though Palo Alto had a median household income of \$118,396 (in 2012 inflation-adjusted dollars), for owner-occupied households, the median income was \$161,906. For renter-occupied households, the median income was approximately half of that (\$79,426). During the same time, for owner-occupied households the median income for Santa Clara County was \$115,615 and for renter-occupied households the median income was \$60,058.

Rental Housing Costs

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. Larger rental housing units with three bedrooms or more were primarily single-family homes available for rent. Because four-bedroom apartments are rare, large families may need to rent a single-family home to avoid overcrowded conditions.

Rental prices in Palo Alto ranged from \$1,895 for a studio unit to \$8,580 for a four-bedroom single-family rental home. The overall average rental price for all unit sizes surveyed was \$4,096. A review of rental housing rates in Palo Alto show that rents in the City do not fall within the range of the HUD-determined fair market rents for Santa Clara County.

Table 2-18 Rental Housing Rates, 2014

Unit Size	Rental Range	Average
Studio/Efficiency	\$1,895-\$2,810	\$2,151
1 bedroom	\$1,995-\$3,695	\$2,590
2 bedroom	\$2,350-\$4,600	\$3,332
3 bedroom	\$3,500-\$6,300	\$5,100
4 bedroom	\$6,475-\$8,580	\$7,387

Source: Craigslist.com, apartments.com, apartmentlist.com

Search performed on April 27, 2014

Table 2-19 Fair Market Rents in Santa Clara County, 2014

Efficiency/Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom
\$1,105	\$1,293	\$1,649	\$2,325	\$2,636

Source: HUD User 2014

Ownership Housing Prices

While other areas of the state and nation experienced downturns in the housing market during the recessionary period of 2008-2011, Palo Alto home values continued to remain healthy and increased. Since 2010, home prices in Palo Alto have increased substantially. DataQuick, a home sales analysis and reporting company, reported that the median home price for single-family residences and condominiums in Palo Alto increased by 15 percent between 2012 and 2013, from \$1,495,000 to \$1,720,000. Median home prices in Santa Clara County as a whole are on the rise, and increased even more dramatically (from a percentage standpoint) during the same time period. The median home sales price in Palo Alto of \$1,720,000 in 2013 was more than two and a half times that of the County median price (\$645,000).

Table 2-20 Annual Median Home Prices, 2013

Jurisdiction	2012	2013	% Change 2012-2013
Campbell	\$625,000	\$701,000	12.2%
Cupertino	\$1,045,750	\$1,200,000	14.8%
Mountain View	\$769,250	\$800,000	4.0%
Palo Alto	\$1,495,000	\$1,720,000	15.1%
Santa Clara	\$540,000	\$635,000	17.6%
Saratoga	\$1,527,500	\$1,600,000	4.7%
Sunnyvale	\$645,000	\$767,500	19.0%
Santa Clara County	\$525,000	\$645,000	22.9%

Source: DataQuick California Home Sale Activity by City, Home Sales Recorded in the Year 2013.

Cost Burden

Current standards measure housing cost in relation to gross household income: Households spending more than 30 percent of their income, including utilities, are generally considered to be overpaying or cost burdened. Severe overpayment occurs when households pay 50 percent or more of their gross income for housing. In a 2013 study performed by the National Low Income Housing Coalition, low-income households in Santa Clara County can only afford monthly rents of up to \$760, while the fair market rent for a two-bedroom unit was \$1,610. 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.

Table 2-21 Housing Cost Burden by Tenure and Income, Palo Alto, 2010*

Household by Tenure, Income, and Housing Problem	Renters	Owners	Total Households
Extremely Low (0-30%)	1550	830	2,380
With any housing problem	64.84%	74.70%	68.28%
With cost burden >30%	62.90%	74.70%	67.37%
With cost burden >50%	48.39%	70.48%	56.21%
Very Low (31-50%)	865	670	1,535
With any housing problem	84.97%	42.54%	66.45%
With cost burden >30%	84.97%	34.33%	62.87%
With cost burden >50%	47.98%	26.12%	38.44%
Low (51-80%)	870	650	1,520
With any housing problem	88.51%	41.54%	68.42%
With cost burden >30%	75.29%	41.54%	60.53%
With cost burden >50%	27.59%	28.46%	31.25%
Moderate/Above Moderate (>80%)	7,430	12,625	20,055
With any housing problem	21.94%	20.71%	21.17%
With cost burden >30%	16.35%	19.64%	18.45%
With cost burden >50%	2.22%	5.19%	4.11%
Total Households	10,710	14,775	25,485
With any housing problem	52.21%	47.79%	31.12%
With cost burden >30%	33.43%	24.37%	28.17%
With cost burden >50%	14.66%	10.83%	12.44%

(*) Data presented in this table are based on special tabulations from 2006-2010 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.

Source: HUD Comprehensive Housing Affordability Strategy (CHAS), based on the 2006-2010 ACS.

In 2010, despite the high median income in Palo Alto, still 28 percent of all households overpaid for their housing (more than 30 percent of their income). Renter households were more likely than homeowners to overpay for housing. According to the 2006-2010 American Community Survey, over 33 percent of all renter households in the City were “cost burdened” or overpaid for housing, compared to 24 percent of homeowners. This figure has increased from 2000, when about 30 percent of renters paid more than 30 percent of their income for housing.

Historically, a large proportion of the City’s lower-income households overpaid for housing. In 2010, it is estimated that 63 percent of extremely low-income renter households and 75 percent of extremely low-income owner households overpaid for housing. Of the estimated 1,520 low-income households, 75 percent of renter households and 44 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 rental 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.

Affordability

Table 2-22 shows affordability of rental and ownership housing costs by income and household size. The amounts indicate the maximum 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 assuming 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 Table 2-18 and Table 2-20 with the maximum affordable housing costs presented in Table 2-22 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.

Without a public subsidy, the median priced home ownership units in the City require minimum household incomes upwards of \$170,000 depending on unit type. The upper end of the households in the above moderate-income range can afford typical rental unit housing costs, but low- and very low-income households have much more difficulty in finding rental properties in Palo Alto.

Table 2-22 Maximum Affordable Housing Costs, Santa Clara County, 2014*

Annual Income Limits		Affordable Housing Cost		Utilities, Taxes and Insurance			Affordable Price	
		Rent	Ownership	Rent	Ownership	Taxes/ Insurance	Rent	Sale
Extremely Low Income (0-30% AMI)								
1-Person	\$22,300	\$558	\$558	\$137	\$149	\$112	\$421	\$69,122
2-Person	\$25,500	\$638	\$638	\$160	\$173	\$128	\$478	\$78,432
3-Person	\$28,650	\$716	\$716	\$182	\$198	\$143	\$534	\$87,276
4 Person	\$31,850	\$796	\$796	\$242	\$265	\$159	\$554	\$86,577
5 Person	\$34,400	\$860	\$860	\$290	\$316	\$172	\$570	\$86,577
Very Low Income (31-50% AMI)								
1-Person	\$37,150	\$929	\$929	\$137	\$149	\$186	\$792	\$138,244
2-Person	\$42,450	\$1,061	\$1,061	\$160	\$173	\$212	\$901	\$157,329
3-Person	\$47,750	\$1,194	\$1,194	\$182	\$198	\$239	\$1,012	\$176,180
4 Person	\$53,050	\$1,326	\$1,326	\$242	\$265	\$265	\$1,084	\$185,257
5 Person	\$57,300	\$1,433	\$1,433	\$290	\$316	\$287	\$1,143	\$193,170
Low Income (51-80% AMI)								
1-Person	\$59,400	\$1,485	\$1,485	\$137	\$149	\$297	\$1,348	\$241,811
2-Person	\$67,900	\$1,698	\$1,698	\$160	\$173	\$340	\$1,538	\$275,791
3-Person	\$76,400	\$1,910	\$1,910	\$182	\$198	\$382	\$1,728	\$309,537
4 Person	\$84,900	\$2,123	\$2,123	\$242	\$265	\$425	\$1,881	\$333,509
5 Person	\$91,650	\$2,291	\$2,291	\$290	\$316	\$458	\$2,001	\$353,059
Median Income (81-100% AMI)								
1-Person	\$73,850	\$1,846	\$2,154	\$137	\$149	\$431	\$1,709	\$366,363
2-Person	\$84,400	\$2,110	\$2,462	\$160	\$173	\$492	\$1,950	\$418,069
3-Person	\$94,950	\$2,374	\$2,769	\$182	\$198	\$554	\$2,192	\$469,542
4 Person	\$105,500	\$2,638	\$3,077	\$242	\$265	\$615	\$2,396	\$511,241
5 Person	\$113,950	\$2,849	\$3,324	\$290	\$316	\$665	\$2,559	\$545,259
Moderate Income (101-120% AMI)								
1-Person	\$88,600	\$2,215	\$2,584	\$137	\$149	\$517	\$2,078	\$446,463
2-Person	\$101,300	\$2,533	\$2,955	\$160	\$173	\$591	\$2,373	\$509,844
3-Person	\$113,950	\$2,849	\$3,324	\$182	\$198	\$665	\$2,667	\$572,721
4 Person	\$126,600	\$3,165	\$3,693	\$242	\$265	\$739	\$2,923	\$625,824
5 Person	\$136,750	\$3,419	\$3,989	\$290	\$316	\$798	\$3,129	\$669,074

Notes:

(*) Assumptions: 2014 HCD income limits; 30.0% gross household income as affordable housing cost; 20.0% of monthly affordable cost for taxes and insurance; 10.0% downpayment; and 4.0% interest rate for a 30-year fixed-rate mortgage loan. Utilities based on Housing Authority of Santa Clara 2013 County Utility Allowance.

Sources: California Department of Housing and Community Development, 2014; Housing Authority of the County of Santa Clara, 2013

Overcrowding

The Census defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens). 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 strongly related to household size and the availability of suitably sized housing. Overcrowding impacts both owners and renters; however, renters are generally more significantly impacted. Overcrowding is particularly exacerbated where there is a mismatch between the number of large family households, defined as households of five or more persons, and the number of available family-sized housing units.

According to the 2000 U.S. Census, approximately 1,057 units or four percent of Palo Alto’s total occupied housing units were overcrowded with more than one person per room. More recent 2012 estimates indicate a slight decrease in overcrowding with approximately three percent of the City's total occupied housing units overcrowded. Of these overcrowded units, 29 percent were "severely overcrowded" with more than 1.51 persons per room. The majority (79 percent) of the severely overcrowded units were occupied by renters. Renter households are more likely to have a higher incidence of overcrowding than owner households—approximately 77 percent of all overcrowded units are occupied by renter households.

Overcrowding is not as serious a housing problem in Palo Alto as it is in Santa Clara County as a whole. For comparison, approximately 18 percent of all rental units in Santa Clara County were considered overcrowded by in 2012.

Table 2-23 Overcrowding by Tenure in Palo Alto

Overcrowding	2012			
	Number of Housing Units	Percent of Housing Units	Percent of Rental Units	Percent of Owner Occupied Units
Overcrowded (1 - 1.5 persons/room)	580	2%	4%	1%
Severely Overcrowded (>1.5 persons/room)	234	1%	2%	0%
Total Overcrowded (>1 persons/room)	814	3%	5%	1%

Source: 2010-2012 ACS three-year estimates

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 families, in particular, 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 1,715 in 2012. Approximately four percent of the owner-occupied units housed more than five-person households (1,168 households) and another two percent of renter-occupied households housed more than 5 person households. Moreover, even smaller households in Palo Alto have difficulty in finding appropriately size 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.

Table 2-24 Household Size by Tenure in Palo Alto, 2012

Households	1-4 Persons		5+ Persons		Total	
	Number	Percent	Number	Percent	Number	Percent
Owner	13,564	51%	1,168	4%	14,732	56%
Renter	11,147	42%	547	2%	11,694	44%
Total	24,711	94%	1,715	6%	26,426	100%

Source: 2010-2012 ACS three-year estimates

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. Developers in Palo Alto in the past decade 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 the assisted housing developments in the City that are both larger size and affordable. As an example, the Arastradero Park development includes fourteen three-bedroom units and four four-bedroom units. However, given the rapid rise in the rents of large apartments, more family-sized apartments are needed to help keep rental costs down as well as reduce overcrowding. 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.

2.4 SPECIAL NEEDS GROUPS

There are certain specific demographic or occupational groups that have special needs which require specific program responses. They include disabled households, senior households, female-headed households, single-parent households, large family households, overcrowded 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 of the 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 age 65 and over. Seniors are considered a special needs group, as they tend to have more health problems than the population at large. These health problems 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. 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.

The number 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 13 percent of the population but, by 2010, that percentage had increased to 17 percent of the total population. The total number of elderly persons residing in Palo Alto in 2012 was 11,296, approximately 17 percent of the total population. Between 1980 and 2012, Palo Alto's senior population increased nearly 20 percent. 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, particularly given the substantial increase in the City's middle age population over the last decade (19 percent).

Table 2-25 Senior Population Increase in Palo Alto, 1980-2012

Age	1980	1990	2000	2010	2012	Change (2000-2012)	
Group	Number	Number	Number	Number	Number	Number	Percentage
Senior (65 and over)	7,408	8,747	9,140	11,006	11,296	2,156	24%
TOTAL PERSONS	55,225	55,900	58,598	64,403	65,498	6,900	12%

Source: US Census 1980, 1990, 2000, 2010, and 2010-2012 ACS three-year estimates

In 2012, only three percent of the people 65 years or older in Palo Alto were living in group quarters or were institutionalized. Outside of institutionalized settings, there were 7,968 households in Palo Alto that contained individuals 65 years or older. These households represented 30 percent of all Palo Alto households in 2012. Approximately 35 percent of persons 65 years old or older were in non-family households, and 62 percent were in family households. In 2012, approximately 65 percent of all elderly non-family households were single females living alone representing approximately 22 percent of all elderly Palo Alto residents.

Approximately six percent of all elderly (731 persons total) had incomes below the poverty level in 2012. The majority of those persons (528) were over the age of 75 years old. While the percentage of elderly persons living below the poverty level is low, the fact that many elderly households in Palo Alto live on limited incomes is of concern. The 2012 American Community Survey three-year estimates indicate that approximately 44 percent of all elderly households had incomes that were at the extremely low-, very low- or low-income level according to HUD's 2012 income standards. There were approximately 1,377 elderly households with incomes that could be classified as extremely low-income and another 1,030 households that were classified as very low income. In 2012, approximately 39 percent of senior households had incomes lower than \$50,000 per year while 23 percent had annual incomes between \$50,000 and \$100,000.

The majority of Palo Alto elderly households are homeowners. In 2000, approximately 70 percent of all elderly households lived in owner-occupied housing units. In 2012, the percentage of elderly households that were homeowners had decreased to 66 percent. An estimated 30 percent of elderly homeowners were paying more than 30 percent of their income on housing. More than half (54 percent) of elderly renter households were experiencing a housing cost burden.

Table 2-26 Senior Households by Tenure in Palo Alto, 2012

Householder Age	Owners	Renters	Total
65-74 Years	2,455	945	3,400
75 plus Years	838	752	1,590
Total Senior Households	3,293	1,697	4,990

Source: 2010-2012 ACS three-year estimates

With the continued increase in the number and proportion of senior households 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 2010-2015, 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. Some of these independent living facilities also provide meal plans and other services.

Table 2-27 Independent Living Facilities for Elderly Residents in Palo Alto, 2014

Development	Total Units	Senior Units	Income Level Served
Alta Torre	56	55	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
TOTAL	1,251	985	

Source: City of Palo Alto, 2014.

Note: Some of these facilities also offer meal plans.



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 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 2-28 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 39 percent of Palo Alto seniors earn less than \$50,000 annually, the demand will continue to increase. Many of the Housing Element’s programs are focused on this escalating need.

Table 2-28 Residential Care Facilities for the Elderly Population in Palo Alto, 2012

Name of Facility	Persons Served	Type of Facility
Channing House	21	Nursing Facility
Channing House	285	Residential Care Facility
Home Sweet Home	2	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

Table 2-28 Residential Care Facilities for the Elderly Population in Palo Alto, 2012

Name of Facility	Persons Served	Type of Facility
The Birches Residential Care	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 physical disabilities or mental illnesses that can prevent them from working, restrict their mobility, or make it difficult to care for themselves. In addition, both mentally and physically disabled persons face housing access and safety challenges. Disabled people often have limited incomes which are often devoted to cover housing costs.

It is estimated that in 2012, Palo Alto had 4,608 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, only differing in the 75+ age cohort where City of Palo Alto has more disabled seniors than the County.

Table 2-29 Disability by Age, Palo Alto

Age Group	2012		
	Total Persons	Persons with a Disability	% of Total Age Group
Under 5 Years	3,287	15	0%
5-17 Years	11,469	339	3%
18-64 Years	39,333	1,395	4%
Over 65 Years	10,958	2,859	26.1%
Total	65,047	4608	7%

Source: 2010-2012 ACS three-year estimates

Individuals with physical disabilities are in need of housing units that have been 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 physical 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 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. Table 2-30 lists the number of beds in licensed community care facilities in Santa Clara County that are available to serve Palo Alto residents.

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.

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 included under this definition include mental retardation, epilepsy, autism, cerebral palsy, and “other conditions needing services similar to a person with mental retardation”. The State Department of Developmental Services (DDS) currently provides community based services to approximately 243,000 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. According to the San Andreas Regional Center, there were 42 persons with developmental disabilities living in Palo Alto as of April 2014 and accessing the services of the Regional Center. The number of persons with developmental disabilities is likely higher than reported by the 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 living with a developmental disability: rent subsidized homes, licensed and unlicensed single-family homes, inclusionary housing, Section 8 vouchers, special programs for home purchase, HUD housing, and residential care facilities. 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 multifamily 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 income.

The most severely disabled persons may require an institutional environment where medical attention and physical therapy are provided. Because developmentally 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.

In order to assist in the housing needs for persons with Developmental Disabilities, the City of Palo Alto will implement programs to coordinate housing activities and outreach with the Regional Center and to facilitate additional housing opportunities in Palo Alto for persons with disabilities, especially persons with developmental disabilities.

Table 2-30 Licensed Community Care Facilities in Santa Clara County, 2014

Type of Facility	Capacity	
	Facilities	Beds
Adult Residential (a)	258	2,012
Residential Care for the Elderly (b)	316	5,432
Group Homes (c)	45	340
Small Family Homes (d)	1	6
Total	620	7,790

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, 2014

Large Households

Large households are defined as households with five or more members. In 2012, Palo Alto was estimated to have about 1,715 households with more than five members, representing approximately six percent of total households (see Table 2-24). These households are considered to have special needs, due to limited availability of large-size affordable units. In Palo Alto, larger units are often very expensive thereby forcing large families to rent small, less expensive units or double-up with other families or extended family to save on housing costs. This often

leads to overcrowding to avoid higher housing expenses. In Palo Alto, 68 percent of the large households live in owner-occupied units and 32 percent live in rental units.

Forty-two percent of Palo Alto’s owner-occupied housing stock contains three-bedrooms and approximately 40 percent contain four or more bedrooms. Most of the rental housing, however, contains one or two bedrooms (70 percent) and 7 percent are studio units. Only 23 percent of the rental housing contains three or more bedrooms. Because Palo Alto has a limited supply of larger rental units to accommodate large family households, large families may face difficulty in locating adequately sized, affordable housing.

Table 2-31 Occupied Housing Stock by Number of Bedrooms, Palo Alto 2012

Unit Size (Number of Bedrooms)	Owner Households		Renter Households		All Households	
	Number	Percent	Number	Percent	Number	Percent
No Bedroom*	28	0%	791	7%	819	3%
1 Bedrooms	470	3%	4,174	36%	4,644	18%
2 Bedrooms	2,156	15%	4,052	35%	6,208	23%
3 Bedrooms	6,156	42%	1,910	16%	8,066	31%
4 Bedrooms	4,305	29%	660	6%	4,965	19%
5+ Bedrooms	1,617	11%	107	1%	1,724	7%
Total	14,732	100%	11,694	100%	26,426	100%

Source: 2010-2012 ACS three-year estimates

Single Parent and Female-Headed Households

Over the years, the number of women rearing children alone in America has increased steadily. In 2012, nationwide, 24 percent of children lived with only their mothers, four 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 low incomes 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 2012, approximately 7,314 female-headed households resided in Palo Alto. These households represented 28 percent of all households. Female-headed households with children made up seven percent of all family households. Limited household income levels affect the ability of single parent households to secure affordable housing. In 2012, it is estimated that six percent of total households were living below the poverty level and almost half of these (43 percent) were female-headed households.

Table 2-32 Female-Headed Households in Palo Alto, 2012

Household Type	Number	Percent
Total Households	26,426	100%
Total Female-Headed Households	7,314	28%
Total Households Below the Poverty Level	1,532	6%
Total Female-Headed Households Below the Poverty Level	665	3%
Total Households At or Above the Poverty Level	24,894	94%
Female-Headed Households At or Above the Poverty Level	6,649	25%

Source: 2010-2012 ACS three-year estimates

“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 2012, there were 1,435 single parent households in Palo Alto, a 7 percent increase from 2000 (see Table 2-11). Of these, 276 were headed by males and 1,159 had a female head of household. Single parent families made up 9 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, insufficient training and education for higher-wage jobs, 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 for themselves and their children; or, they may have to rent a housing unit that is too small for their needs because it is the only type of housing they can afford. 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 InnVision for the operation of the Opportunity Center (located in Palo Alto), including programs for at-risk families. The Opportunity 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. 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. The 2012 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. Large open space areas that could accommodate farming or mining are located within the baylands or hillsides of Palo Alto and its Sphere of Influence and are set aside for park use, conservation purposes, or open space preserves. Finally, no housing advocate or low-income housing provider in Palo Alto has indicated there is an unmet need in the City for farmworker or mineworker housing.

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). Housing for farmworkers, to the extent that there are any, would be provided through the City's policies and programs that address the needs of lower income households in general.

Homeless Persons

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 12 percent of the nation's homeless population living on streets or in shelters in California. 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 homeless households in a community. This is primarily due to the lack of good data on the number and type of homeless households. 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.

There are two data points available for estimating homeless count: yearly estimates based on a HUD-recommended formula that considers population estimates from State of California Department of Finance data, previous years' Santa Clara County Homeless Census and survey data. The other source is point-in-time or daily counts performed by Santa Clara County Homeless Census and Survey.

The 2013 Annual Estimated Homeless count in Santa Clara County indicated that there were 19,063 homeless individuals in the County, an 11 percent decrease from the 2011 estimate of 21,379. While the annual estimate decreased, this was in part due to a significant number of respondents who reported extended periods of homelessness in 2013; however, the actual number of individuals counted in the point-in-time County survey actually increased between 2011 and 2013.

The point-in-time daily count by *Santa Clara County Homeless Census and Survey* estimated 7,631 self-declared homeless as per the HUD definition on one night in January 2013. These people were found either in a place not fit for human habitation or in emergency or transitional housing for homeless people. The survey found the greatest number of homeless in San José, with approximately 4,770 homeless people counted, or 63 percent of the County’s total homeless population. Santa Clara had the second largest count of homeless people among the jurisdictions, with nearly 480 people living without permanent shelter. Palo Alto had 157 homeless individuals.

Between 2011 and 2013, the *2013 Santa Clara County Homeless Census and Survey* showed the total number of sheltered and unsheltered homeless count increased 4 percent (151 to 157) for the City of Palo Alto compared with an increase of eight percent (7,067 to 7,631) for the County.

Even though the annual estimate of homeless persons in the county decreased in 2012, the point-in-time homeless counts in Palo Alto and countywide showed an increase, indicating that the demand for services and shelters in Silicon Valley will continue for the foreseeable future. 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 unmet need. In an effort to meet the City of Palo Alto’s homeless needs, the 2015-2023 Housing Element, through policy implementation, is proposing to continue to participate in the Santa Clara County Homeless Collaborative and work with neighboring jurisdictions to develop additional shelter opportunities (Program H3.5.1). The local homeless services providers throughout the County have felt the demands from the increased number of unsheltered homeless individuals, reporting an increase in clients seeking assistance.

The City of Palo Alto participates in the Santa Clara County Collaborative on Housing and Homeless Issues, which represents homeless shelters, service providers, advocates, nonprofit housing developers and local jurisdictions. The City and the Collaborative follow a "Continuum of Care" approach in addressing the needs of homeless persons. The continuum consists of the following steps in providing homeless resources:

- Prevention Services
- Emergency Shelter
- Transitional and Permanent Affordable Housing.

Listed below is a description of the resources available to Palo Alto households through the City’s association with the County Collaborative on Housing and Homeless Issues.

i) 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 "overpay" for housing (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 InnVision, 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 120 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. InnVision’s “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.

Table 2-33 Lists of Organizations Providing Prevention Services for the Homeless in Palo Alto

Service Provider	Target Population	Services Provided	Number of Palo Alto Residents Served
<u>Prevention Services</u>			
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.	100-120
The Food Closet	Individuals and Families	Food provision	79
Inn Vision’s “Breaking Bread” program	Individuals and Families	Hot Meals	All
The American Red Cross	Individuals and Families	Emergency assistance	All

Source: City of Palo Alto

ii) 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 InnVision, 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 (Heart ran the Home Women's Shelter) in Palo Alto modeled after and in collaboration with InnVision's Hotel de Zink. The program provided 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. With assistance from the City of Palo Alto through the approval of a Temporary Use Permit, H+H ran the Heart ran the Home Women's Shelter again from January 26, 2014 through April 5, 2014, and is in the process of becoming a more permanent operation.

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.

Table 2-34 Homeless Facilities in Santa Clara County, 2014

Organization	Facility	Address	Total Capacity
Emergency Shelters			
Asian Americans For Community Involvement of Santa Clara County, Inc.	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, 95050	20 Persons (Year Round) 250 Persons (December 2 to March 31)
EHC LifeBuilders	Emergency	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, 95125	200 Persons (Year Round) 250 Persons (December 2 to March 31)
EHC LifeBuilders	Emergency	Sunnyvale National Guard Armory 620 E. Maude Sunnyvale, 94086	125 Persons
EHC LifeBuilders	Emergency (Veterans)	Boccardo Reception Center (BRC) 2011 Little Orchard San Jose, 95125	40 Persons (December 2 to March 31)
EHC LifeBuilders	Emergency (Youth)	Sobrato House Youth Center 496 S. Third Street San Jose, CA 95112	10 beds
Family Supportive Housing	Emergency (Families)	San Jose Family Shelter 692 North King Road San Jose, CA, 951331667	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
InnVision	Emergency	Hotel de Zink hosted at alternate locations in Palo Alto	15 Beds
InnVision	Emergency	Julian Street Inn 546 West Julian Street San Jose, CA, 95110	70 Beds
InnVision	Emergency (Women and Children)	260 Commercial Street San Jose, CA, 95112	55 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

Note:

(a) Location is confidential.

Source: Santa Clara County 2-1-1, 2014.

iii) 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 the Palo Alto Housing Corporation.

Table 2-35 Transitional Housing Facilities in Santa Clara County, 2014

Organization	Facility	Address	Total Capacity
Transitional Housing			
EHC LifeBuilders	Transitional (Families With Children)	Boccardo Family Living Center 13545 Monterey Road San Martin, CA 95046	26 Units
EHC LifeBuilders	Transitional (Veterans)	Boccardo Regional Reception Center 2011 Little Orchard St. San Jose, CA 95125	20 Beds
EHC LifeBuilders	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
InnVision	Transitional	Montgomery Street Inn 358 N. Montgomery Street San Jose, CA 95110	85 Persons
InnVision	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
Palo Alto Housing Corporation	Transitional (Disabled)	Barker Hotel 439 Emerson Street Palo Alto, CA 94301	26 units
Palo Alto Housing Corporation	Transitional (Disabled)	Alma Place 753 Alma Street Palo Alto, CA 94301	107 units
West Valley Community Services	Transitional (Men and Single Mothers)	10311-10321 Greenwood Ct. Cupertino, CA 95014	12 Single Men and 6 Single Mothers

Note:

(a) Location is confidential.

Source: Santa Clara County 2-1-1, 2014, City of Palo Alto

The Shelter Plus Care Program, administered by the County Office of Homelessness, 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 Shelter Plus Care Program, the Palo Alto Housing Corporation 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 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

Extremely low-income households are those households with income less than 30 percent of the area median income. The 2014 HUD published area median income for Santa Clara County for a family of four was \$105,000. According to HCD, households earning \$31,850 or less for a four-person household or \$22,050 or less for a one-person household are qualified as extremely low-income (see Table 2-16).

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 \$10.60 per hour) would be considered an extremely low-income household with an annual income of \$22,050. California Employment Development Department data shows in the San Jose-Santa Clara-Sunnyvale MSA, occupations like childcare workers earn around \$14 per hour; manicurists, pedicurists, and hair stylists earn from \$9 to \$12 per hour; waiters and servers \$10-\$14 per hour; and food preparation and serving related workers earn about \$10 per hour. Individuals with these occupations could also qualify as extremely low-income households. A retiree living on Social Security Income alone would earn an estimated \$29,172 per year, and also be considered extremely-low income. The area median rent for housing has increased considerably over the last two decades making it practically impossible to survive on the above-mentioned wages in Palo Alto.

Table 2-36 Median Gross Rent in Palo Alto, 1990-2012

Rent	1990	2000	2010	2012	2000-2012 Percent Change
Median Gross Rent	\$825	\$1,349	\$1,723	\$1,897	41%

Source: U.S. Census 1990, 2000; 2008-2010 and 2010-2012 ACS three-year estimates

Note: 2014 estimates indicate a significantly higher average rent than the ACS estimates would indicate.

About 11 percent of Palo Alto’s households (2,918) earned less than \$25,000 in 2012. These extremely low-income households represented approximately eight percent of all homeowners and 15 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 2006-2010 CHAS data (see Table 2-21), 65 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 63 percent were in overpayment situations. Moreover, 56 percent of extremely low-income households (renters and owners) paid more than 50 percent of their income toward housing costs, compared to 12 percent for all households.

Projected Needs

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 691 very low-income units, the City has a projected need for 345 units to serve extremely low-income households.

Table 2-37 ABAG’s New Construction Need by Household Income Level in Palo Alto, 2014-2022

Income Level	Number of Units	% of Total Need
Extremely Low-Income	345	17%
Very Low-Income	346	38%
Low-Income	432	22%
Moderate-Income	278	13 %
Above Moderate-Income	587	30%
Total	1,988	100%

Source: ABAG Regional Housing Needs Allocation, 2014

Many extremely low-income households will be seeking rental housing and most likely facing an overpayment, overcrowding or substandard housing condition. Some extremely low-income households could have mental or other disabilities and special needs. 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 small sized units.

2.5 HOUSING CHARACTERISTICS

Housing Development

In the year 2000, there were 26,155 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.

Table-38 Total Number of Housing Units in Palo Alto, 1970-2012

Year	Total Number of Units
1970	21,338
1980	23,747
1990	25,188
2000	26,048
2010	28,216
2012	28,134

Source: U.S. Census 1970, 1980, 1990, 2000, 2010; 2010-2012 ACS three-year estimates

Table 2-43 shows that there has been a significant decrease in the rate of housing produced in the City of Palo Alto over the last three decades. During the decade from 1970-80, the housing stock increased by 2,409 units, or approximately 240 units per year. Between 1980 and 1990, production dropped to an average of 144 new units per year and during the following decade

(1990-2000), the rate slowed even more to an average of 96 units per year. Despite an increase in the rate of production to 173 units per year from 2000 to 2012, the downward trend from previous decades can be expected to continue because of the small amount of vacant land available and limited opportunities for redevelopment.

Table 2-39 Annual Rate of Housing Production, 1970-2012

Year	Rate of Production*
1970-1980	240 units per year
1980-1990	144 units per year
1990-2000	96 units per year
2000-2012	173 units per year

Note:

* Housing unit numbers were not available before 1990; Rate of production was calculated assuming a vacancy rate of 3.5% from the Household number.

Source: U.S. Census 1970, 1980, 1990, 2000; 2010-2012 ACS three-year estimates

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. 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

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 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.

In 2012, the vacancy rate for rental units was at 3.5 percent and at 1.7 percent for ownership units, indicating high demand and need for housing. A limited vacancy rate increases competition for housing and can result in higher housing costs, reducing housing opportunities for lower-income households. In 2012, the overall vacancy rate in Palo Alto was approximately 6 percent.

Table 2-40 Occupied Housing Tenure and Vacancy

Tenure	2000		2012		Percent Change in Units
	Number	Percent of Total	Number	Percent of Total	
Total Occupied Housing Units	25,216	100%	26,426	100%	4.80%
Renter-Occupied	10,796	43%	11,694	44%	8.32%
Owner Occupied	14,420	57%	14,732	56%	2.16%
Rental Vacancy Rate	2.0%		3.5%		1.5%
Owner Vacancy Rate	0.6%		1.7%		1.1%
Overall Vacancy Rate	3.19% (1.18% effective)		6.07% (2.43% effective)		2.87%

Source: U.S. Census 2000; 2010-2012 ACS three-year estimates

Data from the 2000 Census indicated that 832 units were vacant in Palo Alto out of a total housing stock of 26,048 units. That reflected an overall vacancy rate of 3.19 percent. However, in looking at this data more closely only 309 of the 832 units were available for sale or rent. The remaining 523 units were vacant but were being used for seasonal, recreational, or other uses. Therefore, the real vacancy rate when evaluating units available for rent or sale was actually 1.18 percent in year 2000. In 2012, the vacancy rate increased to 6.07 percent. Of the 1,708 vacant units, 40 percent (686) were either for rent or for sale. Another 366 of the vacant units are used for seasonal, recreational or occasional use and 340 units were either sold or rented but unoccupied. This reduced the effective vacancy rate to 2.43 percent.

Table 2-40 Housing Vacancy in Palo Alto, 2000-2012

Housing Units	2000	2012
Total Dwelling Units	26,048	28,134
Total Occupied Dwelling Units	25,327	26,426
Total Vacant Dwelling Units	832	1,708
Vacancy Rate	3.19%	6.07%
Dwelling Units Vacant for Rent	217	432
Dwelling Units Vacant For Sale Only	92	254
Dwelling Units Vacant Rented or Sold but not Occupied	129	340
Dwelling Units Vacant for Seasonal, Recreational, or Occasional Use	218	366
Dwelling Units Vacant: For Migrant Workers	1	0
Other Vacant Dwelling Units	175	316

Source: U.S. Census 2000, 2010-2012 ACS three-year estimates

Housing Types

The majority of housing units in Palo Alto (62 percent of the housing stock in 2013) are single-family units. Of these, 58 percent are single-family detached units and the remainder single-family attached units (e.g. condominium and townhouse units). Multi-family units in structures of 2-4 units represented six percent of the housing stock in 2013, and approximately 31 percent of the housing stock consisted of multi-family units in structures of five and more units. Mobile homes represented less than 0.35 percent of the total housing stock.

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. Between 1996 and 2000, the City built about 335 dwelling units of which 212 units were multiple family units.

Table 2-41 Housing Unit Types in Palo Alto, 1990-2013

Housing Type	1990		2000		2013		2000-2013 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%	Unknown
Single-Family Attached	--	--	-	14%	1,229	4%	Unknown
Total Single-Family	16,253	55%	16,298	58%	17,614	62%	8%
Multi-Family 2-4 Units	--	--	1,728	11%	1,841	6%	7%
Multi-Family 5+ Units	--	--	7,897	27%	8,903	31%	13%
Total Multi-Family	8,822	40%	9,586	38%	10,744	38%	12%
Mobile Homes, Trailer & Other	113	4%	164	5%	99	0.35%	-40%
Total	13,195	100%	26,048	100%	28,457	100%	9%

Source: U.S. Census 2000; CA Department of Finance, 1990 and 2013

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 nine percent between 2000-2013. The largest growth in the proportion of housing unit type during this time was multifamily (12 percent). Single-family homes grew by eight percent, while mobile homes or trailers decreased by 40 percent.

The Buena Vista Mobile Home Park is located at 3980 El Camino Real and is situated on four parcels encompassing a total land area of approximately 4.5 acres. The mobile home park consists of 104 mobile homes, 12 studio units, and one single-family home, with an estimated 400 residents overall. The studios and single-family units are rental units. The site is zoned RM-15 (low density multi-family) with a Comprehensive Plan land use designation of Multi-Family. The site is located within the Barron Park neighborhood, just south of the corner of Los Robles Avenue and El Camino Real.

On November 9, 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. Per the code, the park owner and the City are required to follow a set of rules for determining the potential impacts of the closure on the mobile home owners residing in the park and to determine appropriate relocation assistance for the residents. The code requires that a Relocation Impact Report (RIR) be provided to the City after individual meetings between a “relocation specialist” and residents, with the RIR outlining proposed terms for relocation. The application was deemed complete in February 2014 by the City after five rounds of revisions. Hearings were held on May 12, 13 and 14, 2014. The purpose of the hearings is to decide whether the mitigation measures offered by the mobile home park owner, including relocation benefits, are adequate to mitigate the adverse impacts to displaced park residents, subject to limitations in the law. [This section to be updated as new information is available.]

Housing Age and Conditions

Like many other California communities, Palo Alto experienced a huge spurt of growth in the decade after World War II. Approximately 29 percent the City's current housing stock was built in the decade between 1950-60. 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 53 percent of the units were constructed prior to 1959, approximately 23 percent were constructed between 1960-79 and approximately 13 percent were built between 1980-1999. Only 11 percent of the construction took place between 2000 to 2012.

By looking at Census data indicators only, Palo Alto's housing stock is at risk for having severely deteriorated units. Although over half of the units were built over 50 years ago, there are limited numbers of very old housing units (50+ years) in the City without any home improvements or upgrades. Further, the 2012 estimates indicate that only 0.58 percent of the City's 28,134 total units lacked complete plumbing facilities.

Table 2-42 Age of Housing Stock, 2012

Year Built	% of All Housing Units
2010 or later	0.41%
2000 to 2009	11%
1990 to 1999	5%
1980 to 1989	8%
1960 to 1979	23%
1940 to 1959	39%
1939 or earlier	14%

Source: 2010-2012 ACS three-year estimates

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. The City's 1988-91 "Housing Assistance Plan" estimated only three percent of the City's owner occupied housing stock to be substandard. The three percent figure was based on information from the City's Housing Improvement Program, which has now been discontinued, and was the most accurate information available on substandard housing. City staff observations indicate minimal change in the amount of substandard housing since 1991. 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.

Assuming that the percent of owner-occupied units estimated to be substandard remains the same, only about 442 of the 14,732 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; the developer anticipates closing the loan in October 2014. The City continues to monitor the maintenance and repair needs of this affordable rental housing stock. The City plans to assist the Palo Alto Housing Corporation with additional funds to help rehabilitate their Colorado Park property in 2014.

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. 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. In 2014, 17 affordable rental housing projects were located in the City, providing 1,332 affordable housing units to lower-income households.

The inventory is to include 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 the only units that

are at risk are those that have been assisted with federal funds. The only State-funded project is the Barker Hotel, which was assisted with State of California HOME funds; these units have affordability controls until 2033. The City has a "Below Market Rate" (BMR) program that requires developers of project with five or more units to provide for 15 to 20 percent of the units to be affordable. The units in the BMR program have resale and affordability controls for 59 years, and these covenants renew each time the property title is transferred. This provision substantially reduces the risk of affordable units from converting to market rate.

Table 2-43 lists assisted housing units that are at risk of converting to market-rate housing before January 31, 2025, based on information from the National Housing Preservation Database. Palo Alto has 334 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, 160 are considered at higher risk of conversion, while the remaining 174 units are at low risk of conversion.

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.

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 only renews Section 8 assistance on a year-to-year basis, subject to Congressional funding. It is not known how long this year-to-year renewal will continue.

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. Following is a description of the principal types of mortgage assistance which financed the affected projects.

Table 2-43 Summary of Government Assisted Units "At Risk" for Conversion in Palo Alto, 2014

Project Name	Type of Tenant	Total Number of Units	Units At Risk for Conversion	Type of Subsidy/ Funding Program	Earliest Conversion Date
<i>For Profit Ownership (at higher risk of conversion)</i>					
Terman Apartments 655 Arastradero Rd Palo Alto, CA	Family, Elderly	92	92	223(a), (7)/221(d)(4), Section 8	10/2024
Webster Wood 941 Webster Ave Palo Alto, CA	Family, Elderly	68	68	HFDA, 8 NC	8/13/2018*
<i>Non-Profit Ownership (at lower risk of conversion; possible risk of higher rents if Section 8 subsidy is lost)</i>					
Adlai E Stevenson House 455 E Charleston Rd Palo Alto, CA	Elderly	120	24	LMSA	6/30/2022
Lytton Gardens II 656 Lytton Ave Palo Alto, CA	Elderly	100	100	Section 202, Section 8	5/1/2019
Lytton Gardens IV 330 Everett Ave Palo Alto, CA	Elderly	50	50	PRAC, Section 202	4/30/2015
Total		430	334		

* While affordability restrictions expire on the Webster Wood property in 2018, the City of Palo Alto has the option to repurchase the property in 2038.

Source: National Housing Preservation Database, 2014; City of Palo Alto, 2014

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. 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.

The Palo Alto Housing Corporation (PAHC) 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.

The Section 8 contract assistance enables PAHC to provide affordable housing to very low-income households. Without the Section 8 assistance, PAHC 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, PAHC 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.

PAHC 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 PAHC in the 1970s to respond to the need for affordable housing in the City of Palo Alto. In the 1990s, PAHC acquired Arastradero Park and the Sheridan Apartments to preserve and maintain them in the affordable housing stock.

Projects acquired and rehabilitated by PAHC 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 PAHC to continue to meet operating costs and repay the loans.

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 334 affordable housing units at risk of converting to market rate, 174 are owned by non-profit affordable housing organizations. It is considered highly unlikely that these 174 units would convert to market rates. 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. The City is in the process of forming a HOME Consortium with the County and the Cities of Cupertino and Gilroy to secure additional funding. 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 program.

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 334 affordable units in the at-risk projects is evaluated in Table 2-44 below. The current market value for all affordable at-risk units is estimated to be over \$132 million.

Table 2-44 Market Value of At-Risk Projects, Palo Alto 2014

Type of Units	Total Units At-Risk
0-bdrm	129
1-bdrm	77
2-bdrm	76
3-bdrm	28
4-bdrm	24
Total	334
Annual Operating Costs	(\$1,282,000)
Gross Annual Income	\$11,868,061
Net Annual Income	\$10,586,061
Market Value	\$132,325,765

1. Median Rent: studio/0-bed = \$2,205, 1-bed = \$2,345, 2-bed = \$3,348, 3-bed=\$5,100, 4-bed = \$7,450
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. Given the mix of unit sizes and affordability of the at-risk developments, the total annual subsidy to maintain the 334 at-risk units is estimated at over \$1.5 million.

Table 2-45 Rent Subsidies Required to Preserve At-Risk Rental Units

Unit Size	Total Very Low-Income Units	Total Low-Income Units	Total Annual Subsidy
0-bdrm	0	129	\$142,545
1-bdrm	24	53	\$201,216
2-bdrm	36	40	\$467,118
3-bdrm	12	40	\$354,660
4-bdrm	20	16	\$404,874
Total	92	242	\$1,570,413

Source: MIG

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. Assuming a construction cost of approximately \$100 per square foot for a multi-family rental unit, plus an additional 25% for inflation to account for the higher construction costs associated with the Bay Area and parking and landscaping costs, the cost of construction alone for replacing all 334 affordable at-risk units would be approximately \$39.3 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.

2.6 REGIONAL HOUSING NEEDS

Housing Needs Allocation 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 Allocation (RHNA) process. The RHNA represents the housing need that each jurisdiction must plan for during the 2014-2022 period that is covered by the Housing Element.

The allocation process used information from Census 2010 and ACS data as the basis for determining each jurisdiction’s fair share of the region’s housing need. The methodology includes an allocation tool that is a mathematical equation consisting of weighted factors. The allocation process considers different weighting factors such as household growth, existing employment, employment growth, household growth near existing transit, and employment growth near existing transit were considered in the allocation process. In addition to this data, ABAG considered the land use policies and the land use data of local governments, including the sites available for residential development and the availability of urban services. The housing need determination is primarily based on the number of households each jurisdiction is expected to plan for between 2014 and 2022.

Using available data and projections based on future employment and population trends, ABAG estimates that the total projected housing need for Santa Clara County is 58,836 new units for the 2014 to 2022 period. Palo Alto's share of that total need is 1,988 units, or 3.4 percent of the County's total need.

In addition to the total housing need estimate, ABAG is charged with determining the number of housing units that are needed for each of four household income levels based on County median household income. These income levels are defined as follows: Very Low-Income 0-50 percent of County median income; Low-Income 50-80 percent of County median income; Moderate-Income 80-120 percent of County median income; and, Above Moderate-Income; greater than 120 percent of County median income. 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.

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.

Table 2-46 summarizes ABAG’s housing needs allocation for Palo Alto for 2014 to 2022. The City of Palo Alto may count housing units constructed, approved, or proposed since January 1, 2014 toward satisfying RHNA goals for this planning period. In addition, State law allows local jurisdictions to identify 50 percent of the very low-income category to represent households of extremely low-income (less than 30 percent of the MFI).

Table 2-46 ABAG’s New Construction Need by Household Income Level in Palo Alto, 2014-2022

Income Level	Number of Units	% of Total Need
Extremely Low-Income	345	17%
Very Low-Income	346	38%
Low-Income	432	22%
Moderate-Income	278	13%
Above Moderate-Income	587	30%
Total	1,988	100%

Source: ABAG Regional Housing Needs Allocation, 2014

CHAPTER 3

HOUSING RESOURCES AND SITES

This chapter analyzes the resources available for development, rehabilitation, and preservation of housing in Palo Alto. This analysis includes an evaluation of the availability of land resources for future housing development, the City’s ability to satisfy its share of the region’s future housing need, and the financial resources available to support housing activities and implement the City’s housing programs. Additionally, this section examines opportunities for energy conservation, as required by state law.

3.1 LAND RESOURCES

This section describes the availability of land in Palo Alto for residential development, including underutilized sites with the potential for redevelopment. As mentioned in earlier chapters, Palo Alto is basically a “built-out” community. Approximately 55 percent of the total land area includes existing and designated parks, open space preserves and agricultural land conservation areas with controlled development regulations. A large portion of open space land is occupied by the Baylands Preserve, a 1,940 acre tract of undisturbed marshland (the largest remaining marshland in the San Francisco Bay). Parks and preserves located on steep, rugged, unstable woodlands also comprise a significant segment of the open space area. Over 23 percent of the remaining land area is designated and zoned for single family residential and contains strong existing single-family neighborhoods with distinct identities and character. This leaves less than a quarter of the City’s land area for commercial, industrial, public facilities and multifamily residential uses, and most of this remaining area is already developed.

The lack of vacant land, and especially lack of vacant sites with residential zoning, has motivated an effort by the City to encourage redevelopment of parcels with commercial or industrial zoning to mixed use or multifamily residential uses. The City’s long-term policy to allow multifamily residential uses on commercially zoned parcels has resulted in the entitlement and construction of over 1,000 residential units on sites with prior commercial uses just in the last seven years. However, this policy has jeopardized the economic viability of commercial areas. As a result, the City has targeted areas in the updated Housing Element that are most appropriate for multifamily housing. Strategies include limiting conversion of residential land and encouraging mixed uses (residential above retail) in commercial areas to promote residential development close to public transportation and amenities.

Regional Housing Needs Allocation (RHNA)

California Housing Element law requires each city and county to have land zoned to accommodate its fair share of future housing development. Pursuant to California Government Code Section 65584, the State, regional councils of government (in this case, ABAG) and local governments must collectively determine each locality's share of regional housing need. The State of California is divided into regions for the purposes of housing planning, and the Regional Housing Needs Allocation (RHNA) is the process used to set targets for housing growth so that each region, county, city provides enough housing to meet projected growth throughout the

State. HCD establishes growth projections for all of California and assigns targets to the regions. The major goal of the RHNA is to ensure a fair distribution of housing among cities and counties in California so that every community provides for a mix of housing for all economic segments. The housing allocation targets are not building requirements; rather, they are planning goals for each community to accommodate through appropriate planning policies and land use regulations. Allocation targets are intended to ensure that adequate sites and zoning are made available to address anticipated housing demand during the planning period.

As detailed in Table 2-46 of Chapter 2, the RHNA for Palo Alto is 1,988 units, distributed among the following income groups: 691 very low income; 432 low income; 278 moderate income; and 587 above moderate income units. 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 January 2014 and units currently in process (discretionary review completed but building permit not yet issued);
- Vacant land;
- Potential housing in commercial zoning districts that could accommodate mixed-use development;
- Potential housing in existing residentially zoned sites with existing non-residential uses;
- Affordable housing units made available through conversion.

Progress towards the RHNA

Since the RHNA uses January 1, 2014 as the baseline for growth projections for the Housing Element planning period of 2015-2023, jurisdictions may count toward the RHNA any new units approved or built since January 1, 2014. Since January 1, 2014, 440 housing units have been approved, permitted, or built in Palo Alto. Table 3-1 summarizes the units that can be credited against the City’s RHNA.

Included in the RHNA credits are 32 second units estimated to be developed within the planning period. In 2007, the City amended its second unit ordinance and permitting process to allow second units in all single-family residential (R-1) zoned parcels that meet minimum lot size requirements. Permit approval is subject to a planning staff level review of the site and building plans to ensure compliance with lot size, maximum unit size, height, setbacks and parking requirements. The City approves an average of four second units or “cottages” a year.

Consistent with Government Code Section 65583(c)(1)) and HCD technical guidance documents, the City is applying the second unit estimate towards its moderate income RHNA. HCD has indicated that second-unit affordability can be determined by examining market rates for reasonably comparable rental properties and applying these rates to estimate the anticipated affordability of second units. A review of rental market conditions in Palo Alto conducted for this Housing Element found that the average cost of a studio apartment is \$2,151 and the average cost of a one-bedroom apartment is \$2,590. These rental rates are within the range of moderate income rents as determined by HUD (see Table 2-22: Maximum Affordable Housing Costs, Santa Clara County, 2014).

Table 3-1 Credits Toward the RHNA

	Extremely and Very Low-Income (0-50% AMI)	Low-Income (51-80% AMI)	Moderate-Income (81-120% AMI)	Above Moderate-Income (121%+ AMI)	Total
Approved/Permitted/Entitled Units					
195 Page Mill Road	---	18*	---	64	82
135 Hamilton Avenue	---	---	---	2	2
3159 El Camino Real	---	5*	---	19	24
441 Page Mill Road	---	3*	---	7	10
El Camino Real and Curtner	---	---	---	6	6
Mayfield- California Avenue site	---	---	---	180	180
Mayfield- El Camino Real site	---	70	---	---	70
3877 El Camino Real	---	---	---	17	17
3225 El Camino Real	---	---	---	8	8
1935 Webster	---	---	---	1	1
252 Ramona Street	---	---	---	2	2
385 Sherman Avenue	---	---	---	4	4
2209 El Camino Real	---	---	---	1	1
3111 El Camino Real	---	---	---	12	12
3127 El Camino Real	---	---	---	12	12
429 University Avenue	---	---	---	1	1
611 Cowper Street	---	---	---	1	1
1845 El Camino Real	---	---	---	1	1
636 Waverley Street	---	---	---	2	2
240 Hamilton Avenue	---	---	---	2	2
640 Waverley Street	---	---	---	2	2
<i>Subtotal</i>	---	96	---	344	440
Estimated Second Unit Production	---	---	32**	---	---
Total	---	96	32	344	472
2014-2022 RHNA	691	432	278	587	1,988
Remaining RHNA after Credits	691	336	246	243	1,516

Note:

Several of the developments listed are currently in the entitlement process and are anticipated to be approved prior to submittal of the Housing Element to HCD. Inclusion in the RHNA credits offers no guarantee of approval. In the event a project is not approved, it will be removed from the RHNA credits. Upon submittal to HCD, only projects that have been approved may be included.

* Affordable units are provided through the City's Density Bonus provisions.

** These units do not have affordability restrictions. Market rate rents and sale prices for studio/efficiency units fall within levels affordable to the households earning moderate incomes (81-120% AMI) and are allocated as such. Furthermore, many second units are provided to family and/or household staff for free or for very low rents, and are thus affordable. All second units are included in the Moderate-Income category to account for these factors.

As these units are comparable in size and occupancy to second units, it is reasonable to assume that current rents for second units fall within affordability levels for two- or three-person moderate-income households. Therefore, second units in the pipeline and the anticipated 32 second units are credited against the moderate income RHNA. Recent research in the San Francisco Bay Area suggest that that a sizable fraction of second units are rented to acquaintances, friends, household employees, or family, in some cases for free and in other

cases, for reduced rents¹. This research suggests that second units may in fact be a source of affordable housing in the City at affordability levels lower than the moderate-income level they are credited against. Applying the projected 32 second units towards the moderate income category is a conservative approach, and is consistent with State law and HCD technical guidance documents.

After subtracting the 440 units in the development “pipeline” and the estimated development of 32 second units, the City has a remaining RHNA of 1,516 units (691 extremely low/very low income units, 336 low income units, 246 moderate income units and 243 above moderate income units).

Zoning Appropriate to Accommodate Housing for Lower-Income Households

Sites that allow development densities of at least 20 units per acre are credited toward the lower-income RHNA based on State law. The California Government Code states that if a local government has adopted density standards consistent with the population-based criteria set forth by State law (at least 20 units per acre for Palo Alto), HCD is obligated to accept sites with those density standards (20 units per acre or higher) as appropriate for accommodating the jurisdiction’s share of regional housing need for lower-income households. This so-called “default” density is assigned according to the population of the community regardless of local development conditions. In Palo Alto, parcels zoned in multifamily residential zoning districts RM-30, RM-40, Residential Transition 35 (RT35) and Residential Transition 50 (RT50) allow residential densities of 20 to 50 units per acre. In addition, the Commercial Downtown (CD), Commercial Service (CS), Community Commercial (CC) zoning districts also allow residential densities of 20 to 40 dwelling units per acre in mixed-use projects. The Pedestrian and Transit Oriented District (PTOD) allows densities up to 40 dwelling units per acre. These densities meet or exceed the default density standard for Palo Alto. Parcels zoned RM-15 and the Commercial Neighborhood (CN) zoning district allow residential densities of up to 15 dwelling units per acre however densities of up to 20 dwelling units per acre are allowed on CN zoned parcels identified as sites in the Housing Element. The following table shows allowed residential densities in specific zoning districts within the City.

Table 3-2 Allowed Residential Densities per Zoning District

Zoning District	Maximum Allowed Residential Density (du/ac)
CN	20*
CC	30
CS	30
CD	30-40
RM-15	15
RM-30	30
RM-40	40
RT-35	25-50**
RT-50	25-50**

Notes:

* Residential densities up to 20 units/acre only on CN zoned parcels identified as Housing Element sites

** Residential densities and Floor Area Ratio (FAR) calculations in Residential Transition zoning districts vary depending on the type of project. Residential densities are based on maximum residential FAR and maximum average unit size of 1,250 square feet.

¹ Chapple, Karen and Jake Wegmann. Understanding the Market for Secondary Units in the East Bay. UC Berkeley: Institute of Urban and Regional Developmental. Oct 2012.

Availability of Sites for Housing

An important component of the Housing Element is the identification of land resources and an assessment of these sites’ ability to meet the city’s projected housing need. This section provides the framework for how Palo Alto will achieve its remaining regional share of housing through efforts to direct growth in a manner that respects the city’s neighborhood fabric and achieves City goals and objectives.

Housing element law requires that jurisdictions demonstrate that there is adequate land available to accommodate the jurisdiction’s share of the region’s projected growth. This is accomplished through an evaluation of the city’s vacant and underutilized land that allows residential development.

Realistic Capacity

Consistent with HCD Guidelines, the methodology for determining realistic capacity on each identified site must account for land use controls and site improvements. The realistic capacity for the identified sites reflects an average of 80 percent of the total capacity allowed under the maximum zoning density. The realistic capacity approach for the housing sites takes into account development trends, site constraints, and the potential for some non-residential uses (as a part of a mixed-use development). Table 3-3 illustrates the current allowed residential density per zone and the density factor generally used to determine realistic capacity for the sites.

Table 3-3 Realistic Capacity Density Factor Compared to Allowed Residential Densities per Zoning District

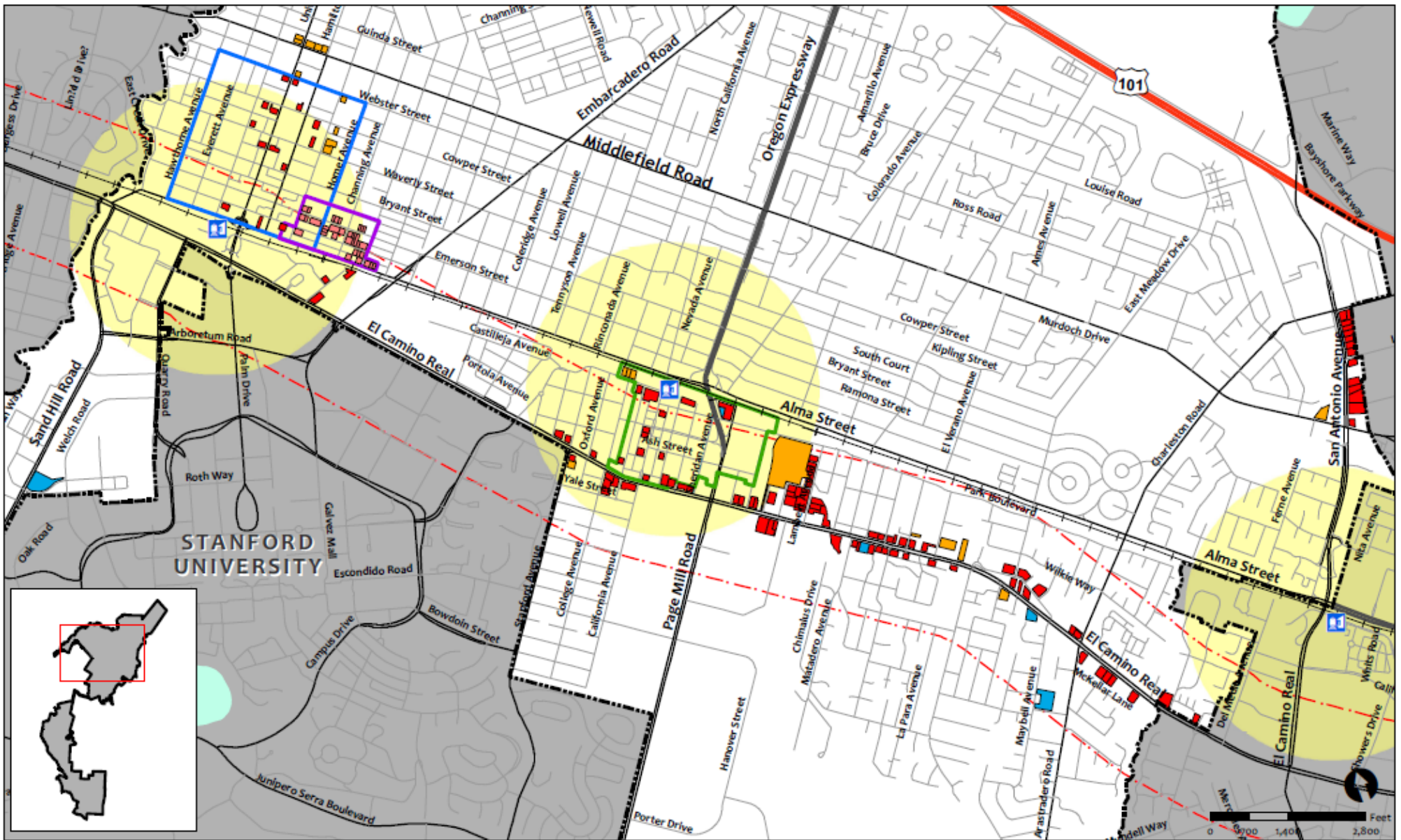
Zoning District	Maximum Allowed Residential Density (du/ac)	Realistic Capacity Density (du/ac)
CN	20*	20
CC	30	20
CS	30	20
CD	30-40	20
RM-15	15	20
RM-30	30	20
RM-40	40	20
RT-35	25-50	25-30
RT-50	25-50	25-30

Note:

* Residential densities up to 20 units/acre only on CN zoned parcels identified as Housing Element sites.

**Residential Densities and Floor Area Ratio (FAR) calculations in Residential Transition zoning districts varies depending on type of development of project. Residential densities are based on maximum residential FAR and maximum average unit size of 1,250 square feet. Exclusive residential projects can result in higher densities than mixed-use projects.

***Based on current development standards and rounding of figures, realistic capacity density in the Residential Transition (RT) zoning districts varies depending on lot size. Realistic capacity for RT zoning districts is calculated based on development standards for mixed-use projects.



Source: City of Palo Alto GIS, 2014



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Chapter 3 – Resources and Sites

- | | | | |
|---------------|---------------------------------|------------------------|--------------------------------|
| City Boundary | 1/2 mile from Caltrain Stations | Downtown Palo Alto | Housing Inventory Sites |
| Freeway | 1/4 mile from El Camino Real | SOFA 2 CAP | Vacant Site |
| Expressway | Caltrain Station | California Avenue PTOD | Commercially Zoned Site |
| Arterial Road | | | SOFA II Sites |
| Local Road | | | Residentially Zoned Site |
| Railroad | | | |

**Figure 3-1:
HOUSING SITES**

The City has had substantial development interest in infill redevelopment of underutilized sites into higher density multifamily residential or mixed-use development. The residential density factor of 20 dwelling units per acre, the density assumed for the large majority of sites identified, is actually lower than the average density of recent residential projects built or approved in the City. Therefore, it is reasonable to assume that actual development on proposed Housing Element Sites may be higher than the 20 units used to calculate site yield. Accordingly, realistic capacity was adjusted on a case-by-case basis where sites allowed additional capacity and were located in proximity to existing higher density residential developments. Table 3-4 illustrates the residential densities of multifamily residential or mixed-use projects with 10 or more units built or approved since January of 2007.

Table 3-4 Residential Densities of Multifamily Residential or Mixed-use Project Built or Approved

Site Address	Lot Size (acres)	Number of Units Built/Approved	Residential Density Approved/Built
1101 E. Meadow Drive	4.36	75	17.19
4219 El Camino Real	13.80	181	13.11
3270 W Bayshore Road	6.46	96	14.87
901 San Antonio Avenue	12.07	352	29.16
3445 Alma Street	4.22	51	12.09
4249 El Camino Real	4.13	45	10.90
200 San Antonio Avenue	3.46	45	13.02
488 W. Charleston Road	0.70	35	50.30
801 Alma Street	0.60	50	83.33
4239 El Camino Real	2.18	26	11.90
4041 El Camino Way	0.83	43	51.84
195 Page Mill Road	2.5	82	32.8
3111-59 El Camino Real	1.6	48	30
441 Page Mill Road*	0.62	10	16.2
Mayfield - California	17	180	10.59
Mayfield - El Camino	1.80	70	38.89
3877 El Camino Real*	0.75	17	22.67
Average of Project Residential Density			27

* These two developments are currently in the entitlement process. Inclusion in this table offers no guarantee of approval. In the event a project is not approved, it will be removed from this table. Upon submittal to HCD, only projects that have been approved will be included.

In Palo Alto, the market has supported infill redevelopment and intensification of commercially zoned properties to residential or mixed uses. Staff evaluated the assessed value (A/V) ratio of the Housing Element sites based on the data available from the County Assessor’s Office. This ratio compares the County Assessor’s assessed value of the improvements on the parcel to the County Assessor’s value of the land. The A/V ratio of 1.5 has been used by other jurisdictions to evaluate the redevelopment potential of property. If the ratio is less than 1.0, the improvements are worth less than the land. Due to the Proposition 13 assessed value restrictions, the A/V ratio on some of the commercial properties may be overestimated due to those assessment restrictions. The City’s Housing Element includes Program (H2.1.4) to provide incentive(s) to developments

with smaller units (including mixed-use developments) to further facilitate and encourage the infill redevelopment of commercial sites with a residential component. In addition, if a site is within a quarter mile of a fixed rail station, the City may allow exceptions to height limits to further encourage higher density housing through the PTOD zone. For purposes of identifying parcels suitable for residential or mixed-use redevelopment, the following criteria were used:

- Improvements on sites are at least 20 years old
- Sites must be 10,000 square feet or more in size, with a yield of 5 units or more
- Sites with an A/V ratio of less than 1.5, or sites with an A/V ratio greater than 1.5 that were determined to have an artificially low assessed land value (parcels under the same ownership for more than 10 years) far below current market land values. The improvements on these parcels are much older and are candidates for redevelopment.
- Windshield survey of underdeveloped residential or commercial sites consisting of 1 or 2 story structures. Underdeveloped commercial sites were defined as Class B office space structures or older buildings with wood construction. The above criteria were chosen based on the types of sites that had been redeveloped with mixed-use or residential projects within the past several years.

Vacant Land

Available vacant land with the potential for residential development totals just 5.7 acres and has the potential to yield 132 units, 90 of which are on sites zoned at densities appropriate to accommodate affordable housing, as defined by state law.

The largest site is a remnant of the Sand Hill Road Extension Project, which created a 2.1-acre parcel immediately adjacent to Stanford’s 1180 Welch Road Apartments. Although there are no current plans to develop the site, it is reasonable to expect that it could be used for an expansion of the 1180 Welch Road Apartments that is in the RM-40 zoning district and allows residential densities of up to 40 dwelling units per acre. If the site were developed for housing, the site could yield 73 additional units.

The 2.46 acre site at 567-595 Maybell Avenue is mostly vacant with 4 existing homes and an unmaintained orchard. The site is zoned R-2 and RM-15 and can accommodate an additional 27 units. The lot was recently purchased and although there are no submitted planning applications, a proposal to develop the property is expected in the near future.

A vacant site on El Camino Real is approximately 0.75 acres in size and is zoned RM-15. The residential capacity on the housing sites assumes that 15 units can be accommodated on the site although rezoning would be required to achieve more than 11 units. One commercial vacant site located on El Camino Real allows for the development of residential uses in a mixed-use development. This 0.65-acre site has the potential for development of 13 units.

A 0.3-acre vacant site on Park Boulevard is zoned General Manufacturing (GM) but is located within the California Avenue Pedestrian and Transit Oriented Development (PTOD) Combining District, which allows higher density residential dwellings on commercial, industrial and multi-family parcels within a walkable distance of the California Avenue Caltrain station. This site has the potential to yield 6 units with a PTOD overlay.

Table 3-5 summarizes residential capacity on vacant sites. A detailed listing of these sites is included in Appendix B and shown on Figure 3-1.

Table 3-5 Summary of Residential Capacity on Vacant Sites

Zoning	Number of Sites	Max. Density	Acres	Realistic Capacity (units)	Affordability Level*
RM-15	2	15 du/ac	2.62	38	Above Moderate
RM-40	1	40 du/ac	2.11	71	Very Low/Low
CN	1	20 du/ac	0.65	13	Very Low/Low
GM	1	40 du/ac	0.3	6	Very Low/Low
Total	6		5.68	128	

Note:

**Affordability for sites indicated as Very Low/Low is based on densities allowed on the site. HCD is obligated to accept those sites with a density standards consistent with the criteria set by State law (20 units per acre or higher for Palo Alto) as appropriate for accommodating the jurisdictions share of regional housing need for lower-income households.*

Commercially Zoned Sites

During the preparation of this Housing Element, City staff conducted a comprehensive review of vacant and underutilized sites in the City that could accommodate residential development. As mentioned earlier in the chapter, the City’s “built out” nature, lack of vacant land, strong existing single family neighborhoods, and lack of annexation opportunities provide limited opportunities for new residential development. The City’s review focused primarily on residential and commercially zoned land that could accommodate additional residential development. These sites are typically located within one half mile radius of major transit stations (University Avenue and California Avenue Transit Stations) or within a quarter mile of El Camino Real, which is served by major bus routes and is planned for future public transit intensification. In addition, the sites are generally in areas that are in proximity to or provide accessibility to urban services and jobs and are close to retail and service uses that could support their redevelopment to residential or mixed use. All but a few of the sites are occupied by one to two story, older or underutilized commercial buildings. Improvements on the identified sites are at least 20 years of age and were not significantly redeveloped since 1990. The sites have no existing residential uses and are likely to be redeveloped with higher value mixed uses with residential units in the future. Sites in this category have lot areas over 10,000 square feet and can potentially yield at least 5 residential units at a realistic density calculation of at least 20 dwelling units per acre. The City has had success in infill redevelopment in these areas on parcels with similar sizes and the potential for parcel consolidation could result in higher density yields. Given the lack of vacant land remaining in Palo Alto, redevelopment of such sites is an important source for future housing in the area.

Many of the commercially zoned parcels that allow residential uses require a ground floor retail component. While this requirement may add to the complexity of the project, mixed use with ground floor retail is a critical component to creating an active pedestrian environment. Furthermore, many successful mixed-use projects have been developed in the City’s commercial areas under these development standards. Following is a list of recently completed mixed-use projects, with ground floor retail, which yielded residential densities ranging from 16 to 28 units per acre:

- 420 Cambridge Avenue, 4 units on 6,012 square foot parcel (28 units/acre)
- 2180 El Camino Real, 4 units on 22,365 square foot parcel (16 units/acre)
- 102 University Avenue, 3 units on 7,920 square foot parcel (16 units/acre)
- 2051 El Camino Real, 2 units on 4,800 square foot parcel (18 units/acre)

Many of the identified sites are commercial properties along the El Camino Real and California Avenue corridors. These sites are generally characterized by low-intensity, one-story and two story buildings, surrounded by surface parking, constructed in the late 1960s and 1970s with relatively little development or improvements in the past decade. In general, these corridors have seen less development than other areas of the City, such as the University Avenue corridor. However, given the lack of recent development on these sites and the current real estate market that is encouraging new investment, the identified sites are ripe for redevelopment. In addition, the California Avenue corridor has been designated by the City Council as a Priority Development Area, through ABAG’s FOCUS program, to provide incentives and attract greater investment along the California Avenue corridor.

Table 3-6 summarizes capacity on commercially zoned sites in the University Avenue, California Avenue, El Camino Real, and San Antonio Avenue corridors that can accommodate up to 1,004 residential units in the form of mixed-use residential infill redevelopment. All 1,004 units are zoned at densities appropriate to accommodate affordable housing, as defined by state law.

Table 3-6 Summary of Residential Capacity on Commercially Zoned Sites

Zoning	Number of Sites	Max. Density	Acres	Realistic Capacity (units)	Affordability Level*
CC	1	30 du/ac	0.44	9	Very Low/Low
CC (2)	4	30 du/ac	1.35	28	Very Low/Low
CC (2)(R)(P)	6	30 du/ac	2.55	51	Very Low/Low
CD-C (GF)(P)	4	40 du/ac	1.2	25	Very Low/Low
CD-C (P)	10	40 du/ac	2.74	56	Very Low/Low
CN	29	20 du/ac	11.5	231	Very Low/Low
CN; CC (2)	1	20/30 du/ac	0.51	10	Very Low/Low
CS	53	30 du/ac	25.7	526	Very Low/Low
CS (H); RM-15	1	30/15 du/ac	0.96	19	Very Low/Low
CS; CN	1	30/20 du/ac	0.74	15	Very Low/Low
GM	1	40 du/ac	1.13	34	Very Low/Low
Total	111		48.82	1,004	Very Low/Low

Note:

*Affordability for sites indicated as Very Low/Low is based on densities allowed on the site. HCD is obligated to accept those sites with a density standards consistent with the criteria set by State law (20 units per acre or higher for Palo Alto) as appropriate for accommodating the jurisdictions share of regional housing need for lower-income households.

University Avenue/Downtown Area

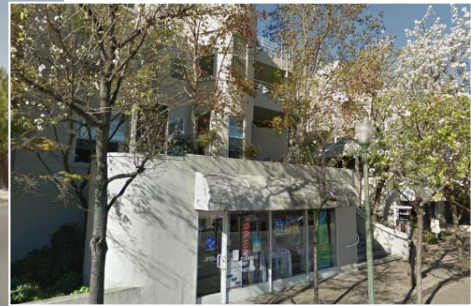
The University Avenue/Downtown area is a thriving regional hub of commercial, residential and retail activity that includes the South of Forest Area (SOFA). The entire area is oriented around the University Avenue Multi-modal Transit Station area, the Peninsula’s busiest transit station. The City’s vision for this area includes improved gateways to the City, improved pedestrian, bicycle, transit and auto connections, a major civic space at the Caltrain Station that links

University Avenue/Downtown and Stanford University, redeveloped underutilized infill parcels with a mix of uses such as retail, housing, office, hotel, and medical facilities, and improved public park space. The downtown area is one of the “Growth Opportunity Areas” in the Bay Area’s “One Bay Area” Sustainable Community Strategy (SCS) land use scenarios.

The Comprehensive Plan Land Use designation for the downtown area is Community Commercial, which typically provides a wider variety of uses than the neighborhood shopping areas. Most of the downtown area also falls within the Transit Oriented Residential Comprehensive Plan land use designation because of its proximity to the University Avenue/Downtown multi-modal transit station. This land use designation is intended to generate residential densities that support use of public transportation, especially the use of the Caltrain commuter rail. Caltrain provides service throughout the area, including to San Francisco to the north and to San Jose to the south. The existing zoning in the downtown area is Commercial Downtown (CD), which allows a total Floor Area Ratio (FAR) of up to 3.0 for mixed-use development with residential density of up to 40 dwelling units per acre (based on the total site area, irrespective of the percent of the site devoted to commercial use).²



Existing Mixed Use
Projects – Downtown Palo
Alto



California Avenue Transit Neighborhood/PTOD Area

California Avenue is Palo Alto’s second “main street” and is also served by a multi-modal transit station that ranks 11th overall in ridership among the 29 Caltrain stations that serve the region. It is more local-serving than University Avenue/Downtown, but is the closest business district to employees and visitors to Stanford Research Park and portions of Stanford University. It is located within the oldest part of the City, with origins dating back to the 1850s when it was the main commercial street for the town of Mayfield. This connection to the past is valued by the community and is an important part of what makes the area unique. Buildings are mostly two stories tall, with surface parking located off rear alleys. According to the Santa Clara County

² In addition to the Housing Sites zoned CD, some sites within the downtown area are zoned for multifamily residential use, but are currently developed with commercial uses. Other Housing Sites are within the South of Forest (SOFA) Phase 2 area. Sites within both of these zones are discussed in detail later in this chapter.

Assessor records, many of the structures on California Avenue were built between the late 1940s to the early 1970s.

The scale of development provides an environment that is comfortable for pedestrians. A recent streetscape project provided a modern street design and amenities that will support the creation of a more vibrant pedestrian- and bicycling-oriented commercial and residential district. Sites in this category have lot areas over 10,000 square feet and can potentially yield at least five residential units at a realistic density calculation of 20 dwelling units per acre; the City has had success in infill redevelopment in these area with similar or even smaller sized parcels. Housing sites within this area consist of one- to two-story structures with commercial uses, including but not limited to retail, eating and drinking, offices and surface parking. The area is also a designated Priority Development Area (PDA) by ABAG, a locally identified, infill development opportunity area within existing communities. Inclusion in the PDA avails the neighborhood to a number of financial resources to help encourage redevelopment. Between the strong real estate market and the additional financial resources, it may encourage developers on the smaller lots to develop mixed uses. In addition, by the City designating the California Avenue neighborhood as a PDA, it signifies City acceptance for higher density developments for this area. PDAs are one of the key strategies in the Bay Area’s “One Bay Area” Sustainable Community Strategy (SCS), a strategy developed by a collaboration of regional agencies, including the Association of Bay Area Governments (ABAG), the Bay Area Air Quality Management District (BAAQMD), the Bay Conservation and Development Commission (BCDC) and the Metropolitan Transportation Commission (MTC).



Existing Mixed-Use
Development
California Avenue Area

The Comprehensive Plan land use designations for the California Avenue area are Community Commercial, Service Commercial and Neighborhood Commercial. Service Commercial and Neighborhood Commercial land use designations both allow residential and mixed-use projects. Most of the California Avenue area also falls within the Transit Oriented Residential Comprehensive Plan land use designation because of its proximity to the California Avenue transit station. This land use designation is intended to generate residential densities that support use of public transportation, especially the use of Caltrain. The existing zoning in the California Avenue area primarily includes Community Commercial (CC) and Community Service (CS)

which allow FARs for mixed-use development up to 2.0 and 1.0, respectively.³ Both of these zones allow a residential density of up to 30 dwelling units per acre, which is calculated based upon the total site area, irrespective of the percent of the site devoted to commercial use. In addition, the California Avenue Area can also be subject to the adopted California Avenue Pedestrian and Transit Oriented District (PTOD), which allows higher density residential dwellings on commercial, industrial and multifamily parcels within a walkable distance of the California Avenue Caltrain station. The PTOD combining district allows exclusive multifamily residential development with a total FAR of 1.0 and a residential density of up to 40 dwelling units per acre on commercially zoned parcels. A good example of a PTOD project developed on a smaller site is 420 Cambridge Ave. Four residential units were built on a 6,012 sq. ft. lot, giving a per acre yield of approximately 28 units per acre. Mixed-use projects within the PTOD are allowed a total FAR of 1.25 and a residential density of up to 40 dwelling units per acre.

El Camino Real Mixed Use Transit Corridor Area

El Camino Real has been historically viewed as an automobile-oriented strip with neighborhood commercial uses. This important pathway accommodates the highest volume of bus transit service in the Mid-Peninsula. Many of the parcels along the El Camino Real corridor are commercial uses are typically low-intensity, one-story and two-story buildings, surrounded by surface parking, constructed in the late 1960s and 1970s, with relatively little development or improvements in the past decade. Over time, hotel, automotive and other service commercial uses have been replaced by higher density housing along some segments of the corridor. The Palo Alto Comprehensive Plan calls for creating an environment along the corridor that is more hospitable for pedestrians and that can be identified as one or more distinct centers, rather than a commercial strip. It is envisioned to become a well-designed, compact, vital, multi-neighborhood center with diverse uses, a mix of one-, two- and three-story buildings fronting the street, and a network of pedestrian-oriented streets, creating a dynamic mixed-use corridor that serves the diverse needs of the community. The challenge for this kind of transformation is to develop a new character for both residential and commercial uses that creates an attractive environment for pedestrians, motorists and transit riders, while fitting in with existing development and low-density residential areas adjacent to El Camino Real. The El Camino Real Mixed-Use Transit Corridor area is another “Growth Opportunity Area” land use scenario in the Bay Area’s “One Bay Area” Sustainable Community Strategy (SCS).

Similar to the land use designations for the California Avenue area, the El Camino Real Transit Corridor Comprehensive Plan land use designations are primarily Service Commercial and Neighborhood Commercial. Service Commercial and Neighborhood Commercial land use designations both allow residential and mixed-use projects in appropriate locations. The existing zoning in the El Camino Real Mixed Use Transit Corridor primarily includes Community Service (CS) and Commercial Neighborhood (CN) zoning districts. As mentioned above, the CS zoning district allows a 2.0 Floor Area Ratio (FAR) for mixed-use developments and a residential density of up to 30 dwelling units per acre. The CN zoning district allows a 1.0 FAR for mixed-use development along El Camino Real and a residential density of up to 15 dwelling units per acre, which is computed based upon the total site area, irrespective of the percent of the

³ Additional Housing Sites within the California Avenue area are zoned multifamily residential but are currently developed with commercial uses; these sites are discussed later in this chapter.

site devoted to commercial use. Densities of up to 20 dwelling units per acre are allowed on CN-zoned parcels included as a Housing Element Site.

Existing Mixed-Use
Development – El
Camino Real Transit
Corridor



San Antonio Avenue Mixed Use Corridor

San Antonio Avenue traverses the southern boundary of the City into the adjacent City of Mountain View. The 14 identified housing sites along this corridor are located on the south side of San Antonio Avenue and are zoned Service Commercial (CS). The CS zone allows for multifamily housing at 30 dwelling units per acre as part of a mixed-use development. The parcels on the northern side of San Antonio Avenue are primarily developed with single and multifamily units with some commercial uses. The parcels on the southern side of San Antonio Avenue, including the identified housing sites, are developed with non-residential uses interspersed with some multifamily developments.

Directly across from the identified housing sites is a large multifamily development of approximately 228 units. Many of the commercial structures in this area were built in the 1950s and 1960s with relatively little new commercial development interest since the 1980s. However, the area has more recently experienced a significant level of mixed-use development. The Taube Koret Campus for Jewish Life (TKJCL), constructed in 2009, is located one block east of the identified housing sites and combines 176 units of senior housing, a cultural art center, health club and a preschool. Approximately two miles west of the identified sites, there has been a substantial amount of mixed-use development on the City of Mountain View section on San Antonio Avenue. They have recently completed the first phase of redeveloping San Antonio Ave. The first phase was the construction 330 housing units and 144,000 sq. ft. of retail space. The second phase will be the development of 500,000 sq. ft. of office, a 165 room hotel, a Cineplex and 106,000 sq. ft. of additional retail. These developments are likely to catalyze interest in increased mixed-use development on this corridor. While not directly adjacent to a Caltrain station, there is a station on the San Antonio corridor within 1.5 miles west of the San Antonio Avenue housing sites. Given these factors and in light of the strong interest by developers for residential development opportunities in Palo Alto, the housing sites along this corridor represent a realistic mixed-use development opportunity.



Taube Koret Campus
for Jewish Life
Mixed Use
Development
(credit: Tim Griffin)

Commercially Zoned Sites Summary

Because the City of Palo Alto is primarily built out, vacant sites for new development are limited. However, the City has a good history of mixed-use residential developments replacing older, outdated uses. Nearly half of all residential approvals involve some form of mixed-use development, and most of these occur on parcels of less than half an acre. While most of these projects propose market-rate units, the City is proposing to lower its threshold for its inclusionary requirements from developments of five or more units to three residential units. Typically, the City requires 15% of any residential housing development be set aside as affordable units. When a “fractional” affordable unit is generated, the developer is required to pay a fee for the fractional unit. With this change (Program 3.1.1), the City anticipates capturing additional housing fees from these smaller developments. These fees would be used to finance future affordable housing developments.

South of Forest Area Coordinated Area Plan - Phase 2 (SOFA 2 CAP)

South of Forest Area Coordinated Area Plan – Phase 2 (SOFA 2 CAP) is a long-term plan that addresses a specific nine block area (approximately 19 acres) bounded by Forest Avenue, Addison Avenue, Alma Street and Ramona Street. The CAP recognizes SOFA 2’s location near downtown and calls for higher density housing, mixed uses and other compatible urban development in a vibrant mixed-use area within walking distance of the train station and commercial services provided in the downtown.

The SOFA 2 CAP anticipates that the Residential Transition districts in SOFA 2 will become more of a mixed-use area with substantial residential development next to or combined with office and commercial uses. The area is considered an appropriate location for higher density residential development. There are 34 Housing Sites within the SOFA 2 CAP with a potential development capacity of 171 units. All 171 units are on sites zoned at densities appropriate to accommodate affordable housing, as defined by state law.

In general, the Housing Sites are larger than 10,000 square feet in lot area; however, within the SOFA 2 CAP all of the sites identified are less than 10,000 square feet. The SOFA 2 CAP allows and encourages a variety of housing types on smaller lots, including apartments, studio units,

single room occupancy housing and senior housing. The SOFA 2 CAP also includes creative parking policies encouraging shared parking and reduced parking that further encourage developing these sites with housing. The existing zoning in the SOFA 2 CAP area includes Residential Transition 35 (RT35) and Residential Transition (RT50) and allows for a total FAR for mixed-use developments of up to 1.15 for RT35 and 1.30 for RT50. Additional FAR bonuses may be allowed in the SOFA 2 CAP for seismic and historic rehabilitation or under the City’s Transfer of Development Rights (TDR) program. RT35 and RT50 also require an average maximum unit size of 1,250 square feet for residential development which effectively results in a residential density above 20 dwellings per acre.

Table 3-7 Summary of Residential Capacity on SOFA 2 CAP Sites

Zoning	Number of Sites	Max. Density	Acres	Realistic Capacity (units)	Affordability Level*
RT-35	32	25-50 du/ac	6.03	156	Very Low/Low
RT-50	2	25-50 du/ac	0.6	15	Very Low/Low
Total	34		6.63	171	

Note:

*Affordability for sites indicated as Very Low/Low is based on densities allowed on the site. HCD is obligated to accept those sites with a density standards consistent with the criteria set by State law (20 units per acre or higher for Palo Alto) as appropriate for accommodating the jurisdictions share of regional housing need for lower-income households.



Existing Mixed Use Project in SOFA 2 Area

Residential Sites with Existing Commercial Uses

The Housing Sites include 20 parcels zoned for multifamily residential (RM-15, RM-30 and RM-40) that currently have legal but non-conforming commercial uses occupying the sites. These sites are generally within the University Avenue Downtown area, the California Avenue Transit Neighborhood area and along El Camino Real. Combined, these sites have a potential development capacity of 386 units, of which 368 units are on sites zoned at densities appropriate to accommodate affordable housing, as defined by state law.



Sites in Multifamily Residential zoning districts near University Avenue Downtown Area with existing Commercial Uses.

Housing sites identified in this category are typically improved with one- to two-story structures with commercial uses including, but not limited to, retail, office, motel/hotel and surface parking.

One such site is a 12.5 acre site, also known as the Fry's site, zoned RM-30 (which allows multifamily residential development at 30 units per acre). Currently, Fry's Electronic store resides on the property. The Fry's existing lease expires in 2017; the City and representatives of the property owner have held some preliminary discussions. The representatives indicated a desire to preserve the existing non-residential use while accommodating housing units on the site. Based on that direction, City staff evaluated the site using current mixed use development standards to assess development capacity for both uses, concluding that 221 units could be constructed under that scenario. In addition, the City has received a Valley Transit Authority grant to further pursue the possibility of mixed used development on the site. The VTA grant is intended to fund a mixed use, transit oriented master plan for the site.

The RM-30 zoning district allows a total FAR of 0.6 and a residential density of up to 30 dwelling units per acre; RM 40 allows a total FAR of 1.0 and a residential density of up to 40 dwelling units per acre. There is one parcel zoned RM-15. The RM-15 zoning district allows a total FAR of 0.5 and a residential density of 15 dwelling units per acre. Given the restrictions for improvements and alterations on non-conforming uses and structures, coupled with City incentives for constructing housing, redevelopment of the sites to residential use is an attractive and lucrative option for developers.

Table 3-8 Summary of Residential Capacity on Residentially Zoned Sites

Zoning	Number of Sites	Max. Density	Acres	Realistic Capacity (units)	Affordability Level
RM-15	1	15 du/ac	0.93	18	Above Moderate
RM-30	15	30 du/ac	17.64	326	Very Low/Low
RM-30; CS	1	30 du/ac	0.89	18	Very Low/Low
RM-40	3	40 du/ac	1.18	27	Very Low/Low
Total	20		20.64	389	

Note:
 *Affordability for sites indicated as Very Low/Low is based on densities allowed on the site. HCD is obligated to accept those sites with a density standards consistent with the criteria set by State law (20 units per acre or higher for Palo Alto) as appropriate for accommodating the jurisdictions share of regional housing need for lower-income households.

Committed Assistance

In addition to identifying vacant or underutilized land resources, local governments can meet up to 25 percent of the RHNA requirement to provide adequate sites by making available affordable units through rehabilitation, conversion, and/or preservation. Government Code Section 65583.1(c) specifies that existing residential projects may be counted towards the RHNA if a city commits financial assistance to convert units located in a multifamily rental housing complex of three or more units by the purchase of affordability covenants and restrictions. These units must provide a net increase in the stock of housing affordable to low- and very low-income households. Converted units must be made available for rent at affordable housing costs, not occupied by low- or very low-income households (unless a greater affordability would be achieved; i.e. converting from low- to very-low income units), and in decent, safe and sanitary condition when occupied. Long-term affordability covenants (not less than 55 years) apply to these units.

The City has committed to providing financial assistance (\$200,000) towards the conversion of 23 multi-family units in the Colorado Park Apartments. (No deed restrictions are currently in place on the Colorado Park Apartments.) The Palo Alto Housing Corporation (PAHC) will convert the 23 units unrestricted for low-income households (earning 60 to 80 percent AMI) to affordable units for very low-income households (earning 30 to 50 percent AMI) with affordability restrictions for a period of 55 years. These units are credited towards the City’s RHNA (refer to Appendix C - Adequate Sites Program Alternative Checklist).

Program 2.2.4 in the Housing Element commits the City to provide committed assistance to convert units at the Colorado Park Apartments. Pursuant to Government Code Section 65583.1(c), the City will report to the State Department of Housing and Community Development (HCD) on the status of the converted units no later than July 1, 2018. If the City has not entered into an enforceable agreement of committed assistance for the units specified in this program, it will amend the Housing Element, as necessary.

The City is an active partner in providing assistance to increase the affordable housing stock in Palo Alto. In 2006, the City provided \$1.15 million in CDBG funds for acquisition of a 10-unit apartment complex on Alma Street consisting of eight studio apartments and two one bedroom apartments. Over \$9 million in housing funds and land were provided to the 801 Alma Family Apartments. In addition, the City provided \$6.3 million to the Tree House Apartments, a 33 unit affordable housing development completed in 2011. Also in 2011, the City provided funding for

the acquisition of six existing units on Alma Street. The units were rehabilitated and deed restricted for low income households.

3.2 ADEQUACY OF HOUSING SITES FOR RHNA

The Housing Sites include capacity for 2,188 units. Table 3-9 compares the 2014 RHNA with the Housing Inventory Sites and indicates that the City can adequately accommodate the RHNA without any rezoning. A complete listing of sites is contained in Appendix B.

Table 3-9: Comparison of RHNA Need and Housing Inventory Sites

	Very Low	Low	Moderate	Above Moderate	Total
RHNA	691	432	278	587	1,988
Housing units built, permitted, entitled, or in entitlement or building permit process since January 1, 2014	-	96	-	344	440
Estimated second unit production	-	-	32	-	32
Potential housing on vacant land	90	-	-	38	128
Potential housing on commercially zoned sites that could accommodate mixed-use development	1,004	-	-	-	1,004
Potential housing on Residential Transition (RT) zoned sites that could accommodate exclusive residential or mixed-use development (SOFA II sites)	171	-	-	-	171
Potential housing on existing residentially zoned sites that are developed with non-residential uses	371	-	-	18	389
Committed assistance for existing units - Conversion pursuant to 65583.1(c)	23	-	-	-	23
Total Housing Inventory Sites	1,659	96	32	400	2,187
RHNA Surplus	+199 units				

3.3 ENVIRONMENTAL AND INFRASTRUCTURE CONSTRAINTS

The Housing Sites analysis reflects land use designations and densities established in the City’s Land Use and Community Design Element and Zoning Code. Any environmental constraints that would lower the potential yield (e.g., steep slopes, seismic hazard zone) have already been accounted for. Any additional constraints that would occur on specific site would be addressed as part of the individual project review process. A detailed look at the City’s environmental constraints is presented in Chapter 4. All of the identified sites in the Housing Element are surrounded by developed land and have the necessary infrastructure and services in place to support development. According to staff from the City Public Works and Utilities Departments, there are no significant infrastructure constraints that would affect anticipated residential

development on these sites. The City's capacity to meet its regional share and individual income categories are not constrained by any environmental or infrastructure conditions.

3.4 FINANCIAL RESOURCES

Although the level of Federal and State funding for affordable housing is lower than it was in previous years, there are a number of programs the City and affordable housing developers can use to maintain or increase the housing stock for its low- and very low-income residents. The following summarizes the primary financial assistance programs that have been used in the City.

Federal Funds

The Federal government is a major provider of funding for affordable housing, primarily through the Department of Housing and Urban Development (HUD). HUD, with its multiple programs, provides funding to State, cities, counties, housing authorities and affordable housing providers and direct assistance to low and moderate income households.

Community Development Block Grant

Community Development Block Grant (CDBG) funding is a HUD program that targets assistance to low- and moderate-income households. Known for its ability to fund a variety of activities, the City has used the CDBG funds for acquisition of affordable housing sites, rehabilitation of existing affordable housing developments, single family rehabilitation, public infrastructure improvements and a number of other activities. Funds are distributed according to the goals and strategic actions identified in the Consolidated Plan. The top priorities identified in the most recent (2010-2015) Consolidated Plan were the need for affordable housing and job opportunities for low-income individuals. Both affordable housing and economic development activities received a substantial percentage of recent CDBG funds. To address the affordable housing priority, the City has primarily used its funds for the rehabilitation activities of existing affordable housing developments. The City has been receiving CDBG funding since 1988. For fiscal year 2014, the City of Palo Alto received approximately \$434,000 in CDBG funds.

Housing Choice Voucher Program

Formerly known as the Section 8 program, the Housing Choice Voucher Program is administered by the Santa Clara County Housing Authority. This rental voucher program subsidizes the gap between the fair market rent of the unit and what a low-income household can afford for rent. This allows the voucher holder to rent a market rate rent unit and not solely rely on affordable rental developments. With the voucher, the household can move to different areas in the County and still be able to use the voucher. There is also a project-based Section 8 program in which the County Housing Authority allocates a number of vouchers to a project and not to an individual household. While not directly funding the project, it guarantees a consistent stream of cash flow for the project.

Low Income Housing Tax Credits

This program is administered through the Internal Revenue Service (IRS) and is a major funding source for affordable housing development. The IRS created this program with the aim of attracting investors to affordable housing developments. The IRS issues tax credits which are distributed on the state level. In California, the Tax Credit Allocation Committee in the California State Treasurer's Office is responsible for the distribution of tax credits to affordable housing developers. The developers then sell the credits to investors who use the credits to lower their tax liability. The money received from the investors becomes equity in an affordable

housing project. Several affordable housing developments in Palo Alto were funded with tax credit financing.

State Funds

The State of California also has its own sources of funds in support of affordable housing. Most funds are administered through the Department of Housing and Community Development (HCD). HCD manages a number of programs. Some of the State programs that have been used by Palo Alto affordable housing developments include:

Multifamily Housing Program (MHP)

MHP provides low-interest loans to developers of affordable housing. The funds may be used for multifamily rental and transitional housing projects involving new construction, rehabilitation, acquisition and rehabilitation or conversion of nonresidential structures. Fabian Way, an affordable housing development for seniors, and Oak Court Apartments have been developed using MHP funding.

HOME

The HOME Investment Partnership Program provides formula grants to states and localities that communities use, often in partnership with local nonprofit groups, to fund a wide range of activities that build, acquire, and/or rehabilitate affordable housing for rent or homeownership. The City is currently in the process of forming a HOME Consortium with Santa Clara County and the cities of Cupertino and Gilroy. It is estimated that the Consortium would receive about \$400,000 annually.

California Housing Finance Agency (CalHFA)

CalHFA is a State agency that provides financing and programs to support affordable housing opportunities in California. In addition to their first-time homebuyer program, the CalHFA has a Multifamily lending program for predevelopment, financing, and preservation of affordable and senior housing projects. CalHFA is also responsible for administering Mental Health Services Act funding. MSHA Housing Program funds are allocated for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing. Though not a widely used funding source, as funding sources become more scarce, MSHA funds may become more popular in the future. In 2010, 801 Alma Street, a 50 unit affordable rental project for very low income households, received a MSHA grant.

Local Funds

City Residential and Commercial Housing Funds

The City maintains a City Residential Housing Fund to be used for affordable housing. The funding source comes from in-lieu housing fees. Typically, housing developers in Palo Alto are required to provide Below Market Rate (BMR) units in the development. However, under certain circumstances, developers are allowed to pay a fee in-lieu of providing BMR units in the development. Fees are collected in the fund to be allocated to developers with proposed affordable housing projects. The funds can be used for predevelopment, construction or permanent financing. Many affordable housing developments have received financial assistance from the City Residential Housing Fund.

In recent years, affordable housing programs have faced increasing legal challenge on the validity of the jurisdiction’s affordable housing requirements. One avenue to protect a city’s affordable housing program from legal challenge is jurisdictions may assess an affordable housing impact fee on new ownership and rental developments that is based on the affordable housing need created by the new units. This relationship between new residential development, the need for affordable units, and the associated impact fee must be established through a “nexus study.” The nexus study establishes the maximum fee amount that a jurisdiction may legally assess. A nexus study for both the Commercial and Residential Housing funds is being prepared. The study should be completed by the end of December 2014. There is a concern that the commercial developers are not paying an equitable share of funds for affordable housing (see Program 3.1.6).

The City also maintains a Commercial Housing Fund, which requires businesses, when building new or expanding their commercial space, to pay a fee for affordable housing. These funds are used to finance affordable housing developments and can also be used for predevelopment, construction and permanent financing for new construction.

An advantage of the in lieu option is it allows the City to use those funds to help affordable housing projects leverage other funding sources. Many affordable housing funding sources require a local funding commitment for the project. This local commitment helps secure other funding sources. Therefore, the City’s loan may be a small percentage of the total costs; but it is able to attract many other potential lenders. Table 3-10 summarizes the revenue received for each fund since Fiscal Year 2009 and the affordable housing projects that have received loans from that same time.

Table 3-10 Housing Funds Collected and Loans Made to Affordable Housing Projects Fiscal Years 2009-2014

Funds Collected* (millions)			Loans (millions)			
Fiscal Year	Residential Housing Fund	Commercial Housing Fund	Affordable Housing Project	Residential Housing Fund	Commercial Housing Fund	Total Loan Amount
2009	\$0.21	\$1.48	Alta Torre Sr. Apts.	\$0.60		\$0.60
2010	\$2.07	\$0.71	Tree House Apts.	\$5.34		\$5.34
2011	\$1.44	\$0.39	801 Alma Family Apts.	\$6.80	\$1.00	\$7.80
2012	\$5.52	\$1.11	2811 Alma		\$1.29	\$1.29
2013	\$2.67	\$3.76	Maybell	\$1.72	\$4.10	\$5.82
2014	\$1.78	\$4.24				
Sub-Total	\$13.69	\$11.69	Sub-Total	\$14.46	\$6.39	
Total Revenue		\$25.38	Total Amount of Loans			\$20.85

* includes fees, interest income and loan repayments

The City recently released a Notice of Funding Availability (NOFA) for the City funds. The NOFA provides \$6 million from the Commercial Housing Fund for the construction of new affordable housing units.

Local Housing Trusts

The Housing Trust of Silicon Valley (HTSV) is a public/private trust that provides a variety of funding packages for affordable housing. Predevelopment, construction loans and permanent financing are all available through the Housing Trust. They receive a majority of their funding from corporate contributions and jurisdictions in the County. The City of Palo Alto has contributed \$1.1 million to HTSV since its inception in 2001. The Trust Fund has funded affordable multifamily rental and special needs housing developments such as the Opportunity Center, Fabian Way Senior Apartments and the soon to be rehabilitated Stevenson House. They also have a first time homebuyers program and a housing grants program to prevent homelessness.

The Stanford Affordable Housing Fund (Stanford AHF) was established in December 2000 as a result of the approval of the Stanford University General Use Permit (GUP). The Stanford GUP contains conditions under which the University, for each 11,763 square feet of academic development constructed, must either provide one affordable housing unit on the Stanford campus or make an appropriate cash payment in-lieu of providing the housing unit. Payments have been made since that time to a Stanford AHF maintained by the County. Two projects in Palo Alto, the Tree House and 801 Alma, received funding from the AHF.

Mortgage Credit Certificates (MCCs)

Administered by Santa Clara County, MCCs provide tax credits to first-time low-income homebuyers. These credits reduce a recipient's income that is subject to federal tax, thus essentially increasing their tax return amount. The money from the increased return can be applied to the mortgage payments. This essentially creates a mortgage subsidy for the homeowner.

Palo Alto Below Market Rate Program (BMR)

When a development of five or more residential for-sale units is built in the City of Palo Alto, the developer is required to contribute at least 15 percent of those units at below market rates (projects of 7 or more units must provide one or more BMR units within the development). The purpose of this program is to create and retain a stock of affordable housing in Palo Alto for people of low- and moderate-income. The initial BMR sales prices are set by the City's Director of Planning and Community Environment, and the buyer selection process is administered by the Palo Alto Housing Corporation (PAHC). PAHC is a private, non-profit organization under contract to the City. Since the inception of the program in 1974, 438 BMR ownership and rental units of affordable housing have been produced through this program.

Palo Alto Below Market Rate Program (BMR) Emergency Fund

In 2002, the City Council established a Below Market Rate Program Emergency Fund to help prevent the loss of BMR units due to lack of adequate maintenance. The program provides emergency loans to BMR owners for mandatory homeowner association maintenance assessments of over \$10,000. Since its inception, the program has provided loans to three BMR owners. As part of the Housing Element, this program is proposed to be expanded to provide financial assistance to BMR owners for maintenance of older BMR units (Program H3.1.3).

Palo Alto Housing Corporation

The Palo Alto Housing Corporation (PAHC) was established in 1970 with the assistance of the City. The City Council recognized that increasing housing prices were slowly forcing out fixed-income households, many of whom were seniors. The PAHC was formed to seek ways to build affordable housing or provide rental subsidies. Since that time, PAHC has been a steady partner with the City in developing affordable housing. PAHC currently manages over 600 rental units and manages over 240 ownership units in the City's BMR program. In addition, PAHC has developed their own affordable rental units, partially funded with City monies.

3.5 OPPORTUNITIES FOR ENERGY CONSERVATION

Palo Alto considers energy conservation to be a priority in the overall planning process. Conservation of energy is an important issue for all households including both owners and renters. Energy cost can be a substantial portion of monthly housing costs for some households living in the City's older housing stock. The City's interest in sustainable development, energy independence, and reduction of greenhouse gas emissions is in line with State goals and legislation such as the Global Warming Solutions Act of 2006 (AB 32). Palo Alto employs three main strategies to promote energy conservation: integrated land use and transportation planning and development; promotion of energy conservation; and the adoption of green building standards and practices.

Integrated Land Use and Transportation

Planning a range of affordable housing types near jobs, services, and transit can reduce commutes, traffic congestion, and thus reduce the number of vehicle miles traveled (VMT) and vehicle hours traveled (VHT). Since Palo Alto is nearly built out, promoting infill development with higher densities along transit corridors helps to reach the goals of energy conservation and integrating land use with transportation. The following table indicates the interconnectedness of the City's programs related to land use and transportation.

Table 3-11 List of Integrated Land Use and Transportation Programs in Palo Alto

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
Built Environment including urban planning, comprehensive plan, construction and demolition and green building	<ul style="list-style-type: none"> • Green Building Ordinance • Demolition and Construction Diversion requirements 	<ul style="list-style-type: none"> • Mitchell Park and all library projects • Comprehensive plan • New Construction and Retrofit Rebates • Arastradero Gateway Educational Nature Center displays and building design 	<ul style="list-style-type: none"> • Green Building Program • Demolition and Construction Diversion program • New Construction Rebate 	<ul style="list-style-type: none"> • Green Building Program • Demolition and Construction Diversion program • New Construction Rebate
Transportation including SB375 and AB32, shuttles, alternative commute, bike routes, EV and all forms of transportation	<ul style="list-style-type: none"> • SB375 • AB32 • Pedestrian Transit Oriented Development zones • School Commute Corridor network 	<ul style="list-style-type: none"> • City Employee alternative commute incentives • Alternative fuel vehicles for City Fleet • Biodiesel fuel program • City Bike share • EV charging stations at City Hall and the Bay Area Electric Vehicle Corridor Program • Zip Car parking spots in City parking lots • Bicycle Transportation Plan • Fire Engine Exhaust filtration spec • Regional planning and coordination • Pedestrian and Transit-Orientated Development • Safe Routes To Parks program <p><i>Bay Area Air Quality Management Transportation Fund for Clean Air (TFCA) program</i></p>	<ul style="list-style-type: none"> • <i>Palo Alto Free Community shuttles</i> • <i>Stanford Margarite Shuttles</i> • <i>Caltrain</i> • <i>VTA Routes</i> • <i>Samtrans</i> • <i>Way2go program</i> • <i>511.org</i> • <i>Palo Alto Bicycle Advisory Committee</i> 	<ul style="list-style-type: none"> • <i>Caltrain and the Caltrain Deer Creek Shuttle</i> • <i>VTA Routes</i> • <i>Samtrans</i> • <i>511.org</i>

Source: City of Palo Alto

* Related agencies and programs listed in Italics

Energy Conservation

Home energy costs have become an increasingly significant factor in housing costs as energy costs have risen, particularly in the past years with the ongoing energy crisis in California. Energy costs related to housing include not only the energy required for home heating, cooling and the operation of appliances, but the energy required for transportation to and from home.

There are many opportunities for conserving energy in new and existing homes. Housing with energy conservation features results in reduced monthly occupancy costs, by requiring less energy to operate and maintain. Similarly, retrofitting existing structures with energy-conserving features can result in a reduction in utility costs. In new housing construction, the City encourages design of new units sensitive to energy consumption. Energy conservation is encouraged in the unit layout such as solar orientation, location of plumbing, and choice of heating system as examples. For applicants with older homes attempting to rehabilitate, the City provides information referral for participants to make weatherization improvements and utilize energy and water efficient appliances and fixtures. Program participants are encouraged to use the energy conservation programs provided by the City's Utility Department. The City has outlined goals and requirements on the following topics:

- **Climate Change and Adaptation** including GHG inventories, sea level rise and mitigation measures.
- **Energy Supply and Conservation** including demand management, smart grid, alternative sources
- **Water conservation and resource management** including water quality, storm water, wastewater and bay water
- **Natural Environment** including land use issues, stewardship programs, parks, open space, biodiversity, invasive plant species contaminated sites and green purchasing practices, air quality and toxins and
- **Waste and materials** including management of ZeroWaste, reuse, recycling, composting and cradle-to-cradle initiatives

These goals and requirements mirror Senate and Assembly Bills (SB/AB), Codes, Ordinances and Mandates and strictly follow the set of guidelines prescribed by regional and municipal programs.

The following are the Environmental Sustainability Programs run by the City of Palo Alto for residential and commercial properties.

Table 3-12 List of Environmental Sustainability Programs in Palo Alto

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
Climate Change and Adaptation including GHG inventories, sea level rise and mitigation measures	<ul style="list-style-type: none"> • CCAR (2010)/ The Climate Registry (2011) • AB32 – California’s Climate Plan • Western Climate Initiative • Renewable Portfolio Standards – Internal mandate 20% by 2012 and 33% by 2015; Governor’s executive order and proposed CARD Rules 33% by 2020 • Palo Alto Climate Protection Plan targets 	<ul style="list-style-type: none"> • Palo Alto Climate Protection Plan and GHG Monitoring Program • Utilities Renewable energy supply goal • <i>Bay Area Climate Change Collaborative</i> • <i>Joint Venture Silicon Valley – Climate Protection Task Force and Climate Coaching Program</i> • <i>Sustainable Silicon Valley</i> • <i>International Council for Local Environmental Initiatives (ICLEI)</i> • <i>California Municipal utilities Association (CMUA)</i> 	<ul style="list-style-type: none"> • Community Environmental Action partnership (CEAP) • Utilities conservation related programs • Palo Alto Green – voluntary renewable energy program 	<ul style="list-style-type: none"> • Community Environmental Action partnership (CEAP) • Utilities conservation related programs • Palo Alto Green – voluntary renewable energy program
Energy Supply and Conservation including demand management, smart grid, alternative sources	<ul style="list-style-type: none"> • California Energy Code Amendments (Titles 20 & 24) • Third Party Measurement and Verification • Tiered Electricity rates to promote conservation • Utility Efficiency and Conservation Reporting (SB1037 and AB2021) • SB1 and AB920 – 	<ul style="list-style-type: none"> • Long Term Electric Acquisition Plan (LEAP) • Gas Utility Long-Term Plan (GULP) • LED Street Lights Pilot Project • City facilities energy efficiency goals/projects • LED Traffic Signals • Photovoltaic demonstration 	<ul style="list-style-type: none"> • Home energy efficiency analysis (Acterra Green@Home and on-line audits) • Solar Water Heating program • Photovoltaic (PV) Partners program • SMART Energy rebate Program for appliances, insulation, furnaces, etc. 	<ul style="list-style-type: none"> • Free Business Efficiency Analysis by CPAU • Solar Water Heating program • Photovoltaic (PV) Partners program • Commercial Advantage Rebate Program • Right Lights Plus Direct Install Program • Commercial &

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
Energy Supply and Conservation con't	<p>PV Net Metering and Rebates Act</p> <ul style="list-style-type: none"> • AB1470 – Solar Hot Water and Efficiency Act of 2007 	<p>projects at MSC, Baylands Nature Center, Cubberley Community Center and Arastradero Gateway Nature Center</p>	<ul style="list-style-type: none"> • Refrigerator Replacement & Recycling Incentives • Residential Energy Assistance Program (low income) • Lighting Pilot Projects • Home Energy Reports (fall 2010) • Home Efficiency Kits • Improving Efficiency and Using Technology Workshops/Seminars • Online Analysis Tools • New Construction and Retrofit Rebates • PACE (Property Assessed Clean Energy) Program with CalFirst 	<p>Industrial Energy Efficiency Programs</p> <ul style="list-style-type: none"> • Electric Efficiency Financing Program (summer 2010) • Commercial Kitchens Program • School District Outreach & Incentives by Utilities • Plug-in Program (distributed power generation)
Water conservation and resource management including water quality, storm water, waste water and bay water	<ul style="list-style-type: none"> • Water Efficient Landscape Ordinance • Recycled Water Ordinance • California Urban Water Conservation Council's Best Management Practices • State Green Building Code (CALGreen) • SBx7-7 (20% x2020) • Plumbing Code • Upcoming Gray 	<ul style="list-style-type: none"> • CPAU Urban water Management Plan • Water Conservation Implementation Plan (BAWSCA) • 20% x2020 potable water use reduction • <i>EPA WaterSense Partner</i> • <i>Alliance for Water Efficiency (AWE) partner</i> • Demonstration gardens at Mitchell Park 	<ul style="list-style-type: none"> • Water wise house calls • Water conservation rebate programs (landscape rebate program, ET controller rebates, high efficiency toilet rebate, & clothes washer rebate) • Storm water rebates • <i>Save the Bay</i> • <i>BAWSCA Workshops</i> • <i>Santa Clara</i> 	<ul style="list-style-type: none"> • Landscape Surveys • Indoor Water Surveys • Storm water rebates • Water conservation rebate programs (landscape rebate program, ET controller rebates, high efficiency toilet & urinal installation & rebates, commercial

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
Water conservation and resource management con't	<p>water code</p> <ul style="list-style-type: none"> • Various sanitary sewer ordinances to reduce copper, heavy metals, FOG (fats, oil, grease) and other pollutants • Tiered Water rates to promote conservation • Once-thru cooling ordinance • Ahwahnee Principles adopted by Council • Recycled water encouraged for use on construction sites for dust management 	<p>Library and Community Center, Downtown and Main Libraries</p> <ul style="list-style-type: none"> • Rebates & fixture retrofits • Landscape irrigation system improvements • <i>CLEAN South Bay</i> • Complete ultraviolet light water disinfection unit • Mercury reduction • Reducing salinity of recycled water • Integrated Pest Management Program • Various pollution prevention efforts: triclosan and pharmaceutical collection • Conversion of turf fields to artificial turf at four sites • Expansion of use of recycled water at park and median sites 	<p><i>Valley Water District (SCVWD) Workshops</i></p> <ul style="list-style-type: none"> • <i>Bay-Friendly Workshops and program</i> • Water efficient landscape literature • Our Water, Our World (less toxic pest control program at local hardware and garden centers) • Pharmaceutical collection • Mercury device collection • School programs (Regional Water Quality Control Plant (RWQCP) led and County led) 	<p>clothes washers, water efficient technology incentives, submeters, pre-rinse spray valves)</p> <ul style="list-style-type: none"> • <i>BAWSCA, SCVWD, Bay Friendly Workshops</i>
Natural Environment including land use issues, stewardship programs, parks, open space, biodiversity, invasive plant species contaminated sites and green purchasing practices, air quality and toxins	<ul style="list-style-type: none"> • Foothills Fire management Plan • Baylands Conservation Plan • Tree Preservation Ordinance • Wood smoke Ordinance (requirements for wood burning stoves and fireplaces) 	<ul style="list-style-type: none"> • Environmentally Preferred Purchasing • Urban Forest master Plan - including Street tree inventory, Tree species data base, Block Side Species Replacement list, Updated Tree Removal Process 	<ul style="list-style-type: none"> • Open space and trails • Community gardens • Junior museum • Farmer's markets (including Saturday's Downtown market, Sunday's Cal Ave market and the Downtown 	<ul style="list-style-type: none"> • Green Business Program (run by County; facilitated for PA businesses by Public Works) • Clean Bay Businesses

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
		<ul style="list-style-type: none"> • Nature and Hiking programs • Special events and educational programs • Nature and environmental interpretive centers and Junior Museum • Open space habitat preservation • Pesticide Free Parks • Baylands conservation plan • Foothills fire management plan • Arastradero creek restoration • San Francisquito Creek Flood Control • Partnerships with Save The Bay, US Fish & Wildlife and Acterra for habitat restoration 	<p>FarmShop)</p> <ul style="list-style-type: none"> • <i>Acterra</i> • <i>Canopy</i> • <i>Committee for Green Foothills</i> • <i>Environmental volunteers</i> • <i>Friends of Foothills Park</i> • <i>Friend of Palo Alto Parks</i> • <i>Midpeninsula Regional Open Space district</i> • <i>Peninsula Open space Trust (POST)</i> 	
<p>Waste and materials including management of ZeroWaste, reuse, recycling, composting and cradle to cradle initiatives</p>	<ul style="list-style-type: none"> • Demolition and Construction Diversion requirements • Ordinance on Plastics, expanded polystyrene and non-recyclable food services containers • Ordinance on single use bags • AB 939 • AB 32 	<ul style="list-style-type: none"> • Zero Waste Strategic and Operational Plan • City Operations recycling and composting programs • SMaRT Station • Product Stewardship/ Extended producer responsibility • Green purchasing policy • Paper reduction initiatives (CPP dept initiatives, double sided default, digital 	<ul style="list-style-type: none"> • ZeroWaste • BYOBag • Palo Alto Recycling Drop-off Center • HHW program (drop off and appointment) • City-wide Garage Sale • Curbside recycling and yard trimmings program 	<ul style="list-style-type: none"> • ZeroWaste • Composting program for food and yard waste • Business recycling program • Demolition and Construction Diversion program • Green Business Program • BYOBag • ZeroWaste Grant Program

	Goal and Requirements (State and Assembly Bills (SB/AB), Codes, Ordinances and Mandates)	Municipal and Regional Operations (including goals and programs) *	Residential (including goals and programs) *	Commercial (including goals and programs) *
		CMRs) <ul style="list-style-type: none"> • Sustainable exhibits at Junior Museum • Parks and Open Space Sustainable Operations • Reduction of waste by facility renters at community centers 		

Source: City of Palo Alto

* Related agencies and programs listed in Italics

Building Design and Construction

Title 24 of the California Administrative Code of Regulations mandates uniform energy conservation standards for new construction. In 2011, California added the California Green Building Standards Code (CALGreen) to the state’s official building code. CALGreen is a new set of building codes, some mandatory, and some voluntary, for all new buildings and renovations. It is the first state level “green” building code to be implemented in the US. Minimum energy conservation standards implemented through CALGreen may incrementally increase initial construction costs, but reduce operating expenses and expenditure of natural resources over the long run. The new 2013 California Green Building Standards Code (CALGreen) went into effect January 1, 2014. In the new Code, all residential additions and alterations of existing buildings will be subject to the requirements of 2013 CALGreen where the changes increase the building’s conditioned area, volume or size. Also on and after January 1, 2014, residential buildings undergoing permitted alterations, additions or improvements must replace noncompliant plumbing fixtures with water-conserving plumbing fixtures.

To conserve energy, much can be done during site planning to orient buildings so that sun and wind are used to maintain a comfortable interior temperature. Landscaping features can also be used to moderate interior temperatures. In addition, technologies have been developed which can reduce energy consumption or generate renewable energy.

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CHAPTER 4

HOUSING CONSTRAINTS

The ability of any local government to provide and maintain housing to meet the needs of all economic segments of the community are 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.

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 affordable housing. This section analyzes these types of non-governmental constraints.

Housing Market Conditions

The Bay Area was not immune to the national downturn in the real estate market that began in 2008. Of the nine counties that make up the Bay Area region, all counties experienced increases in foreclosures, short sales, and housing price declines. However, the Bay Area was able to withstand the past few years better than many other parts of the country due to its more diversified economy and desirable natural and cultural amenities. With the turnaround in the national economy, the Bay Area rebounded very quickly, with housing prices again approaching the pre-recession high levels.

Even in the Bay Area, the housing market is extremely fragmented. In general, the South Bay and San Francisco areas experienced less of a decline than the East Bay. In many communities along the Peninsula, Palo Alto included, the housing market peaked in 2007 largely because of the success of its high tech industries and strong school systems. Between 2008-2010, uncertain market conditions contributed to price decline and fluctuations in home prices. However, in the Peninsula region, because of the strength of the high-tech industries, home prices have been steadily increasing post real estate crash.

Palo Alto—like other communities in Santa Clara County, the Bay Area, California, and beyond—experienced a drop in new housing construction during the early part of this decade. While there was considerable housing activity during the 1980 to 1990 decade and in the early 2000s, the rate of production of units dropped from 2007 onward. From 1999 to 2006, 1,713 residential units were constructed. In contrast, building permits were issued for 1,063 residential units between 2007 and 2014, and a large number of these received their land use approvals prior to 2007. After 2007, a drop in housing construction occurred because of a combination of factors, including shortage of financing, rise in construction costs, and a poor housing market.

The costs of land, hard costs (construction), 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. Developable sites are scarce, with little vacant land suitable for development; less than 0.5 percent of the developable land in the city is vacant. Because of the lack of vacant parcels, underutilized sites or sites zoned for commercial/industrial uses have become attractive for residential re-use. 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. Although City policies encourage the integration of residential use into commercial use as mixed-use projects, the City is not supportive of stand-alone housing development in non-residentially designated areas.

Land costs in Palo Alto vary by location and the structure properties. Based on the information from local commercial and residential real estate brokers, the value of commercial land depends on proximity to transit and other amenities the area provides. A survey of property sales identified only one residential and one commercial property listed during April 2014. The vacant commercial lot was 7,450 square-feet, located in the Downtown area, and had a selling price of \$975,000. The other vacant property was a 1.03-acre multifamily residential lot with a selling price of \$11,888,000. In 2014, individual single-family residential lots, if available, typically cost over \$1 million for a 5,000-square-foot lot. Trulia.com reports that in the Downtown area, the average price per square foot for homes is \$1,412 and the average sales price for single family residential lot (not vacant) is \$1,165,217. Although the 2008-2012 slowdown in the national real estate market resulted in somewhat reduced construction costs, land costs in Palo Alto are still extremely high.

Hard/Construction Costs

A major impediment to the production of more housing is the cost of construction, which involves two factors: the cost of materials and the cost of labor. Hard construction costs generally comprise about 45 percent of the total development budget. Construction costs are more stable than land costs but also influenced by market conditions. Cost of construction varies with the type of new housing and the way it is constructed. According to ABAG, wood frame construction at 20-30 units per acre is generally the most cost efficient method of residential development. However, local circumstances of land costs and market demand impact the economic feasibility of these construction types.

An indicator of construction costs is building valuation data compiled by the International Code Council (ICC). The unit costs compiled by the ICC include structural, electrical, plumbing, and mechanical work, in addition to interior finish and normal site preparation. The data are national and do not take into account regional differences, and do not include the price of the land upon which the building is built. The 2012 national averages for costs per square foot unit of apartments and single-family homes are as follows:

Type I or II, Multi-Family: \$127.29 to \$144.89 per square foot

- Type V Wood Frame, Multi-Family: \$96.58 to \$101.08 per square foot
- Type V Wood Frame, One and Two Family Dwelling: \$105.93 to \$113.10 per square foot

However, developers in the Bay Area have indicated that construction costs are well above national averages, estimated at approximately 13 percent more.

The unit costs for residential care facilities generally range between \$122.17 and \$171.33 per square foot. These costs are exclusive of the costs of land and soft costs, such as entitlements, financing, etc. The City's ability to mitigate high construction costs is limited without direct subsidies.

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 the economies of scale. Even with the "economies of scale" of multifamily 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 the market can support. Hence, it becomes difficult to build affordable housing with this range of construction costs.

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 wages add to the overall construction budget.

Financing/Soft Costs

Soft costs, including permit fees, architectural and engineering services, and environmental reviews make up about 40 to 45 percent of the development budget in 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 soft costs causing additional time delays, leading to a longer development schedule.

Financing 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

At the time this Housing Element was prepared (2014), fixed mortgage rates for single-family residential housing ranged from three percent to 3.5 percent for a 30-year fixed conforming loan, compared to 6.5 percent in 2006. Adjustable rate loans were slightly lower than fixed conforming loans, ranging from starting rates of 2.75 percent up to 3.15 percent. This means that financing a home has become more attractive in the last few years if the applicant has good credit and a stable income. 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 downpayment of 3.5 percent, and 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 a number of homebuyer assistance programs available to lower-income homebuyers on the local and federal level. 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. The California Housing Finance Agency (CalHFA) provides a low-interest, deferred loan as downpayment 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.

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 greatly 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 787 households applied for conventional mortgage loans to purchase homes in Palo Alto during 2012, and 152 households applied for home improvement loans. Seventy percent of the loan applications to purchase a home were approved, and 67 percent of the home improvement loans were approved.

Interest rates impact 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. Even though interest rates are currently at historically low levels throughout the United States, 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 funding, remain a deterrent to development of affordable housing.

Table 4-1 Conventional Purchase and Home Improvement Loan Applications – 2012

Census Tract	Home Purchase Loans					Home Improvement Loans				
	Total Apps.	% Orig.	% Appr. Not Accepted	% Denied	% Other*	Total Apps.	% Orig.	% Appr. Not Accepted	% Denied	% Other*
5106	66	73%	6%	6%	15%	12	58%	0%	17%	25%
5107	52	71%	8%	10%	12%	9	56%	0%	11%	33%
5108.01	86	69%	2%	8%	21%	10	80%	0%	0%	20%
5108.02	21	76%	5%	0%	19%	7	57%	29%	0%	14%
5108.03	35	71%	3%	9%	17%	8	63%	0%	13%	25%
5109	49	69%	6%	14%	10%	11	73%	0%	9%	18%
5110	79	73%	4%	9%	14%	19	58%	5%	16%	21%
5111	74	73%	7%	11%	9%	18	78%	0%	6%	17%
5112	74	66%	4%	11%	19%	12	58%	8%	0%	33%
5113.01	42	64%	10%	14%	12%	5	40%	0%	20%	40%
5113.02	66	64%	9%	8%	20%	5	100%	0%	0%	0%
5114	40	73%	3%	8%	18%	10	80%	10%	0%	10%
5115	87	71%	5%	7%	17%	22	68%	9%	18%	5%
5116.09	0	0%	0%	0%	0%	0	0%	0%	0%	0%
5117.05	16	88%	0%	6%	6%	4	75%	25%	0%	0%
Total	787	70%	5%	9%	16%	152	67%	5%	9%	18%

Notes:

1. “Appr. Not Accepted” are those applications approved by the lenders but not accepted by the applicants
2. “Other” includes files closed for incompleteness, and applications withdrawn
3. These census tracts comprise the geographic area that generally approximates Palo Alto

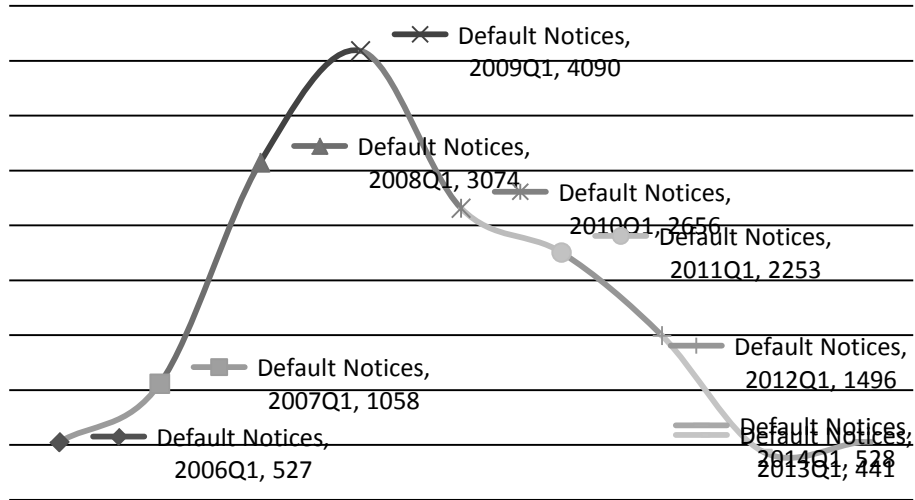
Source: Home Mortgage Disclosure Act (HMDA), 2012.

First-time homebuyer programs are another option to obtain home loans. They include down payment assistance programs such as the 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.

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 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.

Figure 4-1 Santa Clara County Notices of Default, 2006-2014



Source: DataQuick News 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014

Affordable Housing Development

As the federal and State governments reduce their budgets, funding for affordable housing development has been cut significantly. On the federal level, the CDBG and HOME programs have seen reductions by approximately one-third in recent years. On the State level, one of the major sources of affordable housing funding—redevelopment funds—was eliminated by the Legislature (although the City did not have a redevelopment agency). Therefore, local jurisdictions are burdened with allocating a greater amount of funding to each proposed affordable housing development.

The City of Palo Alto has several funding sources it can offer to assist in funding an affordable housing development. The City maintains two Affordable Housing Funds to provide financial assistance for the development of housing affordable to very low- or low-income households: the Commercial Housing Fund and the Residential Housing Fund. The Commercial Housing Fund is funded by mitigation fees assessed on new commercial and retail development. The Commercial Fund monies are used only to assist in the development of new housing units. The Residential Housing Fund’s purpose is to create affordable housing throughout the City. For developments including ownership housing, developers are required to provide affordable housing in each development; however, developers may request to pay a fee in lieu of providing affordable housing within the development. Because of recent litigation, the City cannot require affordable units in new rental housing. Fees are deposited into the Residential Housing Fund and then used to help finance other affordable housing projects in the City. Based on discussions with affordable housing developers, as other State and federal sources are reduced or eliminated, local jurisdictions will have to carry a larger portion of the financial burden.

While federal and State funding sources have had allocations reduced, there still are a number of funding sources on both levels, albeit those sources are now much more competitive for the limited funding. In many instances, affordability of the units is a deciding factor in funding allocation. However, this creates a situation where additional funding sources are needed to help fill the wider gap. In other words, the project may be more competitive as affordability increases; however, more funds are needed to subsidize the project.

Environmental Constraints

The environmental setting affects the feasibility and cost of residential development. Some areas in the City have specific environmental issues that may constrain future residential development. Environmental issues range from the suitability of land for development, the provision of adequate infrastructure and services, as well as the cost of energy. This section discusses the challenging environmental issues affecting the City's development decisions.

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 Uniform 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 readily address these conditions. Incentives for seismic retrofits of structures in the University Avenue/Downtown area are available.

Other geologic hazards in Palo Alto not associated with seismic events are landslides that may result from heavy rain, erosion, removal of vegetation, or other human activities. The Public Works Department enforces strict Municipal Code regulations to combat these natural events. The Department requires reports from engineers and geologists reviewing the geology and soils of the hazard areas. Some areas of the city have isolated cases of pollution of the soil and groundwater that may require clean up, and the close proximity of groundwater to the surface may limit excavation or require additional foundation stabilization.

Limited areas of Palo Alto are 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. According to Public Works Department staff, approximately 25-30 percent of the city is 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 due to rise in ocean water temperature and melting of polar ice will affect future development decisions for Palo Alto since the rise in sea level will impact the low-lying bay properties. According to San Francisco Bay Conservation and Development

Commission (BCDC) projections, mean sea level will rise between 10 and 90 centimeters (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 (<http://www.bcdc.ca.gov>).

Noise

Probably 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 will continue 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.

Infrastructure Constraints

The City of Palo Alto is a mature community with well-established infrastructure systems. The City owns and manages its utilities, including water, gas, wastewater, stormwater, and electrical. All of the identified sites to meet the RHNA in this Housing Element list are surrounded by developed land and have the necessary infrastructure and services in place to support development. According to staff from the City Public Works and Utilities Departments, no significant infrastructure constraints would affect anticipated residential development on these sites.

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 Alto has a long-term entitlement from the SFPUC system of 17.07 million gallons per day (MGD). The City's supply/demand balance is discussed in detail in the City of Palo Alto's 2010 Urban Water Management Plan (2010 UWMP). Based on the long-term water use forecast in the 2010 UWMP, adequate normal year supplies are available to serve future growth, including those sites identified in the Housing Element.

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 2010 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). Although the City will need to make adjustments to normal usage patterns, the City anticipates that adequate supplies will be available to meet future demand during a drought.

The City's wastewater treatment plant has a capacity of 39 million gallons per day 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 will also be 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.

Small Sites

The most significant constraint to new housing development is the lack of available land. Palo Alto is a built-out community with very limited developable land remaining for any kind of development. About 80 percent of the zoned R-1 are between 5,000-10,000 square feet in size. These parcels are established R-1 neighborhoods with little chance of rezoning or developing to multifamily development in the future. 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 constraints to housing.

In identifying sites to meet the RHNA, the selection process focused on sites with lot areas over 10,000 square feet. These lots were selected because they could potentially yield at least five residential units at a density calculation of 20 dwelling units per acre. Some sites identified in the SOFA area are less than 10,000 square feet. With some of the smaller sites, it may be preferable that groups of parcels be consolidated under one owner or joint development entity to facilitate mixed-use development and thus provide a reasonable housing yield; A number of mixed-used developments on these smaller lots have provided residential units.

Schools

Schools in the Palo Alto Unified School District (PAUSD) consistently rank among the best in the State, and residents are particularly concerned with any impacts that may affect the high quality of the schools. There is community concern that additional new housing would introduce more new students into the school district and would further impact facilities already near or at capacity.

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.

Land Use Controls

Comprehensive Plan

The **2010-2020 Comprehensive Plan** is Palo Alto’s chief policy document governing and guiding the 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 following table describes the land use categories of the City of Palo Alto. Of the land use categories, Single Family Residential, Multifamily Residential, Commercial and Mixed-use categories allow residential use with respective density and intensity limits for each category.

Table 4-2 Distribution of Existing Land Uses in Palo Alto

Land Use Categories	% of Total Area**
Parks / Preserve /Open Space	43.54%
Single Family	21.34%
Openspace/ Controlled Development	15.10%
Public Facility	8.59%
R&D / Limited Manufacturing	5.68%
Multi Family	3.15%
Commercial/Mixed Use	2.61%
Vacant	0.50%

** Includes Sphere of Influence

Source: City of Palo Alto

The four residential land use designations established in the Land Use and Community Design Element are described below:

Single-Family Residential

Allows one dwelling unit on each lot, as well as churches or schools (conditional uses). The typically allowed density range is 1 to 7 units per acre, but the upper end of this range can be increased to 14 dwelling units per acre to accommodate second units or duplexes.

Multiple-Family Residential

Allows net densities ranging from 8 to 40 dwelling units per acre, with more specific density limits governed by a site’s zoning district and location. Generally, higher densities are permitted near major streets and public transit, with lower densities appropriate next to single-family residential areas.

Village Residential

The intent of this designation is to promote housing that contributes to the pedestrian orientation of streets and neighborhoods. This designation permits a maximum density of 20 units per acre, allowing single-family housing on small lots, second units, cottage clusters, duplexes, fourplexes, and small apartments.

Transit-Oriented Residential

The intent of this designation is to allow higher-density residential uses in the University Avenue/Downtown and California Avenue commercial centers within 2,000 feet of a multi-modal transit station, thus supporting transit use. A maximum density of 50 dwelling units per acre is allowed.

In addition to the residential land use designations, the Comprehensive Plan allows residential development in non-residential (commercial) land use designations. A considerable portion of new housing has been constructed in non-residential zones. New standards have been created to allow housing in these locations. These land use designations and their general development limits are described below.

Neighborhood Commercial

This designation typically allows smaller shopping centers with retail uses that serve nearby neighborhoods, and allows housing in a mixed-use configuration with housing over retail. Neighborhood Commercial allows residential use at a density of 15 units per acre as part of a mixed use development. However, those Neighborhood Commercial sites identified in the Housing Element have a maximum density of 20 units per acre. Exclusive residential development is not allowed.

Regional/Community Commercial

This designation allows larger shopping centers intended to serve markets larger than nearby local neighborhoods, but it does not allow residential or mixed-use development. Sites within this designation are much larger than neighborhood shopping centers and contain large parking areas. Community Commercial allows residential use at a density of 40 units per acre as part of a mixed use development. Exclusive residential development is not allowed.

Service Commercial

This land use designation supports citywide or regional commercial facilities for people arriving by automobile and allows mixed-use development with housing and ground floor retail. Service Commercial allows residential use at a density of 30 units per acre as part of a mixed use or residential development. Exclusive residential development is not allowed.

Mixed-use

This designation allows for combinations of Live/Work, Retail/Office, Residential/Retail and Residential/Office uses. Its purpose is to increase the types of spaces available for living and working, to encourage a mix of compatible uses in certain areas, and to encourage investment in areas, with new buildings designed to provide a high-quality pedestrian-oriented street environment.

Context-Based Design Codes

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 Code allows for increased 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.

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. In addition, the multifamily and mixed-use design criteria offer a framework to guide development that is compatible with adjacent development. These guidelines provide clear direction to developers to help streamline the development review process. 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.

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. Program 2.1.7 of this Housing Element would further explore this option in Palo Alto.

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 a development above that allowed by standard zoning regulations, as well as provide regulatory relief in the form of concessions. In exchange, a developer provides affordable units in the development. In 2004, the State Legislature passed SB 1818, which significantly amended Government Code Section 65915, the density bonus law. The amendment lowered the thresholds required to receive a density bonus and increased the number of concessions a developer can receive. Palo Alto adopted a Density Bonus Ordinance 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 35 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 development of affordable housing.

Below Market Rate Housing Program

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 program originally required that for developments on sites of less than five acres, the developer must provide 15 percent of the total housing units as BMR housing units. If the site was larger than five acres, the developer was required to provide 20 percent of the units as BMR housing.

However, recent court cases have drastically changed the BMR, or “inclusionary zoning” environment in California, revising historic understandings of validity and appropriate analysis for these ordinances. Two factors have received recent attention by the courts: whether inclusionary housing is considered rent control, and whether inclusionary housing and related housing mitigation fees are considered exactions. A 2009 court case (*Palmer/Sixth Street Properties v. the City of Los Angeles*) reversed a long-standing legislative and judicial history that inclusionary controls on rents did *not* constitute rent control. The “Palmer” case determined that inclusionary ordinances that require a developer to provide a portion of units at affordable rents within a new market-rate development are a violation of the Costa-Hawkins Act (Civil Code Sections 1954.51 – 1954.535). As a result of this case, many cities have suspended or amended the portions of their inclusionary housing requirements that require affordable units to be included in market-rate rental developments. Affordable units may still be required in market-rate for-sale developments.

In the wake of the Palmer decision, which limits the ability of cities to apply BMR requirements to rental housing unless some form of financial assistance is provided, many cities have turned instead to the use of development impact fees charged on new, market-rate housing and/or commercial development. Known as “Housing Impact Fees” and “Commercial Linkage Fees”, these fees are based on an assessment of the extent to which the development of new market-rate housing or commercial uses, respectively, generates additional demand for affordable housing.

These in-lieu fees, or housing impact fees, have also been a question considered by the courts. In a 2013 California Supreme Court case, *Sterling Park v. City of Palo Alto*, the Court ruled that affordable housing requirements were a type of exaction that could be challenged under the protest provisions of the Mitigation Fee Act. BMR requirements on for-sale units are also being challenged (*California Building Industry Association v. City of San Jose*) in a case that will be determined by the California Supreme Court. In this case, the Building Industry Association asserts that all programs requiring affordable housing, whether for-sale or for-rent, must be justified by a nexus study showing that the affordable housing requirement is “reasonably related” to the impacts of the project on the need for affordable housing.

While legislative efforts have been initiated to clarify inclusionary allowances, the Governor has vetoed such bills due to the current uncertainty regarding the legal standard applicable to affordable housing requirements. As indicated by recent court cases, Housing Impact Fees and Commercial Linkage Fees require the preparation of a nexus study. Litigation on this topic is ongoing, and as such is subject to change. The City is in the process of preparing nexus studies

for both the BMR program and for the Commercial Fee. These studies are expected to be completed by November 2014.

While Palo Alto's requirement has been important in providing BMR units, it can also be a constraint. The pricing gap between a market rate unit and a BMR unit is significant. On average, a for-sale BMR unit is priced 40 to 60 percent below its market rate counterpart. Therefore, depending on the number of BMR units, the amount of subsidy carried by the market rate units to cover the financial gap created by the BMR units can be substantial. Given the high cost of land in the City, coupled with the large pricing gap of the BMR units, the regulations may discourage developers moving forward with any type of housing project. To provide more BMR units, this Housing Element proposes a lowering of the BMR requirement threshold to three units or more. (H.3.1.1)

Given the high land costs and availability of land suitable for residential development within Santa Clara County and adjacent San Mateo County, most communities in the area have adopted inclusionary housing programs to provide affordable housing options. Palo Alto has had a BMR housing program since 1973. Although this could be seen as a constraint to housing development, from 2000 to 2008, Palo Alto produced an average of 100 units per year, and permits were issued for 921 housing units between 2007 and 2011. The fact that most jurisdictions in the area have similar inclusionary housing programs, and that housing, including the required BMR units continues to be produced, the City's BMR program does not hinder housing production.

Growth Control or Similar Ordinances

The City of Palo Alto does not have any growth control ordinances in place affecting housing development.

Zoning (Use Regulations) for a Variety of Housing

Multifamily Rental Housing, Senior Housing, Small Size Units and Efficiency Studios and Mobile Homes and Factory-Built Housings:

Policy H2.1 of this Housing Element identifies a variety of strategies to increase housing density and diversity near community services, including a range of unit types. It emphasizes and encourages the development of affordable housing to support the City's fair share of the regional housing needs. Program H2.1.2 allows increased residential densities for mixed-use developments, thereby encouraging more multifamily housing to be built in areas near transit and services. Currently, multifamily housing, including rental and ownership housing, is permitted in RM-15, RM-30 and RM-40 zoning, along with mixed-use commercial zones like CS and CN. Multifamily units in structures with two to four units represented six percent of the housing stock in 2012, and 32 percent of the housing stock consisted of structures with five and more units.

Single Room Occupancy

Program H2.1.4 proposes amending the Zoning Code to create zoning incentives that encourage development of smaller size housing units, including units for seniors. In addition, the City permits Single Room Occupancy (SRO) units in commercial and multi-family residential zoning districts 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. Program H3.1.7 supports a Zoning Code that permits innovative housing types and flexible development standards while maintaining the character of the neighborhood.

Mobile Homes

Although manufactured housing and mobile homes are a permitted use in all of the City's residential zoning districts, only one mobile home park exists, with approximately 104 mobile homes. Mobile homes are permitted in R-E, R-2, RMD, R-1, RM-15, RM-30 and RM-40 zoning districts, but are not allowed on permanent foundations in historic districts of the City. Since 2000, there has been an approximately 40 percent drop in the number of mobile homes in the City. The 117 units in the Buena Vista Mobile Home Park made up less than 0.4 percent of the housing stock in 2013. 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 in Chapter 2, the owner of the Buena Vista Mobile Home Park has indicated the intent to close the park and redevelop the site. Any redevelopment of the site must adhere to the City's Mobile Home Park Conversion Ordinance.

Second Dwelling Units

The City allows for second dwelling units as a way to expand affordable housing opportunities. Second dwelling units are separate, self-contained living units with separate entrances from the main residence, whether attached or detached. In the R-1 district and all R-1 subdistricts, the minimum lot size for a second dwelling unit must be 35 percent greater than the minimum lot size otherwise established for the district. Palo Alto averages construction of approximately four second units per year. About 22 percent of all R-1 lots meet the minimum lot size and are eligible for second dwelling units. However, the City does not have any record of how many of these lots already have an existing second unit, legal or otherwise.

The City also permits second dwelling units in the R-E, R-2 and RMD districts, and provides development standards to minimize the impacts of second dwelling units on nearby residents and to assure that the size, location and design of such dwellings is compatible with the existing residence on the site and with other structures in the area.

Parking requirements for second dwelling units are one covered parking space for second units less than 450 square feet. The City requires one covered and one uncovered parking space for second units greater than 450 square feet mainly due to the potential for having more than one occupant with an automobile. The City allows tandem parking and parking in the side or rear setbacks to meet the uncovered parking requirement. Program H1.1.2 of this Housing Element looks to legitimize existing illegal second units where appropriate and consistent with maintaining the character and quality of life of the neighborhoods. Program H3.3.5 of this Housing Element explores modifications to development standards to further encourage second unit development.

Residential Care Homes

A residential care home is a residential dwelling unit or part thereof licensed by the State of California or County of Santa Clara 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. As required by State law, the City permits residential care facilities for six or fewer residents in all residential districts.

Supportive Housing

Supportive housing is housing with no limit on length of stay that is occupied by a special needs population, as defined by Section 53260(d) of the California Health and Safety Code, and that is linked to on- or off-site services that assist the supportive housing residents in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community. 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.

Emergency and Transitional Housing

Emergency and transitional shelters are facilities for the temporary shelter and feeding of homeless, disaster victims, or persons facing other difficulties such as domestic violence.

An emergency shelter is a facility that houses homeless persons 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 which contains such uses as offices, research facilities, and light manufacturing. It is accessible by transit, with retail support services located nearby. This area can accommodate a shelter large enough to have capacity for the City's unmet homeless need on 157 beds (based on 2013 point-in-time survey results). The ROLM(E) district is also appropriate because the square footage costs of industrial or light manufacturing property are much less than residentially or commercially zoned parcels, making an emergency shelter use in this area more cost efficient. Also, existing buildings in this area are of an appropriate size to be converted to an emergency shelter. Accessibility to the Downtown is available through the City's free Palo Alto shuttle, which operates in the morning through the early evening throughout the work week.

The development and management standards for emergency shelters in the Palo Alto Zoning Ordinance were drafted to be consistent with State law. Specific provisions for emergency shelters specify:

- The construction of and/or renovation of a building for use as an emergency shelter shall conform to all applicable building and fire code standards.
- There shall be provided one parking space for each three beds in the emergency shelter.
- Shelters shall have designated smoking areas that are not visible from the street and which are in compliance with all other laws and regulations.

- There shall be no space for outdoor congregating in front of the building adjacent to the street and no outdoor public telephones.
- There shall be a refuse area screened from view.
- Maximum Number of Persons/Beds. The emergency shelter for the homeless shall contain no more than 40 beds.
- Size and location of exterior and interior on-site waiting and client intake areas. Shelters shall provide 10 square feet of interior waiting and client intake space per bed. In addition, there shall be two office areas provided for shelter staff. Waiting and intake areas may be used for other purposes as needed during operations of the shelter.
- On-site management. On-site management and on-site security shall be provided during hours when the emergency shelter is in operation.
- The emergency shelter provider shall submit an operations plan that addresses the standards for operation contained in the Palo Alto Quality Assurance Standards for Emergency Shelters for the Homeless.
- Distance to other facilities. The shelter must be more 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.
- Outdoor lighting shall be sufficient to provide illumination and clear visibility to all outdoor areas with minimal shadows or light leaving the property. The lighting shall be stationary, and directed away from adjacent properties and public rights-of-way.

Transitional housing facilities may be configured as rental housing developments. In contrast to supportive housing, transitional housing operates under program requirements that call for termination of assistance and recirculation of the assisted units to another eligible program recipient at some predetermined future point in time, but no less than six months. Transitional housing is intended to assist formerly homeless individuals transition to permanent housing. Currently, the transitional housing demand of the City is being met through the services provided by the Opportunity Center for both individual adults and family households.

In Palo Alto, transitional housing is considered 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, consistent with Municipal Code amendments adopted in 2014. Transitional housing programs may use residential care homes wholly or as part of their overall facilities. Consistent with State law, small transitional housing serving six or fewer people is considered a standard residential use and is permitted in all districts where residential uses are permitted.

Table 4-3 Permitted Uses in Residential Zones

Land Use Type	Permit Required by Zone							
	R-1	R-E	R-2	RMD	RM-15	RM-30	RM-40	Mixed-Use
Residential Uses								
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
Residential Care Homes	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	--
Transitional Housing (Considered as Residential Care/Multi-Family Use)	--	--	P	P	P	P	P	--
Supportive Housing (Considered as Residential Care/Multi-Family Use)	--	--	P	P	P	P	P	--
Second Dwelling Units	P	P	P(1)	P(1)	--	--	--	--
Day Care Facilities								
Day Care Centers	CUP	CUP	CUP	CUP	CUP	CUP	P	--
Small Adult Day Care Homes	P	P	P	P	P	P	P	--
Large Adult Day Care Homes	CUP	CUP	CUP	CUP	CUP	CUP	CUP	--
Small Family Day Care home	P	P	P	P	P	P	P	--
Large Family Day Care home	P	P	P	P	P	P	P	--
Other Residential Use								
Convalescent Facilities	--	CUP	--	--	--	--	CUP	--
Bed & Breakfast Inns	--	--	--	P(2)	--	--	--	--
Accessory Facilities and Uses	P	P	P	P	P	P	P	--
Home Occupations	P	P	P	P	P	P	P	--
P = Permitted Use CUP = Conditional Use Permit (1) Second Units in R-2 and RMD Zones: A second dwelling unit associated with a single-family residence on a lot in the R-2 or RMD zones is permitted, subject to the provisions of Section 18.10.070, and such that no more than two 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) Multi-family allowed as part of mixed-use developments -- = Use not allowed				R-1 = Single-Family Residential RE = Residential Estate R-2 = Two Family Residential RMD = Two Unit Multiple-Family Residential RM-15 = Low Density Multiple-Family Residence RM-30 = Medium Density Multiple-Family Residence RM-40 = High Density Multiple-Family Residence				

Source: Palo Alto Zoning Ordinance, 2014

Zoning (Development Standards) 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:

- RE: Residential Estate District
- R-1: Single-Family Residence District
- R-2: Two Family Residence District
- RMD: Two Unit Multiple-Family Residence District
- RM-15: Low Density Multiple-Family Residence District
- RM-30: Medium Density Multiple-Family Residence District
- RM-40: High Density Multiple-Family Residence District
- PC: Planned Community District

Permitted densities, setback requirements, minimum lot sizes and other factors vary among the residential districts. The table 4-4 lists some of the more significant standards of each district.

Table 4-4 Residential Development Standards

Development Standard	R-1*	R-E	R-2	RMD	RM-15	RM-30	RM-40
Minimum Lot Size (square feet)	6,000	1 acre	6,000	5,000	8,500	8,500	8,500
Maximum Lot Size (square feet)	9,999	None	11,999	9,000	None	None	None
Maximum Lot Coverage	35%	25%	35%	40%	35%	40%	45%
Maximum Density (dwelling units per acre)	8	1	12	17	15	30	40
Floor Area Ratio (FAR)	0.45	0.45	0.45	0.50	0.50	0.60	1
Maximum Height Limit (feet)	30	30	30	45	30	35	40
Minimum Side Yard Setback	6	15	6	6	6-10	6-10	6-10
- Street Side Yard	16	24	16	16	16	16	16
Minimum Rear Yard Setback	20	30	20	20	10-16	10-16	10-16
Minimum Front Yard Setback	Contextual	30	20	20	0-20	0-20	0-25
Required Parking (spaces per unit)	2**	2**	1.5**	1.5**	1.25 - 2**	1.25 - 2**	1.25 - 2**

* The R-1 District has four subdistricts which include differing site area development standards (see Table 4-5).

** At least one of the required number of spaces per unit must be covered.

Source: Palo Alto Zoning Ordinance, 2014

RE Residential Estate District

The RE District is intended to create and maintain single-family living areas in more outlying areas of the City compatible with the natural terrain and the native vegetative environment. The minimum site area is one acre. Only one residential unit, plus an accessory dwelling or guest cottage, is permitted on any site. 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 R-1 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 second dwelling units 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.

Table 4-5 R-1 Districts and Minimum Site Standards

Development Standard	Type of R-1 District				
	R-1	R-1(650)	R-1(743)	R-1(929)	R-1(858)
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	18,999	39,999
Maximum Lot Coverage	30%	30%	30%	30%	30%
Maximum Density (dwelling units per acre)	8	6	5	4	2
Floor Area Ratio (FAR)	30%	30%	30%	30%	30%
Maximum Height Limit (feet)	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
Required Parking (spaces per unit)	2 (1 covered)	2 (1 covered)	2 (1 covered)	2 (1 covered)	2 (1 covered)

Source: Palo Alto Zoning Ordinance, 2014

R-2 and RMD Residential Districts

Two residential districts allow two units on a site. The R-2 Two Family Residence District allows a second dwelling unit under the same ownership as the initial dwelling unit in areas designated for single-family use, with regulations that preserve the essential single-family character. A minimum site area of 7,500 square feet is necessary for two dwelling units.

The RMD Two Unit Multiple-Family Residence district also allows a second dwelling unit under the same ownership as the initial dwelling unit in areas designated for multiple-family uses. The maximum density in this district is 17 units per acre.

In certain instances, the site development regulations can be viewed as constraints to the development of housing. Since most of the city is planned and zoned for low residential use, the City recognizes that residential neighborhoods are distinctive and looks to preserve and enhance

their special features. 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 demolition/remodeling of existing structures. The regulations guiding development 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.

Multiple-Family Density Districts

The Zoning Ordinance establishes three categories of multiple-family residential use: low density (RM-15), medium density (RM-30), and high density (RM-40). In the RM-15 district, the permitted density is up to 15 units per acre. Consistent with the Comprehensive Plan and to promote development of multifamily housing, this Housing Element includes a program to increase the minimum density in the RM-15 to 8 dwelling units per acre (Program H.2.1.3).

The RM-30 district allows up to 30 units per acre, and the RM-40 allows up to 40 units per acre. All of these districts have minimum site areas, and height, lot coverage, and floor area ratio limitations. In addition, all multiple-family zones have open space and BMR requirements.

PC Planned Community District

The Planned Community (PC) District is intended to accommodate developments on a site-specific basis for residential, commercial, professional or other activities, including a combination of uses. It allows for flexibility under controlled conditions not attainable under other zone districts. The PC District is particularly intended for unified, comprehensively planned developments that offer community benefits in exchange for tailored development standards.

The PC District has been an important tool for the development of affordable housing. City decision makers are, as of September 2014, discussing reforms to the PC District. If the Code pertaining to the PC district is revised, the PC ordinance will contain language to preserve affordable housing development opportunities. If the PC code is removed, the City will replace the PC zone with another mechanism that would provide the same affordable housing opportunities. A possible substitute or mechanism could be an Affordable Housing Overlay (AHO). The AHO could be designated in areas identified as appropriate for affordable housing project. If a developer chooses to develop within the AHO, the developer could receive incentives or additional benefits such as greater density and other modifications to encourage affordable housing development.

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 multifamily 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. The combining district is intended to encourage higher densities near public transportation.

Residential Uses in Commercial Districts

Prior to the Zoning Ordinance update in 2006, all of the Zoning Districts allowed residential development. In the 1970s and 1980s, several mixed-use projects were developed in the

commercial zones that included significant numbers of residential units. However, during the late 1980s and 1990s, financing of mixed-use projects became more difficult, and the City saw a decline in mixed-use proposals. Requirements for design review of mixed-use projects and restrictions in uses for commercial zones resulted in constraints on the production of housing units in commercial zones. With the adoption of the new Zoning Ordinance in 2006, exclusive residential use was no longer allowed in commercial districts (CS, CN, CC districts). However, new development standards encourage mixed-use projects, have simplified the requirements, and have added incentives that encourage mixed-use development in the commercial zones. Site and design review of any project is required in the Site and Design Review Combining District (D) overlay zones and (PF) Public Facility zones.

Table 4-6 Development Standards for Mixed-Use Developments

Development Standards	CN	CC	CC(2)	CS
Minimum Site Area	None	None	None	None
Usable Open Space	200 sq ft per unit for 5 or fewer unit, 150 sq ft per unit for 6 or more units			
Minimum Front Yard Setback	0-10	0-10	0-10	0-10
Minimum Rear Yard Setback	10	10	10	10
Minimum Side Yard Setback	10	10	10	10
Street Side Setback	5	5	5	5
Maximum Lot Coverage	50%	50%	100%	50%
Maximum Height	35-40	50	37	50
Residential Density	15 or 20*	Based on lot size	30	30
Residential Floor Area Ratio (FAR)	50%*	Based on lot size	60%	60%
Required Parking (spaces per unit)	1.25-2.0 (1 covered)	1.25-2.0 (1 covered)	1.25-2.0 (1 covered)	1.25-2.0 (1 covered)

**Residential densities up to 20 units/acre only on sites identified in the Housing Element*

Source: Palo Alto Zoning Ordinance, 2014

Height Limits

Limitations on height can constrain a developer’s ability to achieve maximum densities, especially with other development controls. Height limits in the R-1, R-2, RMD, RM-15, RM-30 vary between 30 to 35 feet. In the RM-40 zoning district, the maximum height is 40 feet, which is enough to accommodate three- to four-story construction. Mixed-use development standards in CS, CN, and CC zone and Downtown Commercial zones allow a maximum height of 50 feet. Theoretically, this could accommodate four-story construction; however, the parking requirements and construction costs for four-story buildings often result in the developer choosing to construct three-story developments. Therefore, height could be viewed as a constraint in achieving maximum densities.

In 2006, the City adopted the Pedestrian and Transit Oriented Development District (PTOD) to allow high-density developments near the California Avenue CalTrain station. In support of housing diversity and encouraging development of housing near community services,

amendments were completed in 2009 to allow a height increase up to a maximum of 50 feet for higher-density residential development in the PTOD.

Since the City of Palo Alto largely built out, infill development represents primary form of development occurring in the last few years. For infill development, zoning, FAR, and height limits sometimes pose a challenge in attaining maximum allowable density. Market demand in the early 2000s resulted in a considerable number of three--bedroom townhome condominiums. The large size of the units (1500-1800 square feet) precluded building up to maximum allowable density. Providing incentives for smaller unit size, such as reduced parking requirements, could help achieve higher densities (Program H.2.1.4).

Parking

Parking requirements vary depending on the type of dwelling, the zoning designation, and in the case of multifamily units, the number of bedrooms per unit.

The basic requirement for a single-family house is two spaces, at least one covered, with underground parking generally prohibited. For second dwelling units, the size of the second unit determines the parking requirement. If the unit is larger than 450 square feet, two spaces must be provided, one of which one must be covered. If the unit size is less than 450 square feet, only one space (covered or uncovered) is required.

For Multiple Family Residential districts, the following parking is required:

- 1.25 spaces per studio unit
- 1.5 spaces per one-bedroom unit
- 2 spaces per two-bedroom or larger unit.

At least one space must be covered, with tandem parking allowed for units requiring two spaces. Guest parking is also required for projects with more than three 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. Disabled 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 be workable on larger projects, they represent a potential 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. Multifamily units in mixed-use projects are subject to requirements that cumulatively add the multiple family requirements with the commercial parking requirements portion of the project to determine the total number of spaces needed.

Parking reductions may be considered; however, these reductions are considered on a case-by-case basis.

Parking requirements for multifamily housing can hinder the projects ability to achieve the maximum allowable density. The Palo Alto Zoning Ordinance does allow concessions for parking for senior housing and affordable housing projects. For senior housing, 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. The City may require traffic demand management measures in conjunction with any approval. For housing near transit areas, the City allows a maximum reduction of 20 percent of the total required spaces.

Table 4-7 Parking Requirements for Residential Zones

Zoning District	Vehicle Parking Requirement	Bicycle Parking Requirement
R-1	2 spaces; 1 covered	None required
Second Dwelling Unit based on sqft	1 to 2 additional space	None required
R-2	1.5 spaces per unit; 1 covered	1 space per unit
RMD	1.5 spaces per unit; 1 covered	2 space per unit
RM-15	1.25-2.00 spaces per unit; 1 covered	3 space per unit
RM-30	1.25-2.00 spaces per unit; 1 covered	4 space per unit
RM-40	1.25-2.00 spaces per unit; 1 covered	5 space per unit
Guest Parking	For projects exceeding 3 units: 1 space plus 10% of total number of units provided that if more than one space per unit is as signed or secured parking, then guest spaces equal to 33% of all units is required.	1 space for each 10 units

Source: City of Palo Alto Zoning Code Section 18.52.040

4.3 DEVELOPMENT REVIEW PROCESS

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 four types of Development Impact fees: 1) the Housing Development Impact fees, 2) Traffic Impact fees, 3) Community Facilities Impact Fees, 4) and Parkland Dedication fees. All residential projects are exempt from Housing Development Impact fees. The development fee structure does not appear to be a significant impediment to residential development. 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.

The fees for parks, community centers, and libraries add \$14,360 to the price of a single-family dwelling unit less than 3,000 square feet in size and \$9,354 to the price of a multifamily dwelling more than 900 square feet. These fees are likely to increase the cost of a median priced single-family dwelling by about one percent and increase the cost of a median priced multifamily dwelling by about 1.3 percent. Combined with additional planning, building and other fees the City charges, Palo Alto’s fee structure adds about two to three percent to the cost of a median-priced single-family dwelling and about two percent to the cost of a median-priced multifamily dwelling. These increased costs are not significant when compared to the cost of land, labor, and materials for development in Palo Alto, but they could impact affordable housing projects with limited budgets. Due to this factor, the City has exempted all 100-percent affordable housing projects from all development impact fees, including new parks, community centers, and libraries fees.

Since Palo Alto’s fee schedule is less costly for multi-family units than single-family units, this provides some incentive for the increased production of multifamily units. In addition, the fee schedule reduces the fees for smaller multifamily units (less than 900 square feet) to \$4,753, which is approximately 50 percent of the fee required of larger multifamily units. This provides an incentive for development of smaller, less expensive multi-family units.

Table 4-8 Palo Alto Residential Development Impact Fees

Fee	Single Family	Single Family over 3000 s.f.	Multi-Family	Multi-Family under 900 s.f.
Parks	\$ 10,639	\$ 15,887	\$ 6,964	\$ 3,521
Comm Ctr	2,758	4,129	1,815	916
Libraries	963	1,434	575	316
Total	\$ 14,360	\$ 21,450	\$ 9,354	\$ 4,753
<i>basis</i>	<i>per home</i>	<i>per home</i>	<i>per unit</i>	<i>per unit</i>

Fee	Commercial	Hotel/Motel
Parks	\$ 4.518	\$ 2.043
Comm Ctr	\$ 0.255	\$ 0.115
Libraries	\$ 0.243	\$ 0.102
Total	\$ 5.016	\$ 2.260
<i>basis</i>	<i>per net new s.f.</i>	<i>per net new s.f.</i>

Source: City of Palo Alto, 2014

Table 4-9 Palo Alto Development Impact Fee Exemptions

X = Exempt NOTE: When an exempt use changes to a non-exempt use, a fee is due.

Exemption	Housing	Community Facilities	Traffic: Charleston/Arastradero	Citywide Traffic Fee	Traffic: San Antonio	Traffic: SRP	Parkland Dedication
<i>Ordinance section</i>	16.47.030	16.58.030	16.60.040	16.59	16.46.030	16.45.050	21.50.100
Residential Exemptions							
Single-family home remodels or additions	All residential uses exempt	X	X	X	All residential uses exempt	All residential uses exempt	Only applies if a subdivision or parcel map is required
New home on an empty parcel							
Second units							
Multifamily Residential							
Required BMR units							
Below Market housing beyond required units		X	X	X			
100% Affordable Housing		X	X	X			X
Non-Residential Exemptions							
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.						All non-residential uses exempt
Tenant improvements that do not increase building area	X	X	X	X	X	X	
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	X	X	
Retail, personal service, or automotive service 1,500 s.f. or smaller (one-time)	X	X	X	X		X	
Non-residential use 250 s.f. or smaller					X	X	
Hazardous materials storage	X	X	X	X	X	X	
On-site cafeteria/ recreation/ childcare (employee use only)	X	X	X	X	X	X	
Thermal storage for energy conservation					X	X	
Temporary uses < 6 months					X	X	
Daycare, nursery school, preschool		X	X	X	X (Not open to general public)	X (Not open to general public)	

Table 4-10 Planning Fees

MISCELLANEOUS PROCESSING FEES			
Public Notice: 600 foot radius	\$673.00; if noticing is required		
Public Notice: 150 foot radius	\$121.00; if noticing is required		
Record Management Fee	\$ 25 per file		
Records Retention (microfilming)	\$ 4/plan sheet		
Technology Enhancements	\$20 per application or permit		
Recording Fee with the County	At cost		
<i>See Municipal Fee schedule for fees related to building permits, parking, or other departments</i>			
ARCHITECTURAL REVIEW BOARD	FEE²	Application Deposit²	Legal Fee³
Preliminary Review	\$1,204.00		
Minor Project (staff review only) – sign and façade changes only, or similar minor changes.	\$359.00		
Minor Project (staff review only)	\$1,448.00		
Minor Project (Architectural Review Board review)	\$2,896.00		
Major Project	Deposit	\$3,712.00	
Signs (staff review only)	359.00		
Signs (Architectural Review Board review)	\$961.00		
Signs Erected without Approval	\$1,923.00		
Sign Exception	\$1,448.00		
Design Enhancement Exception (DEE)	\$1,585.00		
Temporary sign permit (15 days)	\$61.00		
ENVIRONMENTAL ASSESSMENT			
Environmental Impact Assessment (EIA) negative declaration	\$1,738.00		
Environmental Impact Assessment (EIA), mitigated negative	\$3,309.00		
CEQA Categorical Exemption	\$324.00		
Environmental Impact Report (EIR)	Deposit	100% of Estimated Costs	\$2,163.00
Mitigation Monitoring (MND)	Deposit	\$1,181.00	\$541.00
Mitigation Monitoring (EIR)	Deposit	\$3,543.00	\$1,082.00
HISTORIC			
Demolition of Historic Building	\$2,386.00		\$1,622.00
Major Project	\$3,128.00		\$1,082.00
Minor Project requiring staff level review	\$660.00		
Historic Review of Individual Review Application	\$1,917.00		
Floor Area Bonus and/or Transfer of Development Rights (TDR)	Deposit	\$590.00	\$1,082.00

1. Other application fees may apply.

2. Multiple entitlement applications may be associated with a project. The associated fees may include flat fees (e.g. Variance, HIE, DEE, CUP) and deposits (e.g., Major ARB, Site and Design). For a project having both flat fees and deposit, the applicant will be required to initially submit only the highest deposit amount plus miscellaneous processing fees. The additional flat fees and other planning deposits associated with components of the project will be subsumed in the cost recovery charges billed to the applicant for processing all the entitlements.

3. Complex projects over 50,000 square feet require a legal deposit of \$1,622.00. Applicant will be billed and is responsible for 100% of legal costs.

4. Where noted, legal fee is a deposit, rather than a flat fee. Applicant will be billed, and is responsible for 100% of legal costs.

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Table 4-10 Planning Fees (Continued)

SITE AND DESIGN	FEE²	Application Deposit²	Legal Fee³
Site and Design - Major	Deposit	\$5,905.00	\$1,352.00
SUBDIVISION			
Preliminary Parcel Map	\$2,617.00		\$541.00
Preliminary Parcel Map w/Exception	\$5,165.00		\$1,082.00
Parcel Map	\$1,077.00		
Parcel Map w/ Exception	\$1,251.00		
Tentative Map	Deposit	\$5,905.00	\$2,163.00
Final Map of Five or More Parcels	\$3,370.00		
ZONING ADMINISTRATOR			
Conditional Use Permit (CUP)	\$3,799.00		
CUP – Wireless Facilities	Deposit	\$3,785.00	
CUP – Use Permit for alcoholic beverage service only	\$961.00		
CUP – Minor Change to Existing CUP	\$961.00		
CUP - Day Care Center	\$180.00		
Temporary Use Permit (TUP)	\$190.00		
Residential Variance	\$2,436.00		
Nonresidential Variance	\$5,138.00		\$811.00
Fence Variance	\$1,193.00		
Home Improvement Exception (HIE)	\$961.00		
Individual Review meeting with Architect	\$108.00		
Individual Review Minor Revisions to approved projects	\$1,595.00		
Individual Review - New Two Story Residence or addition to existing one story	\$4,021.00		
Individual Review - Second Story expansion >150 s.f.	\$2,778.00		
Neighborhood Preservation Zone Exception	\$2,224.00		
OTHER			
All Appeals (File with City Clerk)	\$136.00		\$270.00
Comprehensive Plan Change (not annual review)	Deposit	\$5,905.00	\$1,082.00
Development Project Preliminary (pre-screening)	Deposit	\$3,543.00	\$811.00
Development Agreement	Deposit	\$6,813.00	\$5,408.00
Development Agreement Annual Review	Deposit	\$2,385.00	\$811.00
Planned Community Zone Change	Deposit	\$7,086.00	\$2,163.00
Minor Change to Planned Community Zone	\$1,448.00		\$811.00
Zone Change - Regular	Deposit	\$5,905.00	\$1,352.00
Williamson Act - Establish or Withdraw	Deposit	\$1,862.00	\$1,622.00

1. Other application fees may apply.

2. Multiple entitlement applications may be associated with a project. The associated fees may include flat fees (e.g. Variance, HIE, DEE, CUP) and deposits (e.g., Major ARB, Site and Design). For a project having both flat fees and deposit, the applicant will be required to initially submit only the highest deposit amount plus miscellaneous processing fees. The additional flat fees and other planning deposits associated with components of the project will be subsumed in the cost recovery charges billed to the applicant for processing all the entitlements.

3. Complex projects over 50,000 square feet require a legal deposit of \$1,622.00. Applicant will be billed and is responsible for 100% of legal costs.

4. Where noted, legal fee is a deposit, rather than a flat fee. Applicant will be billed, and is responsible for 100% of legal costs.

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Table 4-10 Planning Fees (Continued)

Mills Act – Establish or Withdraw	Deposit	\$1,771.00	\$2,163.00
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** New fee effective 8/19/13.

DOCUMENTS & GENERAL FEES	FEE	Basis	
Administrative extensions and zoning letters	\$162.00	Per hour	1-hr minimum
Property Research Fee	\$123.00	Per hour	1-hr minimum
Records Retention (microfilming)	\$4.00	Per plan sheet	
Comprehensive Plan	\$87.00		Plus \$4 if mailed
Zoning Map	\$95.00		Plus \$4 if mailed
Comprehensive Plan map (200-scale)	\$13.00	Per page	Plus \$4 if mailed
Tree Manual or other bound documents	\$32.00		Plus \$4 if mailed
Subscription – Agendas	\$108.00	Per board or commission	Annual
Subscription – Minutes	\$216.00	Per board or commission	Annual
Copies – Optical Disk	\$.50 cents	Per page	\$27 minimum
Photocopies	\$.13 cents	Per page	

1. Other application fees may apply.
2. Multiple entitlement applications may be associated with a project. The associated fees may include flat fees (e.g. Variance, HIE, DEE, CUP) and deposits (e.g., Major ARB, Site and Design). For a project having both flat fees and deposit, the applicant will be required to initially submit only the highest deposit amount plus miscellaneous processing fees. The additional flat fees and other planning deposits associated with components of the project will be subsumed in the cost recovery charges billed to the applicant for processing all the entitlements.
3. Complex projects over 50,000 square feet require a legal deposit of \$1,622.00. Applicant will be billed and is responsible for 100% of legal costs.
4. Where noted, legal fee is a deposit, rather than a flat fee. Applicant will be billed, and is responsible for 100% of legal costs.

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The Bay Area Cost of Development Survey 2010-2011 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. The survey conducted by the City of San Jose uses 2010-2011 information and compares the City of Palo Alto's entitlement fees with surrounding 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 the 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 waiver of existing fees for very low- and low-income housing projects. The Housing Element Programs H3.3.1 and H3.3.2 allow 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. The most significant of these fees in Palo Alto are school impact fees. The Palo Alto Unified School District adopted a fee schedule in 2012 that specifies a fee of \$3.20 per square foot for residential units.

In addition to zoning processing and impact fees, new development is subject to building permit fees, which are proportional based on building valuation. Such fees include building plan check (based on valuation), fire plan review (45 percent of the building permit fees), zoning plan review (30 percent of the building permit fees), and public works plan review (12 percent of the building permit fees). For a residential subdivision, the most significant Public Works fee would be the fee for a Street Work Permit, which is five percent of the value of the street improvements. If no improvements are required, no fee is paid; in a built-out city like Palo Alto, this may be the norm. The City's Utility Department also charges for gas, sewer, and water connections.

Nexus Requirements

Housing Development Fee: A *Jobs–Housing Nexus Analysis for the City of Palo Alto* was prepared by Keyser Marston Associates in 1993 and updated in 1995 and 2002. The nexus study was conducted to meet the requirements of AB1600, as amended to Government Code Section 66001, in support of the City's housing linkage fee program. The City studied the number of low-income jobs generated by different types of employers. The housing impact fee is based on the cost to provide affordable housing for those employees who would choose to live in Palo Alto if housing were available. As a result of the nexus study, the fee level is set to recover approximately 20 percent of the cost of providing such housing.

The nexus analysis focused on the relationships among development, growth, employment, income, and housing. The analysis yielded a causal connection between new commercial/industrial construction and the need for additional affordable housing. The analysis did not address the existing housing problems or needs, nor did it suggest that development and its relationships were the only cause of housing affordability problems and the development community should bear the full cost of addressing affordability problems. The study focused on documenting and quantifying the housing needs for the new working population in the non-residential structures. The study was updated in 2002. Based on the update, on March 25, 2002 the City Council approved modifications and additions to impact fees collected for residential and commercial development projects. The key change in the housing fee was to increase the fee from \$4.21 per square foot to \$15.00 per square foot applied to nonresidential development

and require that an annual cost of living adjustment be made. Impact fees continue to be assessed regularly; as of 2014, the fee was \$19.31 per square foot. In light of recent litigation, the City is conducting a nexus study for the fee. The nexus study is scheduled to be completed in December 2014.

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.

Building Codes and Enforcement

Beginning January 1, 2014, the 2013 California Green Building Standards (CALGreen), developed by the California Building Standards Commission, became effective for new buildings and certain additions or alteration projects throughout the State. The City of Palo Alto has adopted CALGreen, which creates uniform regulations for new residential and non-residential California buildings that are intended to reduce construction waste, make buildings more efficient in the use of materials and energy, and reduce environmental impacts during and after construction. Residential buildings subject to CALGreen include multi-family residences and one- and two-family dwellings that have three or fewer stories. CALGreen also applies to residential additions and alterations where the addition or alteration increases the building's conditioned area, volume, or size. 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. Local enforcement is based on the State's Uniform Housing Code that sets minimum health and safety standards for buildings. The City has amended its Building Code to include more stringent requirements for green buildings and LEED certification. The City also administers certain State and federal mandated standards in regards to energy conservation and accessibility for disabled households. The City of Palo Alto Department of Building Inspection, in implementing the Building Code, requires all new construction and rehabilitation projects to comply with the Code's disability access requirements.

Building Division 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.

On/Off-Site Improvement Standards

Site improvements are a necessary component of the development process. The types of improvements may providing new or modified sewer, water, and street infrastructure. 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.

In few instances, the site development regulations can be viewed as constraints to the development of new housing. The development standards described before indicate that the maximum densities allowed by each residential zoning district can readily be achieved and can produce units of a reasonable size. Lot coverage, FAR, and height standards increase as densities increase to accommodate the maximum density allowed by each district. At the same time, open space standards are reduced to accommodate these increasing densities but still allow for adequate private and communal open space. Parking standards are governed by the number of bedrooms in the case of multifamily residential development and are directly related to the number of people of driving age expected to live in these units. Residential development standards in Palo Alto are comparable with development standards in other Bay Area communities, including communities with lower housing costs such as San Jose. Given this, it appears that Palo Alto's residential development standards are reasonable and do not significantly add to the cost of residential units when compared to the high costs associated with the purchase of land, labor, and construction materials. However, these extra requirements add additional cost to the already tightly budgeted affordable housing projects.

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 size and complexity of the development. For example, single-family use applications that require a variance or home improvement exception can be handled by the Director of Planning and Community Environment, 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.

Residential development applications that fall under the responsibility of the Director of Planning and Community Environment are usually processed and a hearing held within six to eight of the application submittal date. This includes review by the Architectural Review Board, which is required for all residential projects except individually developed single-family houses and duplexes. Rezoning and minor subdivision applications typically have a longer timeframe since they must be heard by both the Planning and Transportation Commission and the City Council. Generally, the Planning and Transportation Commission hears applications seven to ten weeks after submittal. 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 major Site and Design or Planned Community rezoning, then the Architectural Review Board will conduct a hearing after the Planning and Transportation Commission hearing and this could affect the time frame.

As part of the Housing Element, the City is proposing a program to incentivize small unit development on small lots. Program H2.2.1 proposes to waive the Site and Design Review process for residential development on sites identified in the Housing Element if the project size is less than nine units, proposed density is 20 dwelling units per acre, and the maximum unit size is 900 square feet. For rezoning projects, the Planning and Transportation Commission reviews the project twice, before and after the Architectural Review Board recommendation and prior to the City Council action. This adds considerably to the processing timeline. Further, all of the timeframes referenced above 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 or resolved as a result of the environmental assessment. With the exception of rezoning proposals, permit processing timelines in Palo Alto are comparable to other jurisdictions in the Bay Area.

Architectural Review Board (ARB) approval is required for all residential projects except individually developed single-family homes and duplexes. 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 multifamily 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 and necessary procedure to ensure that new development is consistent and compatible with the existing surrounding developments. All new construction projects of 5,000 square feet or more, and all multifamily projects with three or more units are required to be reviewed by the ARB. 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 clear guidelines for residential and mixed-use projects. Generally, standards are related to measurable criteria such as setback, height, and floor area. 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 ARB review, and a recommendation is made. 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. The final decision is made by the Planning and Community Environment Director, and this decision may be appealed to the City Council. The timeline for this process can range from three to six months.

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 approve or deny an application. These guidelines establish fair degree of certainty in the review process.

In an effort to make the design review process in Palo Alto more efficient and predictable, the City has developed design guidelines for key areas of the City and preliminary review processes for major development projects. The design guidelines cover sensitive areas of the City and include the El Camino Real area, the Downtown, the Baylands, and the South of Forest Avenue (SOFA) area. These 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 has established two preliminary review processes for significant development projects to assist developers in identifying critical issues to be addressed and potential design problems to be resolved prior to filing a formal application. A small fee is charged for this optional service, but these processes can save time by proactively addressing issues that could delay construction of a project, which, ultimately, is the greatest contributor to increasing project development costs. The Preliminary Architectural Review process allows the ARB to review potential projects or project concepts and give useful direction during the initial or formative design steps of the project. Planning staff also reviews the project to ensure compliance with Zoning Code requirements and other pertinent design guidelines and planning policies. 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. Planning staff and other City department staff also review the project for compliance with all pertinent City codes and guidelines. Both of these processes give the developer valuable information that can expedite development. Since processing delays can significantly increase the cost of housing construction, the City does, on an ad hoc basis, provide for preferential or priority processing for affordable housing projects.

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 family home construction is exempt from the CEQA review process. Multifamily residential projects may require environmental review depending on the size and complexity of the project.

Table 4-11 Typical Processing Procedures by Project Type

Typical Approval Requirements	Single Family Home Remodels or Additions	New Single Family Home on Vacant Parcel		Multi Family Residentials		Affordable Housing
		Under 3000s.f.	Over 3000 s.f.	Under 900 s.f.	Over 900s.f.	
(ARB) Architectural Review Board (Major and Minor)	N/A	Major ARB Required only in Open Space Districts	Major ARB Required only in Open Space Districts	Major ARB Required only in Open Space Districts	Major ARB Required	Required
Environmental Assessment						
Environmental Impact Assessment (EIA)				N/A	N/A	N/A
Mitigation Monitoring (MND)				Depending on Size and Magnitude of the Project	Depending on Size and Magnitude of the Project	Required
Mitigation Monitoring (EIR)				Depending on Size and Magnitude of the Project	Depending on Size and Magnitude of the Project	Required
Categorically or Statutorily Exempt	N/A	N/A	N/A	Depending on Size and Magnitude of the Project	Depending on Size and Magnitude of the Project	Required
Historic Review						
Historic Review Board (Minor and Major Project)	May be Applicable Depending the Year of Construction of the Building	N/A	N/A	May be Applicable Depending the Year of Construction of the Building	May be Applicable depending on the Year of Construction of the Building	May be Applicable depending on the Year of Construction of the Building
Historic Review Board (Demolition of Historic Building)						
Site and Design Review (Minor and Major Project)	Applicable if in the "D" Overlay Zone					
Subdivision Review						
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						

Table 4-11 Typical Processing Procedures by Project Type (Continued)

Typical Approval Requirements	Single Family Home Remodels or Additions	New Single Family Home on Vacant Parcel		Multi Family Residentials		Affordable Housing
		Under 3000s.f.	Over 3000 s.f.	Under 900 s.f.	Over 900s.f.	
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 s.f.	Applicable	Applicable	Applicable			
Neighborhood Preservation Zone Exception	May be Applicable Depending on the Location and Zoning District of the Project					
Other Reviews						
Planned Community Zone Change					May be Applicable	
Nonconforming Use Review	Grandfathered In					

Source: City of Palo Alto Zoning Code

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	3 months (approx)
General Plan Amendment	Not required for housing development other than a residential PC in a commercial district
Site & Design Review	Only required for "Site and Design D" overlay zones, 6 months (approx)
Architectural/Design Review	Required for Multiple Family Housing and Single Family Housing in Open Space Districts, 3-6 months (approx)
Tentative and Final Maps	For Development with more than 5 units, 3-6 months for Tentative Maps and 1 month for Final Map
Preliminary and Parcel Maps	For Development with less than 5 units, 2 months for Preliminary Map and 1 month for Parcel Map
Initial Environmental Study	Based on size and complexity of the project, 3 months to years.
Environmental Impact Report	

Source: City of Palo Alto Zoning Code

4.4 CONSTRAINTS TO HOUSING FOR PERSONS WITH DISABILITIES

This section describes any potential or actual regulatory constraints, if any, on providing housing for the disabled in Palo Alto. The City strictly enforces the Federal Americans with Disabilities Act (ADA) and State requirements to ensure that minimum housing access requirements are met. The City also enforces disabled parking standards described in the Zoning 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.

An analysis of regulations and processes of the City of Palo Alto shows that the City conscientiously implements and monitors Title 24 of the California Code of Regulations, which are the regulations on access and adaptability for persons with physical disabilities. 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 requirement and a zoning ordinance requirement (for example, the location of a disabled accessible ramp and a required building setback), the City attempts to identify the conflict early in the review process and resolves it with priority given to the Title 24 requirement. The approval is administrative, and there is no fee.

Although there are no mandatory disabled accessibility requirements for single-family houses, the City assists physically disabled low-income homeowners with minor accessibility modifications to their homes by funding through the Home Access Program.

The City's parking requirements ensure adequate disabled 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 department, which is less stringent than the variance process used in many other cities for review of applications for parking reductions.

Special Needs Housing

Group homes for disabled people are allowed as "residential care homes." Residential care homes are permitted in all residential zones, including R-1, R-2, R-E, RMD, RM-15, 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 required as part of the approval process.

Reasonable Accommodations Requests

The Fair Housing Act, as amended in 1988, requires that cities and counties provide reasonable accommodation to rules, policies, practices, and procedures where such accommodation may be necessary to afford individuals with disabilities equal housing opportunities. 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.

Building Codes and Development Regulations

The State of California has adopted statewide, mandatory codes based on the International Code Council's (ICC) codes. As part of the code, the City is required to update its Building Code every three years to be consistent with the State updates. The local jurisdiction can adopt more stringent codes than required by the State. Other than some minor variations to the code updates, the City has adopted the State updates as issued. The City’s Building Codes are reasonable, similar to the codes of neighboring jurisdictions, and would not adversely or hinder the construction of affordable housing.

CHAPTER 5

PAST ACCOMPLISHMENTS AND NEW HOUSING GOALS, POLICIES AND PROGRAMS.

5.1 2007-2014 HOUSING PLAN ACCOMPLISHMENTS

Progress in Meeting the 2007-2014 RHNA

From 2007 to 2014, the period covered by the City’s previous Housing Element, Palo Alto successfully produced or approved 1,063 housing units affordable to various income groups. As shown in the table below, these units represented 37 percent of the regional housing need that ABAG allocated to the City for the 2007-2014 planning period.

Table 5-1
2007-2014 Cycle’s Performance in Achieving RHNA Goal

Income Category	2007-2014 New Construction Need	Actual New Construction Need Met in 2007-2014 Cycle*	Percentage of Need Achieved in 2007-2014 Cycle
Very Low (0-50% of AMI)	690	156	23%
Low (51-80% of AMI)	543	9	2%
Moderate (81-120% of AMI)	641	125	20%
Above Moderate (over 120% of AMI)	986	773	78%
TOTAL UNITS	2,860	1,063	37%

Source: City of Palo Alto, Annual Housing Element Progress Report 2013

*Note: Built/building permits issued in the 2007-2014 cycle

The 1,063 units included 773 out of 986 (78 percent) above moderate-income units allocated by ABAG. However, during this same planning cycle, the numbers allocated for very low-, low- and moderate-income households were not achieved. Only two percent of the low-income need was met, while 23 percent of the very low-income and 20 percent of the moderate-income needs were achieved.

Summary Evaluation of Past Accomplishments

Under State Housing Element law, communities are required to assess the achievements under their adopted housing programs as part of their housing element update. These results should be quantified where possible, but may be qualitative. The City’s housing accomplishments during the 2007-2014 planning period are evaluated as part of the basis for developing appropriate policies and programs for the 2015-2023 planning period. A full account of the status in achieving the goals, policies, and programs from the 2007-2014 planning period can be found in Appendix A (2007-2014 Accomplishments Matrix).

As part of implementing the vision of the 2007-2014 Housing Element, the City provided funding for the following affordable housing projects that contributed toward the RHNA goals:

- Alta Torre Senior Housing Project by Bridge Housing Corporation – Completed in 2010 and provides 56 one-bedroom apartments for very low-income seniors in Palo Alto
- Tree House Project by Palo Alto Housing Corporation – Completed in 2011 and provides 35 new affordable rental units for extremely low- and very low- income households in Palo Alto
- 801 Alma Street Family Housing by Eden Housing– Completed in 2013 and provides 50 affordable rental units to very low-income families

The City also furthered its commitment to providing affordable housing through:

- Adopting a BMR ordinance. In 2008, the City codified the Below Market Rate program to more effectively govern and define the inclusionary housing program. During the 2007-2014 planning cycle, 51 affordable housing units were produced via the BMR program.
- Update to the Density Bonus Ordinance. In 2014, the City revised its Density Bonus Ordinance to fully comply with Government Code Section 65915, further facilitate the development of affordable housing units, and help the City achieve its RHNA.

5.2 HOUSING GOALS, POLICIES AND PROGRAMS

This section establishes the Vision, Goals, Policies, and Programs for the 2015-2023 planning period. It includes programs from the prior planning period (see Appendix A) that have been revised as appropriate to improve the success of the program during this planning period.

Vision

Our housing and neighborhoods shall enhance the livable human environment for all residents, be accessible to civic and community services and sustain our natural resources.

EXISTING NEIGHBORHOODS

H1 GOAL ENSURE THE PRESERVATION OF THE UNIQUE CHARACTER OF RESIDENTIAL NEIGHBORHOODS

H1.1 POLICY *Promote the rehabilitation of deteriorating or substandard residential properties using sustainable and energy conserving approaches.*

H1.1.1 PROGRAM Continue the citywide property maintenance, inspection, and enforcement program.

Eight-Year Objective: Continue to provide services which promote rehabilitation of substandard housing.

Funding Source: City Funds

Responsible Agency: Planning & Community Environment, Code Enforcement

Time Frame: Ongoing

H1.1.2 PROGRAM 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.

Eight-Year Objective: Consider modifying the Zoning Code to provide for additional second units.

Funding Source: General Fund

Responsible Agency: Planning & Community Environment

Time Frame: Conduct a study within three years of adoption of Housing Element to assess the potential for additional second units with modifications to the development standards.

H1.1.3 PROGRAM 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.

Five-Year Objective: Preserve 10 rental cottages and duplexes.

Funding Source: City Housing Fund

Responsible Agency: Planning and Community Environment

Time Frame: Explore incentives within three years of Housing Element adoption

H1.2 POLICY *Support efforts to preserve multifamily housing units in existing neighborhoods.*

H1.2.1 PROGRAM When a loss of rental housing occurs due to subdivision or condominium conversion approvals, the project shall require 25 percent BMR units.

Eight-Year Objective: Provide 10 additional affordable housing units on sites where rental housing will be lost.

Funding Source: NA

Responsible Agency: Planning and Community Environment

Time Frame: Ongoing

H1.3 POLICY *Encourage community involvement in the maintenance and enhancement of public and private properties and adjacent rights-of-way in residential neighborhoods.*

H1.3.1 PROGRAM 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.

Eight-Year Objective: Coordinate with the City’s waste and disposal hauler to conduct a cleanup campaign once a year to promote neighborhood clean-up.

Funding Source: City Housing Funds

Responsible Agency: Public Works Department

Time Frame: Ongoing

H1.4 POLICY *Ensure that new developments provide appropriate transitions from higher density development to single-family and low-density residential districts to preserve neighborhood character.*

STRATEGIES FOR NEW HOUSING

H2 GOAL SUPPORT THE CONSTRUCTION OF HOUSING NEAR SCHOOLS, TRANSIT, PARKS, SHOPPING, EMPLOYMENT, AND CULTURAL INSTITUTIONS

H2.1 POLICY *Identify and implement strategies to increase housing density and diversity, including mixed-use development and a range of unit styles, near community services. Emphasize and encourage the development of affordable and mixed-income housing to support the City’s fair share of the regional housing needs and to ensure that the City’s population remains economically diverse.*

H2.1.1 PROGRAM 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.

Eight-Year Objective: Provide opportunities for a diverse range of housing types near fixed rail stations.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Consider Zoning Code amendments within three years of Housing Element adoption

H2.1.2 PROGRAM Allow increased residential densities and mixed use development only where adequate urban services and amenities, including roadway capacity, are available.

Eight-Year Objective: Make sure that adequate services are available when considering increased residential densities.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.1.3 PROGRAM 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.

Eight-Year Objective: To provide opportunities for up to 10 additional dwelling units on properties zoned RM-15

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within three years of Housing Element adoption

H2.1.4 PROGRAM 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.

Eight-Year Objective: Provide opportunities for 75 smaller, more affordable housing units.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within three years of Housing Element adoption

H2.1.5 PROGRAM

Use sustainable neighborhood development criteria to enhance connectivity, walkability, and access to amenities, and to support housing diversity.

Eight-Year Objective: Increase connectivity and walkability in new development.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.1.6 PROGRAM

Consider density bonuses and/or concessions including allowing greater concessions for 100% affordable housing developments.

Five-Year Objective: Provide opportunities for 100% affordable housing developments.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.1.7 PROGRAM

Explore developing a Transfer of Development Rights (TDR) program to encourage higher-density housing in appropriate locations.

Eight-Year Objective: Create opportunities for higher-density housing.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Consider program within two years of Housing Element adoption

H2.1.8 PROGRAM

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.

Eight-Year Objective: Provide information to developers about potential housing sites.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Post information on website upon adoption of Housing Element

H2.1.9 PROGRAM

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.

Eight-Year Objective: Amend the Zoning Code to provide development incentives to meet the RHNA.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Adopt amendments within two years of Housing Element adoption

H2.1.10 PROGRAM

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.

Eight-Year Objective: Explore the identification of pedestrian nodes.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing in conjunction with the Comprehensive Plan update

H2.1.11 PROGRAM

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.

Eight-Year Objective: Consider PTOD for University Avenue.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within four years of Housing Element adoption, in conjunction with the Comprehensive Plan update

H2.1.12 PROGRAM

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.

Eight-Year Objective: Evaluate developing plans for downtown, California Avenue, and El Camino Real.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing in conjunction with the Comprehensive Plan update

H2.2 POLICY

Continue to support the redevelopment of suitable lands for mixed uses containing housing to encourage compact, infill development. Optimize the use of existing urban services, and support transit use.

H2.2.1 PROGRAM

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:

- The project has 9 residential units or fewer
- A residential density of 20 dwelling units per acre or higher
- Maximum unit size of 900 square feet

Eight-Year Objective: Streamline processing for identified Housing Element Sites.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Adopt program within three years of Housing Element adoption

H2.2.2 PROGRAM

Work with Stanford University to identify sites suitable for housing that may be located in the Stanford Research Park and compatible with surrounding uses.

Eight-Year Objective: Identify sites suitable for housing to accommodate additional housing units.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Identify sites within three years of Housing Element adoption

H2.2.3 PROGRAM

Use coordinated area plans and other tools to develop regulations that support the development of housing above and among commercial uses.

Eight-Year Objective: Explore additional opportunities to encourage housing in commercial areas.

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.2.4 PROGRAM

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.

Eight-Year Objective: By the end of the second year of the housing element planning period, the City will enter into a legally enforceable agreement for \$200,000 in committed assistance to purchase affordability covenants on 23 units at the Colorado Park Apartments. The City will report to HCD on the status of purchasing affordability covenants no later

than July 1, 2018, and to the extent an agreement is not in place, will amend the Housing Element as necessary to identify additional sites.

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.2.5 PROGRAM

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 Camino that are outside of identified “pedestrian nodes” for the more transit-rich identified sites.

Eight-Year Objective: Explore additional appropriate housing sites.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H2.2.6 PROGRAM

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.

Eight-Year Objective: Consider transfer of zoning requirements to create horizontal mixed use.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within three years of Housing Element adoption

H2.2.7 PROGRAM

Explore requiring minimum residential densities to encourage more housing instead of office space when mixed-use sites develop, and adopt standards as appropriate.

Eight-Year Objective: Explore requiring minimum densities in mixed use districts.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing in conjunction with the Comprehensive Plan update

H2.2.8 PROGRAM

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 allowable Floor Area Ratio (FAR), and adopt standards as appropriate.

Eight-Year Objective: Assess removal of maximum densities in mixed use zoning districts.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing in conjunction with the Comprehensive Plan update

H2.3	POLICY	<i>Heighten community awareness and to 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.</i>
H2.3.1	PROGRAM	<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>Eight-Year Objective: Perform outreach on affordable housing. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Ongoing</p>

AFFORDABLE HOUSING

H3 GOAL MEET UNDERSERVED HOUSING NEEDS, AND PROVIDE COMMUNITY RESOURCES TO SUPPORT OUR NEIGHBORHOODS

H3.1	POLICY	<i>Encourage, foster, and preserve diverse housing opportunities for very low-, low-, and moderate income households.</i>
H3.1.1	PROGRAM	<p>Amend the City’s 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>Eight-Year Objective: Provide opportunities for four additional BMR units. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Amend BMR Ordinance within three years of Housing Element adoption.</p>
H3.1.2	PROGRAM	<p>Implement the BMR ordinance to reflect the City’s policy of requiring:</p> <p>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. 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.</p>

- 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 in the 80 to 100 percent of median range, and one-fifth may be in the higher price range of between 100 to 120 percent of the County’s median income. In all cases, the sales price should be sufficient to cover the estimated cost to the developer of constructing the BMR unit, including financing, but excluding land, marketing, off-site improvements, and profit.
- c) If the City determines that on-site BMR units are not feasible, off-site units acceptable to the City, or vacant land determined to be suitable for affordable housing, construction, may be provided instead. Off-site units should normally be new units, but the City may accept rehabilitated existing units when significant improvement in the citywide housing stock is demonstrated.
- d) If the City determines that no other alternative is feasible, a cash payment to the Residential Housing Fund, in lieu of providing BMR units or land, may be accepted. The in-lieu payment for projects subject to the basic 15 percent BMR requirement shall be 7.5 percent of the greater of the actual sales price or fair market value of each unit. For projects subject to the 20 percent requirement, the rate is 10 percent; for projects with a 25 percent requirement (as described in Program 1.2.1 regarding the loss of rental housing), the rate is 12.5 percent. The fee on for-sale projects will be paid upon the sale of each market unit in the project.
- e) When the BMR requirement results in a fractional unit, an in-lieu payment to the Residential Housing Fund may be made for the fractional unit instead of providing an actual BMR unit. The in-lieu fee percentage rate shall be the same as that otherwise required for the project (7.5 percent, 10 percent, or 12.5 percent). The fee on for-sale projects will be paid upon the sale of each market unit in the project. Larger projects of 30 or more units must provide a whole BMR unit for any fractional unit of one-half (0.50) or larger; an in-lieu fee may be paid, or equivalent alternatives provided, when the fractional unit is less than one-half.
- f) Within 15 days of entering into a BMR agreement with the City for a project, the developer may request a determination that the BMR requirement, taken together with any inclusionary housing incentives, as applied the project, would legally constitute a taking of property without just compensation under the Constitution of the United States

or of the State of California. The burden of proof shall be upon the developer, who shall provide such information as is reasonably requested by the City, and the initial determination shall be made by the Director of Planning and Community Environment. The procedures for the determination shall generally be those described in Chapter 18.90 of the Palo Alto Municipal Code, including the right of appeal to the City council under Chapter 18.93, or such other procedures as may be adopted in a future BMR ordinance. Notice of the hearing shall be given by publication but need not be sent to nearby property owners. If the City determines that the application of the BMR requirement as applied to the project would constitute a taking of property without just compensation, then the BMR agreement for the project shall be modified, reduced or waived to the extent necessary to prevent such a taking.

- g) Consider allowing smaller BMR units than the market rate units if the developer provides more than the required BMR amount in the R-1 zoning district for new single family residential subdivisions subject to compliance with appropriate development standards.
- h) Revise BMR policy language to clarify the BMR program priorities in producing affordable housing units including exploring the option of requiring land dedication as the default option on sites of three or more acres.
- i) Evaluate revising the method of calculating the number of required BMR units by basing the number of BMR units required on the maximum density allowable on the site instead of the total number of proposed units in the development.
- j) Conduct a nexus study to identify the impacts of market rate housing and the need for affordable housing, and develop BMR rental policies based on the results of the study.

Eight-Year Objective: Provide 10 affordable units through implementation of the City’s BMR program.

Funding Source: Developers

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing – implementation of existing program

H3.1.3 PROGRAM

Continue implementation of the Below Market Rate 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.

Eight-Year Objective: 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.

Funding Source: BMR Emergency Fund

Responsible Agency: Planning & Community Environment

H3.1.4 PROGRAM

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.

Eight-Year Objective: Prevent conversion of affordable housing to market rate, and renew funding sources for rehabilitation and maintenance of housing stock.

Funding Source: City, CDBG funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.5 PROGRAM

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.

Eight-Year Objective: Increase opportunities for BMR development through use of flexible development standards.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.6 PROGRAM

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.

Eight-Year Objective: Generate in-lieu fees to contribute toward the creation of low- and moderate-income housing.

Funding Source: City Housing Fund

Responsible Agency: Planning & Community Environment

Time Frame: Continue to regularly update the commercial in-lieu fee.

H3.1.7 PROGRAM

Ensure that the Zoning Code permits innovative housing types such as co-housing 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.

Eight-Year Objective: Review the Zoning Code and determine appropriate amendments to allow innovative housing types with flexible development standards.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Consider changes to the Zoning Code within four years of Housing Element adoption.

H3.1.8 PROGRAM

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 maintenance of the existing units in the Buena Vista Mobile Home Park.

Five-Year Objective: Preserve the 120 mobile home units in the Buena Vista Mobile Home Park as a low and moderate income housing resource.

Funding Source: City, State and Federal Funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.9 PROGRAM

Continue enforcing the Condominium Conversion Ordinance.

Eight-Year Objective: Maintain the rental housing stock.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.10 PROGRAM

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.

Eight-Year Objective: Provide information to the City Council on the effectiveness of City programs.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Provide annual reports

H3.1.11 PROGRAM

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.

Eight-Year Objective: Provide funding opportunities for development of housing for Extremely Low Income households.

Funding Source: City Housing Development funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.12 PROGRAM

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 required by the Below Market Rate program, such as reduced parking requirements for smaller units, reduced landscaping requirements, and reduced fees.

Eight-Year Objective: Provide incentives for development of housing for Extremely Low Income households.

Funding Source: City Housing funds

Responsible Agency: Planning & Community Environment

Time Frame: Within three years of Housing Element adoption

H3.1.13 PROGRAM

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.

Eight-Year Objective: To protect those affordable developments deemed a high risk to converting to market rate

Funding Source: City Housing funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.1.14 PROGRAM

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.

Eight-Year Objective: Meet with regional groups and work to establish a Santa Clara Home Sharing Program

Funding Source: City Housing funds

Responsible Agency: Planning & Community Environment

Time Frame: Within two years of Housing Element adoption

H3.2 POLICY

Reduce the cost of housing by continuing to promote energy efficiency, resource management, and conservation for new and existing housing.

H3.2.1 PROGRAM

Continue to assist very low-income households in reducing their utility bills through the Utilities Residential Rate Assistance Program (RAP).

Eight-Year Objective: Provide assistance to with utility bills to 800 low-income households.

Funding Source: City funds

Responsible Agency: Palo Alto Utilities Department

Time Frame: Ongoing

H3.2.2 PROGRAM

Use existing agency programs such as Senior Home Repair to provide rehabilitation assistance to very low- and low-income households.

Eight-Year Objective: Provide rehabilitation assistance to 600 very low and low-income households.

Funding Source: CDBG and General Fund

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.3	POLICY	<i>Support the reduction of governmental and regulatory constraints, and advocate for the production of affordable housing.</i>
H3.3.1	PROGRAM	<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>Eight-Year Objective: Continue to reduce processing time and costs for affordable housing projects. Funding Source: City funds Responsible Agency: All City Departments Time Frame: Ongoing</p>
H3.3.2	PROGRAM	<p>Continue to exempt permanently affordable housing units from any infrastructure impact fees adopted by the City.</p> <p>Eight-Year Objective: Reduce costs for affordable housing projects. Funding Source: City Funds Responsible Agency: Planning & Community Environment Time Frame: Ongoing</p>
H3.3.3	PROGRAM	<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>Eight-Year Objective: Continue as an active member of the Non-Profit Housing Association of Northern California to promote legislative changes and funding for programs relating to housing. Funding Source: City Funds Responsible Agency: Planning & Community Environment, City Manager Time Frame: Ongoing</p>
H3.3.4	PROGRAM	<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>Eight-Year Objective: Regularly review existing development regulations, and amend the Zoning Code accordingly to reduce regulatory obstacles to this type of housing. Funding Source: City & CDBG Funds Responsible Agency: Planning & Community Environment Time Frame: Amend Zoning Code within three years of Housing Element adoption.</p>
H3.3.5	PROGRAM	<p>Review and consider revising development standards for second units to facilitate the development of this type of housing, including reduced</p>

minimum lot size and FAR requirements. Based on this analysis, consider modifications to the Zoning Code to better encourage development of second units.

Eight-Year Objective: Complete study on impact of revised standards, and consider Zoning Code Amendments

Funding Source: City funds

Responsible Agency: Planning & Community Environment, City Council

Time Frame: Ongoing

H3.3.6 PROGRAM

Continue to participate with and support agencies addressing homelessness.

Eight-Year Objective: Continue City staff participation in prioritizing funding for County-wide programs.

Funding Source: City, CDBG & HOME funds

Responsible Agency: Planning & Community Environment, City Council

Time Frame: Ongoing

H3.3.7 PROGRAM

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.

Eight-Year Objective: Determine parking standards for different residential uses.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within four years of Housing Element adoption

H3.4 POLICY

Pursue funding for the acquisition, construction, and rehabilitation of housing that is affordable to very low-, low-, and moderate-income households.

H3.4.1 PROGRAM

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

Eight-Year Objective: Allocate CDBG funding to acquire and rehabilitate housing for very low-, low-, and moderate income households.

Funding Source: CDBG, State Local Housing Trust Fund

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H3.4.2 PROGRAM

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.

Eight-Year Objective: Increase the supply of affordable housing stock.
Funding Source: City Housing Development Fund, Housing Trust of Santa Clara County, CDBG, Santa Clara County MCC
Responsible Agency: Planning & Community Environment
Time Frame: Ongoing

H3.4.3 PROGRAM

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.

Eight-Year Objective: Continue to evaluate the housing nexus formula, and adjust the required impact fees to account for the housing demand from new development.
Funding Source: City funds
Responsible Agency: Planning and Community Environment
Time Frame: Ongoing

H3.4.4 PROGRAM

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.

Eight-Year Objective: Identify potential sites for acquisition and conversion and provide this information to developers.
Funding Source: City funds
Responsible Agency: Planning and Community Environment
Time Frame: Within three years of Housing Element adoption

H3.5 POLICY

Support the provision of emergency shelter, transitional housing, and ancillary services to address homelessness.

H3.5.1 PROGRAM

Continue to participate in the Santa Clara County Homeless Collaborative as well as work with adjacent jurisdictions to develop additional shelter opportunities.

Eight-Year Objective: Continue City staff participation as members of the Collaborative’s CDBG and Home Program Coordinators Group.
Funding Source: City, CDBG & HOME funds
Responsible Agency: Planning & Community Environment, City Council
Time Frame: Ongoing

H3.5.2 PROGRAM

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.”

Eight-Year Objective: Amend the Zoning Code to clarify distancing requirements for emergency shelters.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Adopt amendments within one year of Housing Element adoption

H3.5.3 PROGRAM

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.”

Eight-Year Objective: Amend the Zoning Code to revise transitional and supportive housing definitions.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Adopt amendments within one year of Housing Element adoption

H3.6 POLICY

Support the creation of workforce housing for City and school district employees as feasible.

H3.6.1 PROGRAM

Conduct a nexus study to evaluate the creation of workforce housing for City and school district employees.

Eight-Year Objective: Create the opportunity for up to five units of workforce housing.

Funding Source: City of Palo Alto Commercial Housing Fund

Responsible Agency: Planning & Community Environment

Time Frame: Conduct a study within four years of adoption of the Housing Element.

HOUSING DISCRIMINATION

H4 GOAL PROMOTE AN ENVIRONMENT FREE OF DISCRIMINATION AND THE BARRIERS THAT PREVENT CHOICE IN HOUSING.

H4.1 POLICY

Support programs and agencies that seek to eliminate housing discrimination.

H4.1.1 PROGRAM

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.

Eight-Year Objective: Continue to coordinate with State and federal agencies to support programs to eliminate housing discrimination, and provide financial support for fair housing services.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H4.1.2 PROGRAM

Continue the efforts of the Human Relations Commission to combat discrimination in rental housing, including mediation of problems between landlords and tenants.

Eight-Year Objective: Continue to provide mediation services for rental housing discrimination cases.

Funding Source: City funds

Responsible Agency: Human Relations Commission, Planning & Community Environment

Time Frame: Ongoing

H4.1.3 PROGRAM

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.

Eight-Year Objective: Implement existing ordinances regarding discrimination

Funding Source: City Funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H4.1.4 PROGRAM

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.

Eight-Year Objective: Continue to provide funding and other support for these groups to disseminate fair housing information in Palo Alto.

Funding Source: City Funds, Human Services Resource Allocation Process (HSRAP)

Responsible Agency: Office of Human Services

Time Frame: Ongoing

H4.1.5 PROGRAM

Heighten community awareness regarding and implement the Reasonable Accommodations procedure for the siting, funding, development, and use of housing for people with disabilities.

Eight-Year Objective: Continue to provide information to residents on reasonable accommodation procedures via public counters and on the City’s website.

Funding Source: City funds
Responsible Agency: Planning and Community Environment
Time Frame: Ongoing

H4.1.6 PROGRAM 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.

Eight-Year Objective: 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.

Funding Source: CDBG funds, General Fund
Responsible Agency: Planning & Community Environment
Time Frame: Ongoing

H4.2 POLICY *Support housing that incorporates facilities and services to meet the health care, transit, and social service needs of households with special needs, including seniors and persons with disabilities.*

H4.2.1 PROGRAM 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.

Eight-Year Objective: Evaluate the Zoning Code and develop flexible development standards for special service housing.
Funding Source: City funds
Responsible Agency: Planning & Community Environment
Time Frame: Evaluate the Zoning Code within three years of adoption of the Housing Element.

H4.2.2 PROGRAM 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.

Eight-year objective: Provide information regarding housing to families of persons with developmental disabilities.
Funding Source: General Fund
Responsibility: Planning and Community Environment
Time frame: Develop outreach program within three years of adoption of the Housing Element.

SUSTAINABILITY IN HOUSING

H5 GOAL REDUCE THE ENVIRONMENTAL IMPACT OF NEW AND EXISTING HOUSING.

H5.1 POLICY *Reduce long-term energy costs and improve the efficiency and environmental performance of new and existing homes.*

H5.1.1 PROGRAM 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:

- Greenhouse gas emissions
- Energy use
- Water use (indoor and outdoor)
- Material efficiency
- Stormwater runoff
- Alternative transportation

Eight-Year Objective: Prepare reports evaluating the progress of implementing the City’s Green Building Ordinance.

Funding Source: City funds, Development fees

Responsible Agency: Planning & Community Environment, Building Division

Time Frame: Ongoing

H5.1.2 PROGRAM Continue providing support to staff and the public (including architects, owners, developers and contractors) through training and technical assistance in the areas listed under Program H5.1.1.

Eight-Year Objective: Provide educational information regarding the City’s Green Building Ordinance.

Funding Source: City funds, Development fees

Responsible Agency: Planning & Community Environment, Building Division

Time Frame: Ongoing

H5.1.3 PROGRAM 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.

Eight-Year Objective: Provide a regional framework for sustainability in creating new housing opportunities through the City’s Regional Housing Mandate Committee.

Funding Source: City Funds

Responsible Agency: Planning & Community Environment

Time Frame: Ongoing

H5.1.4 PROGRAM 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.

Eight-Year Objective: Continue to update regulations for environmental sustainability.

Funding Source: City funds

Responsible Agency: Planning & Community Environment, Public Works & Utilities

Time Frame: Ongoing

H5.1.5 PROGRAM

Enhance and support a proactive public outreach program to encourage Palo Alto residents to conserve resources and to share ideas about conservation.

Eight-Year Objective: Provide up-to-date information for residents regarding conservation through educational brochures available at City Hall and posted on the City’s website.

Funding Source: City funds

Responsible Agency: Planning & Community Environment, Public Works & Utilities

Time Frame: Ongoing

H5.1.6 PROGRAM

Provide financial subsidies, recognition, or other incentives to new and existing homeowners and developers to achieve performance or efficiency levels beyond minimum requirements.

Eight-Year Objective: Continue to recognize homeowners and developers who incorporate sustainable features beyond what is required by the Green Building Ordinance.

Funding Source: City funds

Responsible Agency: Planning & Community Environment, Building Division

Time Frame: Ongoing

H5.1.7 PROGRAM

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.

Eight-Year Objective: Immediately following adoption, deliver the 2015-2023 Palo Alto Housing Element to all providers of sewer and water services within the City.

Funding Source: City funds

Responsible Agency: Planning & Community Environment

Time Frame: Within one month of adoption of the Housing Element

Summary of Quantified Objectives

Table 5-2 summarizes Palo Alto’s quantified objectives for the 2015-2023 Housing Element planning period.

Table 5-2 Summary of 2015-2023 Housing Element Quantified Objectives

Income	New Construction (RHNA)	Rehabilitation	Conservation/ Preservation
Extremely Low-	345	200	92
Very Low-	346		
Low-	432	200	242
Moderate-	278	200	
Above Moderate-	587		
TOTAL	1,988	600	334

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APPENDIX A:

2007-2014 ACCOMPLISHMENTS MATRIX

A summary of accomplishments of the previous (2007-2014 Housing Element) follows.

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APPENDIX A

A.1 2007-2014 ACCOMPLISHMENTS MATRIX

EXISTING NEIGHBORHOODS

Goal H1:

Ensure the preservation of the unique character of the city’s residential neighborhoods.

POLICY H1.1:

Promote the rehabilitation of deteriorating or substandard residential properties using sustainable and energy conserving approaches

Program	Accomplishments
<p><i>PROGRAM H1.1.1: Continue the citywide property maintenance, inspection and enforcement program.</i></p>	<p><u>Progress:</u> The City implements a citywide property maintenance, inspection, and enforcement program through its Code Enforcement Unit.</p> <p><u>Effectiveness:</u> The City has been effective in ensuring citywide property maintenance and responding to complaints as needed.</p> <p><u>Appropriateness:</u> Code Enforcement is an important component in promoting safe and decent living conditions and this program remains appropriate for inclusion in the Housing Element update.</p>
<p><i>PROGRAM H1.1.2: Explore creating an amnesty program to legitimize existing illegal second units where appropriate and consistent with maintaining the character and quality of life of existing neighborhoods. The granting of amnesty should be contingent on compliance with minimum building, housing, and other applicable code standards and on maintaining the affordability of the second unit to very low, low or moderate-income households.</i></p>	<p><u>Progress:</u> An amnesty program for second units was not completed during this 2007-2014 planning cycle.</p> <p><u>Effectiveness:</u> The City is unable to measure the program’s effectiveness since it has yet to be implemented at this time. The legitimizing of illegal second units would be an additional means for the City to facilitate affordable housing. The City plans to conduct a survey of existing second units throughout the City in order to develop an amnesty program during the 2015-2023 planning cycle.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>

Program	Accomplishments
<p><i>PROGRAM H1.1.3:</i> <i>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.</i></p>	<p><u>Progress:</u> During the 2008 update of the Zoning Ordinance, development standards were revised to increase flexibility in the development of new housing and encourage the preservation of existing housing throughout the city.</p> <p><u>Effectiveness:</u> The City wishes to encourage the preservation of residential cottages and duplexes through incentives such as flexible development standards.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element Update.</p>

POLICY H1.2:
SUPPORT EFFORTS TO PRESERVE MULTIFAMILY HOUSING UNITS IN EXISTING NEIGHBORHOODS.

Program	Accomplishments
<p><i>PROGRAM H1.2.1:</i> <i>When there is a loss of rental housing due to subdivision or condominium approvals, the project shall require 25 percent BMR units.</i></p>	<p><u>Progress:</u> The City continually reviews development proposals and looks for ways to preserve multifamily housing and provide affordable units when possible through programs like the BMR programs.</p> <p><u>Effectiveness:</u> A total of 6 units were lost as a result of two separate development projects. The scale of the projects was such that BMR requirements could not be met and therefore BMR units were not provided as a result of the unit loss.</p> <p><u>Appropriateness:</u> This program is still an appropriate tool for encouraging and facilitating the provision of affordable housing and preservation of multifamily units. Therefore, this program is included in the Housing Element Update.</p>

POLICY H1.3:
Encourage community involvement in the maintenance and enhancement of public and private properties and adjacent rights-of-way in residential neighborhoods.

Program	Accomplishments
<p><i>PROGRAM H1.3.1:</i> Create community volunteer days and park cleanups, plantings, or similar events that promote neighborhood enhancement and conduct City-</p>	<p><u>Progress:</u> A clean-up campaign has not been yet established.</p> <p><u>Effectiveness:</u> Since a city-wide clean-up program has not been</p>

<p>sponsored cleanup campaigns for public and private properties.</p>	<p>established, the effectiveness of this program cannot be measured. However, such volunteer efforts have a history of success and also foster community engagement.</p> <p><u>Appropriateness:</u> This program is appropriate for the Housing Element update.</p>
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POLICY H1.4:

Assure that new developments provide appropriate transitions from higher density development to single family and low density residential districts in order to preserve neighborhood character.

STRATEGIES FOR NEW HOUSING

Goal H2:

Support the construction of housing near schools, transit, parks, shopping, employment and cultural institutions.

POLICY H2.1:

Identify and implement a variety of strategies to increase housing density and diversity, including mixed use development, near community services, including a range of unit types. Emphasize and encourage the development of affordable housing to support the City’s fair share of the regional housing needs.

Program	Accomplishments
<p><i>PROGRAM H2.1.1: Consider amending the zoning code to allow high density residential in mixed use projects in commercial areas within half a mile of fixed rail stations and to allow limited exceptions to the 50-foot height limit for Housing Inventory Sites within a quarter mile of fixed rail stations to encourage higher density residential development.</i></p>	<p><u>Progress:</u> In 2006, the City adopted the Pedestrian and Transit Oriented Development District (PTOD) to allow for high density developments near the California Avenue CalTrain station. Amendments were completed in 2009 to allow a limited height increase up to a maximum of 50 feet for higher density residential development in the PTOD.</p> <p><u>Effectiveness:</u> The PTOD development standards encourage higher density near transit stations, meeting objectives for supporting housing diversity and encouraging development of housing near community services.</p> <p><u>Appropriateness:</u> Exceptions to the 50-foot height limit have not yet been established for Housing Element Sites in the PTOD and therefore, this program is appropriate and continued in the Housing Element.</p>
<p><i>PROGRAM H2.1.2: Allow increased residential densities and</i></p>	<p><u>Progress:</u> The City has strategically planned for residential and</p>

Program	Accomplishments
<p><i>mixed use development only where adequate urban services and amenities, including, traffic capacity, are available.</i></p>	<p>mixed use development where adequate urban services and amenities can be provided.</p> <p><u>Effectiveness:</u> This concept is effective at increasing housing density and diversity in appropriate locations.</p> <p><u>Appropriateness:</u> The concept of allowing increased density and mixed use development in appropriate locations is retained in the updated Housing Element.</p>
<p><i>PROGRAM H2.1.3: Amend the zoning code to increase the minimum density of the RM-15 Zoning District to at least eight dwelling units per acre consistent with the multi-family land use designation under the Comprehensive Plan.</i></p>	<p><u>Progress:</u> No change has been made to increase the minimum density of the RM-15 Zoning District to at least eight dwelling units per acre consistent with the multi-family land use designation under the Comprehensive Plan.</p> <p><u>Effectiveness:</u> Since there have not been any changes relating to this particular section of the Zoning Ordinance, the City was unable to measure the effectiveness of this program.</p> <p><u>Appropriateness:</u> This program is an appropriate means to ensure multi-family development occurs in areas designated for such and is therefore continued into the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.1.4: 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.</i></p>	<p><u>Progress:</u> The City provides reduced parking standards (a reduction of 50% of total spaces required) for senior housing units, regardless of size. Parking standard reductions are also available for affordable housing, SRO units, housing projects located near transit, and projects providing other effective alternatives to automobile access. Incentives and flexible development standards to encourage residential units less than 900 square feet as a form of affordable housing have not yet been developed.</p> <p><u>Effectiveness:</u> The effectiveness of this program cannot be evaluated at this time as it has not been completed.</p> <p><u>Appropriateness:</u> This program is appropriate for encouraging a diversity of housing types, including smaller units, and is therefore continued into the 2015-2023 Housing Element.</p>

Program	Accomplishments
<p><i>PROGRAM H2.1.5:</i> <i>Use sustainable neighborhood development criteria to enhance connectivity, walkability and access to amenities and to support housing diversity.</i></p>	<p><u>Progress:</u> As part of the application review process, the City evaluates and encourages developments to include design features that promote walkability, access to amenities, and enhance neighborhood sustainability and housing diversity. In addition, the development standards have been crafted to promote and foster sustainable neighborhood developments.</p> <p><u>Effectiveness:</u> Prior to approval, new residential projects are carefully reviewed for consistency with the goals and policies of the Housing Element, ensuring that they enhance connectivity, walkability, and access to amenities, and support housing diversity.</p> <p><u>Appropriateness:</u> This program helps enhance housing diversity and neighborhood connectivity and will be continued in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.1.6:</i> <i>Encourage density bonuses and/or concessions including allowing greater concessions for 100% affordable housing developments consistent with the Residential Density Bonus Ordinance.</i></p>	<p><u>Progress:</u> The City facilitates and encourages the development of 100% affordable housing through implementation of its Density Bonus Ordinance (adopted January 2014), in compliance with applicable State laws. However, greater concessions for projects with 100% affordability were not adopted as part of the Density Bonus Ordinance.</p> <p><u>Effectiveness:</u> Density bonuses and flexible development standards assist in the provision of affordable housing.</p> <p><u>Appropriateness:</u> This Program 2.1.6 has been revised and is appropriate for continuation in the Housing Element Update</p>
<p><i>PROGRAM H2.1.7:</i> <i>Amend the zoning code to develop a small residential unit overlay district to allow higher densities in areas designated Pedestrian Transit Oriented Development (PTOD).</i></p>	<p><u>Progress:</u> In 2009, the City completed amendments to the Zoning Code to allow density, FAR, and height bonuses within the PTOD.</p> <p><u>Effectiveness:</u> The PTOD allows new development at 40 units per acre, plus additional bonuses for density, FAR, and height.</p> <p><u>Appropriateness:</u> The PTOD is an effective combining district to</p>

Program	Accomplishments
	<p>provide opportunities for new development. Density, FAR, and height bonus provisions have already been adopted for the PTOD. This program is therefore not included in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.1.9: Explore developing a Transfer of Development Rights (TDR) program to encourage higher density housing in appropriate locations.</i></p>	<p><u>Progress:</u> This program was not yet completed during the 2007-2014 planning cycle.</p> <p><u>Effectiveness:</u> The effectiveness of a residential TDR program cannot be determined at this time as it was not developed during the planning cycle. However, the City’s TDR program for historic buildings is an effective means of preserving historic buildings while providing development opportunities.</p> <p><u>Appropriateness:</u> A TDR program would provide additional opportunities for higher density housing, with clear intention about appropriate locations, and therefore this program is deemed appropriate and continued into the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.1.10: Amend the Zoning Code to create zoning incentives that encourage the consolidation of smaller lots identified as Housing Inventory Sites, such as development review streamlining, reduction in required parking for smaller units, setback modifications, or graduated density when consolidated lots are over one-half acre.</i></p>	<p><u>Progress:</u> A Zoning Code amendment incentivizing lot consolidation of smaller lots has not yet been developed.</p> <p><u>Effectiveness:</u> Recent trends indicate that lot consolidation is actively occurring in Palo Alto due to market conditions that are favorable to housing development. However, incentives for 100% affordable developments remain effective.</p> <p><u>Appropriateness:</u> This program, with some revisions, remains appropriate for encouraging affordable housing development and is therefore continued, with modifications, in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.1.11: Promote redevelopment of underutilized sites and lot consolidation by providing information about potential housing sites on the City’s website, including the Housing Sites Inventory and information about financial resources available through City housing programs.</i></p>	<p><u>Progress:</u> Information about housing programs and the Housing Element Sites is readily available on the City’s website and at City Hall.</p> <p><u>Effectiveness:</u> Easy access to information regarding housing and development potential and procedures in the City help to encourage and promote the development of underutilized sites and lot consolidation.</p>

Program	Accomplishments
	<p><u>Appropriateness:</u> This program is appropriate and is therefore continued into the 2015-2023 Housing Element.</p>

POLICY H2.2:

Continue to support the redevelopment of suitable lands for mixed uses containing housing to encourage compact, infill development, optimize the use of existing urban services and support transit use.

Program	Accomplishments
<p><i>PROGRAM H2.2.1:</i> <i>Adopt an ordinance for density bonus concessions to promote more flexible concessions and incentives to projects that propose smaller units at a higher density, to encourage development of suitable housing sites currently planned and zoned for non-residential use with mixed use projects to contribute to the City’s fair share of the region’s housing needs.</i></p>	<p><u>Progress:</u> In 2014, the City adopted a Density Bonus Ordinance that provides more flexible concessions and incentives for affordable housing projects, in compliance with State law.</p> <p><u>Effectiveness:</u> Density bonuses and flexible development standards, including concessions and incentives, assist in the development of affordable housing in varying sizes.</p> <p><u>Appropriateness:</u> This program was completed and is thus removed from the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.2.2:</i> <i>Implement an incentive program within a year of Housing Element adoption for small properties identified as a Housing Inventory Site to encourage housing production on those sites. The incentive eliminates Site and Design Review if the project meets the following criteria:</i></p> <ul style="list-style-type: none"> • <i>The project has 9 residential units or fewer</i> • <i>A residential density of 20 dwelling units per acre or higher</i> • <i>Maximum unit size of 900 sq. ft.</i> 	<p><u>Progress:</u> An incentive program for development of properties listed as Housing Element Sites has been developed and is expected to be adopted during 2014.</p> <p><u>Effectiveness:</u> Completion of this program is pending adoption of the incentive program and therefore its effectiveness cannot be determined at this time.</p> <p><u>Appropriateness:</u> Since this program is pending approval of the incentive program, it would be completed prior to 2015. Since this program has not been completed, it is continued in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.2.3:</i> <i>Work with Stanford University to identify sites suitable for housing that may be located in the Stanford Research Park and compatible with surrounding uses.</i></p>	<p><u>Progress:</u> In 2005, the City of Palo Alto and Stanford entered into development agreement that granted Stanford vested rights to build 250 dwelling units in the Stanford Research Park. In 2013, Stanford University identified a site on El Camino for 70 BMR (affordable) units and a site on California Avenue for 180 market rate units.</p> <p><u>Effectiveness:</u></p>

Program	Accomplishments
	<p>This program is effective in addressing housing needs and coordinating with major institutions in our community.</p> <p><u>Appropriateness:</u> Consulting with local major employers and institutions on housing needs is a critical component to responding to the City’s housing issues. This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H2.2.4: Use coordinated area plans and other tools to develop regulations that support the development of housing above and among commercial uses.</i></p>	<p><u>Progress:</u> During the 1999-2006 housing element cycle, the City Council adopted the South of Forest Area (SOFA) Coordinated Area Plan as a planning tool to address a specific nine block area of the City comprising approximately 19 acres. The area provides increased housing opportunities convenient to shops, services, and transit.</p> <p>The City permits residential and mixed-use developments which further increase opportunities for housing in certain commercial zones and on sites identified for housing in the Housing Element. In addition, the City is developing a concept plan for California Avenue.</p> <p><u>Effectiveness:</u> The City has taken actions to support the development of housing above and among commercial uses in the SOFA area and through identified commercial zones in the City.</p> <p><u>Appropriateness:</u> The program remains appropriate for inclusion in the Housing Element Update as development of housing above and among commercial uses through mixed-use development is an important avenue to increase housing production.</p>
<p><i>PROGRAM H2.2.5: Revise the Zoning Ordinance to increase the density of up to 20 units per acre on CN-zoned parcels included in the Housing Inventory Sites.</i></p>	<p><u>Progress:</u> In January 2014, the City amended the CN zone to increase the allowable density to 20 units per acre on parcels listed as Housing Element Sites.</p> <p><u>Effectiveness:</u> This program provides additional opportunities for development of affordable housing on identified sites in the Housing Element and further promotes development of housing to meet the City’s Regional Housing Needs Allocation.</p>

Program	Accomplishments
	<p><u>Appropriateness:</u> Since the program has been completed, it has been removed.</p>
<p><i>PROGRAM H2.2.6: Amend the Zoning Code to create zoning incentives that encourage development on and consolidation of smaller lots, such as development review streamlining, reduction in required parking for smaller units, setback modifications, or graduated density when consolidated lots are over one-half acre.</i></p>	<p><u>Progress:</u> The City has not yet implemented an incentive program for development and/or consolidation of smaller lots.</p> <p><u>Effectiveness:</u> Recent trends indicate that lot consolidation is actively occurring in Palo Alto due to market conditions that are favorable to housing development; additional incentives are not needed.</p> <p><u>Appropriateness:</u> Market conditions rather than incentives are the primary force for lot consolidation. In addition this program is duplicative of Program 2.1.10 and will also be removed from the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H2.2.7: Rezone property at 595 Maybell Avenue from the RM-15 and R-2 zone districts to the PC zone district to allow for development of 60 units of extremely low to low-income senior affordable rental housing units and 15 market rate units.</i></p>	<p><u>Progress:</u> On June 17, 2013 the City approved rezoning of the property at 595 Maybell Avenue from the RM-15 and R-2 zone districts to the PC zone district. However, the approval was overturned by voters via referendum in November 2013.</p> <p><u>Effectiveness:</u> Due to a lack of community support for the particular project, this program was not effective.</p> <p><u>Appropriateness:</u> This program is complete and has been removed in the Housing Element update.</p>
<p><i>PROGRAM H2.2.8: To maintain adequate sites are available throughout the planning period to accommodate the City’s RHNA, on a project basis, pursuant to Government Code Section 65863, the City will monitor available residential capacity and evaluate development applications on Housing Inventory Sites in mixed use zoning districts. Should an approval of development result in a reduction of capacity below the residential capacity needed to accommodate the remaining need for lower-income households, the City will identify and zone sufficient sites to accommodate the shortfall.</i></p>	<p><u>Progress:</u> The City tracks the development of the Housing Sites by reviewing development proposals against the Housing Element Sites list every two months. While there have been sites on the Housing Sites list that did not develop housing, there were other sites that produced more than the realistic capacity.</p> <p><u>Effectiveness:</u> Because the City had a small surplus of housing sites available to accommodate the RHNA during this planning cycle, this program was effective in ensuring adequate sites were available to accommodate the RHNA during the 2007-2014 cycle.</p> <p><u>Appropriateness:</u> The City provides appropriate land use designations</p>

Program	Accomplishments
	for a variety of residential development and has identified sufficient surplus of sites in the Housing Element for the 2015-2023 planning cycle to adequately meet the RHNA. Therefore, this program is no longer needed and is thus removed from the Housing Element.

POLICY H3.1:

Encourage, foster and preserve diverse housing opportunities for very-low, low, and moderate income households.

Program	Accomplishments
<p><i>PROGRAM H3.1.1:</i> Amend the City’s 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 recent court rulings related to inclusionary rental housing.</p>	<p><u>Progress:</u> The BMR Ordinance has not yet been amended.</p> <p><u>Effectiveness:</u> The BMR program is an effective means of contributing toward affordable housing in the City of Palo Alto. Amendments to the BMR ordinance will be necessary to continue to comply with legal precedence.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.1.2:</i> Implement the City’s “Below Market Rate” (BMR) Program ordinance to reflect the City’s policy of requiring:</p> <p>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. 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.</p> <p>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</p>	<p><u>Progress:</u> The City actively implements the BMR Ordinance and provides program information on the City’s website. The BMR program is consistent with the goals and policies of the City.</p> <p><u>Effectiveness:</u> The BMR program is an effective tool in the provision of affordable housing.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>

Program	Accomplishments
<p><i>households earning between 100 to 120 percent of the County’s median income. For the projects with a 25 percent BMR component, four-fifths of the BMR units must be affordable to households in the 80 to 100 percent of median range, and one-fifth may be in the higher price range of between 100 to 120 percent of the County’s median income. In all cases, the sales price should be sufficient to cover the estimated cost to the developer of constructing the BMR unit, including financing, but excluding land, marketing, off-site improvements, and profit.</i></p> <p><i>c) If the City determines that on-site BMR units are not feasible, off-site units acceptable to the City, or vacant land determined to be suitable for affordable housing, construction, may be provided instead. Off-site units should normally be new units, but the City may accept rehabilitated existing units when significant improvement in the City’s housing stock is demonstrated.</i></p> <p><i>d) If the City determines that no other alternative is feasible, a cash payment to the City’ Residential Housing Fund, in lieu of providing BMR units or land, may be accepted. The in-lieu payment for projects subject to the basic 15 percent BMR requirement shall be 7.5 percent of the greater of the actual sales price or fair market value of each unit. For projects subject to the 20 percent requirement, the rate is 10 percent; for projects with a 25 percent requirement, (as described in Program 1.2.1 regarding the loss of rental housing) the rate is 12.5 percent. The fee on for-sale projects will be paid upon the sale of each market unit in the project.</i></p> <p><i>e) When the BMR requirement results in a fractional unit, an in-lieu payment to</i></p>	

Program	Accomplishments
<p><i>the City’s Residential Housing Fund may be made for the fractional unit instead of providing an actual BMR unit. The in-lieu fee percentage rate shall be the same as that otherwise required for the project (7.5 percent, 10 percent, or 12.5 percent). The fee on for-sale projects will be paid upon the sale of each market unit in the project. Larger projects of 30 or more units must provide a whole BMR unit for any fractional unit of one-half (0.50) or larger; an in-lieu fee may be paid, or equivalent alternatives provided, when the fractional unit is less than one-half.</i></p> <p><i>f) Within fifteen days of entering into a BMR agreement with the City for a project, the developer may request a determination that the BMR requirement, taken together with any inclusionary housing incentives, as applied the project, would legally constitute a taking of property without just compensation under the Constitution of the United States or of the State of California. The burden of proof shall be upon the developer, who shall provide such information as is reasonably requested by the City, and the initial determination shall be made by the Director of Planning and Community Environment. The procedures for the determination shall generally be those described in Chapter 18.90 of the Palo Alto Municipal Code, including the right of appeal to the City council under Chapter 18.93, or such other procedures as may be adopted in a future BMR ordinance. Notice of the hearing shall be given by publication but need not be sent to nearby property owners. If the City determines that the application of the BMR requirement as applied to the project would constitute a taking of property without just compensation, then the BMR agreement for the project shall be modified, reduced or waived to the</i></p>	

Program	Accomplishments
<p><i>extent necessary to prevent such a taking.</i></p> <p><i>g) Consider allowing smaller BMR units than the market rate units if the developer provides more than the required BMR amount in the R-1 Zoning district for new single family residential subdivisions subject to compliance with appropriate development standards.</i></p> <p><i>h) Revise BMR policy language to clarify the City’s BMR program priorities in producing affordable housing units including exploring the option of requiring land dedication as the default option on sites of three or more acres.</i></p> <p><i>i) Evaluate revising the method of calculating the number of required BMR units by basing the number of BMR units required on the maximum density allowable on the site instead of the total number of proposed units in the development.</i></p> <p><i>j) Conduct a nexus study to identify the impacts of market rate housing and the need for affordable housing and develop BMR rental policies based on the results of the study.</i></p>	
<p>PROGRAM H3.1.3: <i>Continue implementation of a Below Market Rate (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</i></p>	<p><u>Progress:</u> This fund was authorized by City Council in September 2002 to provide funding on an ongoing basis for loans to BMR owners for special assessment loans and for rehabilitation and preservation of the City’s stock of BMR ownership units. As of March 13, 2014 the BMR Emergency Fund had a balance of approximately \$450,000.</p> <p><u>Effectiveness:</u> The BMR Program Emergency Fund is useful in aiding the preservation of BMR housing stock.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the</p>

Program	Accomplishments
<p><i>PROGRAM H3.1.4: Consider expansion of the BMR Program Emergency Fund to provide financial assistance to help BMR homeowners maintain and rehabilitate older BMR units.</i></p>	<p>Housing Element update.</p> <p><u>Progress:</u> The BMR Program Emergency fund was not expanded during the 2007-2014 Housing Element period.</p> <p><u>Effectiveness:</u> The BMR Program Emergency Fund is useful in aiding the preservation of BMR housing stock, including rehabilitation of BMR units.</p> <p><u>Appropriateness:</u> This program is consolidated with Program H3.1.3 for inclusion in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H3.1.5: 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.</i></p>	<p><u>Progress:</u> The City regularly monitors program compliance and status of affordable housing projects. In addition the City allocates CDBG funds towards supporting programs, services, and activities that help to preserve the City’s affordable housing stock.</p> <p><u>Effectiveness:</u> In 2013, the City allocated over \$560,000 in CDBG funds for public services including SRO support, domestic violence services, and fair housing services. Funds were also used in rehabilitation of rental housing and to support the Workforce Development Program.</p> <p><u>Appropriateness:</u> This program is a critical contribution toward the preservation and provision of affordable housing in Palo Alto. Therefore, this program is included in the Housing Element.</p>
<p><i>PROGRAM H3.1.6: Encourage the use of flexible development standards including floor area ratio limits, creative architectural solutions and natural resource conservation, in the design of projects with a substantial BMR component.</i></p>	<p><u>Progress:</u> The City employs flexible development standards and provides regulatory incentives and concessions for all affordable housing developments. In addition, the City’s Architectural Review Board and Planning and Transportation Commission continue to encourage creative architectural solutions in the design of projects with substantial BMR component.</p> <p><u>Effectiveness:</u> The provision of flexibility and incentives for affordable housing helps facilitate new BMR units as part of proposed residential projects. This program has been effective in fostering and preserving diverse housing opportunities and creating attractive living environments both for the project and adjacent</p>

Program	Accomplishments
	<p>development addressing specific project needs, such as the provision of open space.</p> <p><u>Appropriateness:</u> This program increases opportunities for BMR development in Palo Alto and is therefore included in the Housing Element update.</p>
<p><i>PROGRAM H3.1.7: Amend the Zoning Code to allow Single Room Occupancy (SRO) units in commercial and high density residential zoning districts subject to development standards that would encourage the construction of the maximum number of units consistent with the goals of preserving the character of adjacent neighborhoods. Sites that have access to community services and public transportation for SRO residents are highly desired.</i></p>	<p><u>Progress:</u> SRO units are allowed in commercial districts and the Zoning Ordinance was recently amended to permit transitional and supportive housing, including SROs, as a regular multi-family use, consistent with State law.</p> <p><u>Effectiveness:</u> This program expanded the opportunity for affordable efficiency units.</p> <p><u>Appropriateness:</u> This program was completed and therefore not included in the Housing Element update.</p>
<p><i>PROGRAM H3.1.8: Require developers of employment-generating commercial and industrial developments to contribute to the supply of low- and moderate-income housing through the provision of commercial in-lieu fees as prescribed in a nexus impact fee study.</i></p>	<p><u>Progress:</u> The City has a commercial impact fee of \$19.31 per square foot for net new non-residential projects. The fee was based on a 2001 nexus study and is updated periodically.</p> <p><u>Effectiveness:</u> The in-lieu fees contribute toward the creation of low- and moderate-income housing by providing funding for special housing programs and supporting incentives and concessions for affordable housing.</p> <p><u>Appropriateness:</u> This program is appropriate and included in the Housing Element update.</p>
<p><i>PROGRAM H3.1.9: Ensure that the Zoning Code permits innovative housing types, such as co-housing, and provides flexible development standards that will allow such housing to be built provided the character of the neighborhoods in which they are proposed to be located is maintained.</i></p>	<p><u>Progress:</u> Palo Alto facilitates the development of innovative housing types through the provision of flexible zoning regulations.</p> <p><u>Effectiveness:</u> The Zoning Code includes development standards and procedures to help facilitate and encourage various housing types, including emergency, transitional and supportive housing, single-room occupancy housing, and affordable housing.</p> <p><u>Appropriateness:</u> This program is appropriate and included in the</p>

Program	Accomplishments
	Housing Element update.
<p><i>PROGRAM H3.1.10: Adopt a revised density bonus ordinance that allows up to a maximum zoning increase of 35 percent in density and grants up to three concessions or incentives. The density bonus ordinance will meet State standards for the provision of housing units for very low- and lower-income renters, seniors and moderate-income condominium buyers in compliance with Government Code Section 65915, et seq.</i></p>	<p><u>Progress:</u> In 2014, the City amended its Density Bonus Ordinance in compliance with applicable State laws.</p> <p><u>Effectiveness:</u> Density bonuses and flexible development standards, including concessions and incentives, assist in the development of affordable housing.</p> <p><u>Appropriateness:</u> This program was completed and no longer included in the Housing Element.</p>
<p><i>PROGRAM H3.1.11: 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 maintenance of the existing units in the Buena Vista Mobile Home Park.</i></p>	<p><u>Progress:</u> The Buena Vista Mobile Home Park is located at 3980 El Camino Real and consists of 104 mobile homes, 12 studio units, and one single family home. The studios and single family units are rental units.</p> <p><u>Effectiveness:</u> Redevelopment of the Buena Vista Mobile Home Park requires compliance with the City’s Mobile Home Conversion Ordinance. An application to close the Park has been submitted. By Ordinance, the Park owner and the City are required to follow a set of rules for determining the potential impacts of the closure on the mobile home owners residing in the Park and to determine appropriate relocation assistance for the Park residents. The Ordinance requires that a Relocation Impact Report (RIR) must be provided to the City after individual meetings between a “relocation specialist” and residents, with the RIR outlining proposed terms for relocation. In 2014, the RIR was deemed complete, and a hearing date on the closure application will occur during 2014.</p> <p><u>Appropriateness:</u> This program is under review due to the ongoing closure application. It is appropriate for continuation in the Housing Element in the Housing Element Update pending conclusion of the closure process.</p>
<p><i>PROGRAM H3.1.12: Continue enforcing the Condominium Conversion Ordinance.</i></p>	<p><u>Progress:</u> The City continues to implement its Condominium Conversion Ordinance.</p> <p><u>Effectiveness:</u> This program has effectively maintained and preserved the number of available multi-family rental housing units.</p>

Program	Accomplishments
	<p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.1.13: Annually monitor the City’s progress in the construction or conversion of housing for all income levels including the effectiveness of housing production in mixed use developments.</i></p>	<p><u>Progress:</u> The City monitors and reports its progress accomplishment of housing goals on an annual basis through the HCD Annual Element Progress Report and the HUD Consolidated Annual Performance and Evaluation Report.</p> <p><u>Effectiveness:</u> This program is an effective tool in tracking compliance with the City’s housing goals and striving to meet objectives and goals.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.1.14: Evaluate the provisions of the Below Market Rate (BMR) Program to determine if additional incentives are needed to encourage development of housing given current market conditions.</i></p>	<p><u>Progress:</u> No revisions to the BMR Program were initiated during the 2007-2014 period.</p> <p><u>Effectiveness:</u> The BMR program is an effective means of contributing toward affordable housing in the City of Palo Alto. Amendments to the BMR ordinance will be necessary to continue to comply with legal precedence.</p> <p><u>Appropriateness:</u> This program will be consolidated with program H3.1.1 and included in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H3.1.15: When using its Housing Development funds for residential projects, the City shall give a strong preference to those developments which serve extremely low-income (ELI) households.</i></p>	<p><u>Progress:</u> Affordable housing funding guidelines give priority to ELI seniors. This City anticipates revising guidance to expand priority for all ELI households.</p> <p><u>Effectiveness:</u> This program is effective in promoting and facilitating opportunities for ELI households.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.1.16: Amend the Zoning Code to provide additional incentives to developers who provide extremely low-income (ELI) housing units, above and beyond what is</i></p>	<p><u>Progress:</u> Additional incentives for development of ELI housing have not been established.</p> <p><u>Effectiveness:</u></p>

Program	Accomplishments
<p><i>required by the Below Market Rate (BMR) program, such as reduced parking requirements for smaller units, reduced landscaping requirements and reduced fees.</i></p>	<p>The effectiveness of this program in increasing opportunities for ELI housing cannot be determined.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM H3.1.17: <i>Any affordable development deemed a high risk at market rate conversion, 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.</i></p>	<p><u>Progress:</u> The City monitors affordable housing developments on a regular basis. Projects at risk of conversion are approached by the City in effort to preserve the affordability status.</p> <p><u>Effectiveness:</u> This program is effective in preserving affordable housing units.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>

Policy **H3.2:**

Reduce the cost of housing by continuing to promote energy efficiency, resource management, and conservation for new and existing housing.

Program	Accomplishments
<p>PROGRAM H3.2.1: Continue to assist very low-income households in reducing their utility bills through the Utilities Residential Rate Assistance Program (RAP).</p>	<p><u>Progress:</u> The City’s Utilities Department continues to offer utilities discounts to provide financial relief to low-income households. Qualified households receive a 20 percent discount in their utilities including, gas, water, electricity and storm drainage.</p> <p><u>Effectiveness:</u> The program is effective in providing relief, reducing housing costs, particularly for low-income households. Almost 800 households are currently enrolled in the program and receiving a utilities discount.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update</p>
<p>PROGRAM H3.2.2: <i>Use existing agency programs such as Senior Home Repair to provide rehabilitation assistance to very low- and low-income households.</i></p>	<p><u>Progress:</u> The City provides grants to agencies for programs that provide rehabilitation assistance to very low- and low-income households using Community Development Block Grant (CDBG) funds and/or General Fund monies.</p>

Program	Accomplishments
	<p><u>Effectiveness:</u> Since 2009, over 650 moderate- and lower-income households were provided rehabilitation assistance using CDBG funds.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>

**POLICY H3.3:
 Support the reduction of governmental and regulatory constraints and advocate for the production of affordable housing.**

Program	Accomplishments
<p><i>PROGRAM H3.3.1: Where 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.</i></p>	<p><u>Progress:</u> When appropriate and feasible, affordable housing developments are given priority in review processes and fee waivers.</p> <p><u>Effectiveness:</u> Reductions in processing times and fees are a key factor in facilitating the provision of affordable housing.</p> <p><u>Appropriateness:</u> This program remains appropriate for inclusion in the Housing Element update.</p>
<p><i>PROGRAM H3.3.3: Continue to exempt permanently affordable housing units from any infrastructure impact fees that may be adopted by the City.</i></p>	<p><u>Progress:</u> The City exempts permanently affordable housing units from any infrastructure impact fees that may be adopted by the City, including impact fees for community facilities, traffic, and parkland dedication.</p> <p><u>Effectiveness:</u> The exemption has assisted a number of affordable housing projects developed by nonprofit affordable housing developers.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.3.4: 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.</i></p>	<p><u>Progress:</u> The City of Palo Alto is an active member of the Non-Profit Housing Association of Northern California, an advocacy non-profit organization focusing on housing, and continues to collaborate with the group to promote legislative changes and funding for programs relating to housing.</p> <p><u>Effectiveness:</u></p>

Program	Accomplishments
	<p>This program has been effective in supporting the City, other agencies and organizations that provide housing, and related services to very low-, low-, and moderate-income households.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.3.5: 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.</i></p>	<p><u>Progress:</u> The City complies with State law regarding group homes, and supports group homes and special needs services as part of its CDBG Consolidated Plan. The Zoning Ordinance has also been amended to facilitate the development of transitional and supportive housing.</p> <p><u>Effectiveness:</u> The CDBG program provides potential funding for special needs services and affordable housing. Current development standards in the City further facilitate housing for special needs households.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H3.3.6: Continue to participate in the Santa Clara County Homeless Collaborative as well as work with adjacent jurisdictions to develop additional shelter opportunities.</i></p>	<p><u>Progress:</u> The City of Palo Alto continues to participate in the Santa Clara County Housing and Homeless Collaborative that addresses issues of homelessness on a regional basis. The Collaborative establishes the County’s Continuum of Care program. City staff serves as a member of the CDBG and HOME Program coordinators group of entitlement jurisdictions from Santa Clara County that addresses multi-jurisdictional funding and other issues of common interest.</p> <p><u>Effectiveness:</u> Since homelessness is a regional issue, the City’s participation in various countywide collaborative efforts has resulted in better utilization and leveraging of the City’s resources to address homelessness.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update. The City of Palo Alto will continue to participate in regional efforts to address homelessness.</p>
<p><i>PROGRAM H3.3.7: Continue to participate with and support</i></p>	<p><u>Progress:</u> The City of Palo Alto continues to participate in the</p>

Program	Accomplishments
<p><i>agencies addressing homelessness.</i></p>	<p>Santa Clara County Housing and Homeless Collaborative that addresses issues of homelessness on a regional basis. The Collaborative establishes the County’s Continuum of Care program. City staff serves as a member of the CDBG and HOME Program coordinators group of entitlement jurisdictions from Santa Clara County that addresses multi-jurisdictional funding and other issues of common interest.</p> <p><u>Effectiveness:</u> Since homelessness is a regional issue, the City’s participation in various countywide collaborative efforts has resulted in better utilization and leveraging of the City’s resources to address homelessness.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM H3.3.8: <i>Amend the Zoning Code to allow transitional and supportive housing by right in all multifamily zone districts which allow residential uses only subject to those restrictions that apply to other residential uses of the same type in the same zone.</i></p>	<p><u>Progress:</u> In 2014, the City amended the Zoning Ordinance to include transitional and supportive housing as multifamily residential uses.</p> <p><u>Effectiveness:</u> This program helped to expand opportunities for establishment of transitional and supportive housing.</p> <p><u>Appropriateness:</u> This program was completed and is no longer needed in the Housing Element update.</p>

Policy H3.4:

Pursue funding for the acquisition, construction or rehabilitation of housing that is affordable to very low, low, and moderate-income households.

Program	Accomplishments
<p>PROGRAM H3.4.1: <i>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 appropriate state and federal programs whenever they are available to support the development or rehabilitation of housing for very low, low, or moderate-income households.</i></p>	<p><u>Progress:</u> The City encourages development of housing newer public transit and services. In 2013, 801 Alma Family Housing, with 50 units, was constructed in downtown Palo Alto (two blocks from the downtown multi-modal transit station, and it is situated within easy walking distance of groceries, parks, schools, stores, medical services and other downtown amenities). In 2011, Tree House was developed, with 35 affordable units. Tree House is located within steps of El Camino Real and bus transit. The City also allocates CDBG funding to rehabilitate housing for low-, very low-, and moderate-income households.</p>

Program	Accomplishments
	<p><u>Effectiveness:</u> In 2013, over \$162,000 in CDBG funds were used for rehabilitation activities affecting housing for low-, very low-, and moderate-income households.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM H3.4.2: <i>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.</i></p>	<p><u>Progress:</u> The City of Palo Alto continues to participate in the County of Santa Clara’s Mortgage Credit Certificate (MCC) Program. The program provides financial assistance to first-time homebuyers for the purchase of single-family homes, townhomes, and condominiums. The City also maintains local housing funding acquired through housing in-lieu fees (Residential Housing Fund and BMR Program Emergency Fund), utilizes CDBG funding, and participates in the Housing Trust of Santa Clara County.</p> <p><u>Effectiveness:</u> Participation in various housing programs help to expand affordable housing opportunities for lower income households in Palo Alto.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM H3.4.3: <i>Periodically review the housing nexus formula as required under Chapter 16.47 of the Municipal Code to fully reflect the impact of new jobs on housing demand and cost.</i></p>	<p><u>Progress:</u> The City periodically reviews the housing nexus formula as required by Chapter 16.47 of the Municipal Code. On March 25, 2002, the City Council approved modifications and additions to Impact Fees collected for residential and commercial development projects based on a nexus study and required that an annual cost of living adjustment be made.</p> <p><u>Effectiveness:</u> Periodic reviews of the nexus formula allow the City to better gauge the impact of new jobs on housing demand and cost and to make necessary adjustments to the required impact fees as needed.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM H3.4.4: <i>The City will work with affordable housing developers to pursue</i></p>	<p><u>Progress:</u> The City employs local housing funds and CDBG funds as mechanisms for acquisition, rehabilitation,</p>

Program	Accomplishments
<p><i>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.</i></p>	<p>and preservation of affordable housing. These activities are often joint efforts between the City and affordable housing developers.</p> <p><u>Effectiveness:</u> The City regularly works with affordable housing developers on acquisition and rehabilitation efforts for affordable housing.</p> <p><u>Appropriateness:</u> This program is appropriate and would help the City meet its regional housing goals. Therefore, this program is continued in the Housing Element.</p>

Policy H3.5:

Support the provision of emergency shelter, transitional housing and ancillary services to address homelessness.

Program	Accomplishments
<p><i>PROGRAM H3.5.1: Amend the Zoning Code to allow emergency shelters by right with appropriate performance standards to accommodate the City's unmet need for unhoused residents within an overlay of the ROLM zone district located east of Highway 101.</i></p>	<p><u>Progress:</u> In January 2014, the City amended the Zoning Ordinance to designate the ROLM(E) zone to permit emergency shelters as a permitted use.</p> <p><u>Effectiveness:</u> Amendment of the ROLM(E) zone provides opportunities for and facilitates the establishment of emergency shelters.</p> <p><u>Appropriateness:</u> This program has been completed and therefore not included in the Housing Element update.</p>

POLICY H3.6:

Support the creation of workforce housing for City and school district employees if feasible.

<p><i>PROGRAM H3.6.1: Conduct a nexus study to evaluate the creation of workforce housing for City and school district employees.</i></p>	<p><u>Progress:</u> As of May 2014, the nexus study is underway.</p> <p><u>Effectiveness:</u> This program is in the beginning stages and so its effectiveness cannot be assessed at this time.</p> <p><u>Appropriateness:</u> Given the timeline for completion of this project, this program is appropriate for continuation in the Housing Element update.</p>
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HOUSING DISCRIMINATION

Goal H4:

Promote an environment free of discrimination and the barriers that prevent choice in housing.

POLICY H4.1:

Support programs and agencies that seek to eliminate housing discrimination.

Program	Accomplishments
<p><i>PROGRAM H4.1.1: Work with appropriate state and federal agencies to ensure that fair housing laws are enforced.</i></p>	<p><u>Progress:</u> The City works with appropriate State and federal agencies to ensure that fair housing laws are enforced.</p> <p><u>Effectiveness:</u> This program has been effective in addressing housing discrimination.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update, and is consolidated with Program H4.1.2.</p>
<p><i>PROGRAM H4.1.2: Continue to support groups that provide fair housing services, such as Mid-Peninsula Citizens for Fair Housing.</i></p>	<p><u>Progress:</u> The City of Palo Alto continues to support groups that provide fair housing services. During the planning period, the City of Palo Alto has provided approximately \$180,000 in CDBG funds to groups that provide fair housing services, such as Project Sentinel.</p> <p><u>Effectiveness:</u> This program has been effective in promoting fair housing and reducing discrimination. The City plans to continue supporting groups that provide fair housing services.</p> <p><u>Appropriateness:</u> This program will be continued in the Housing Element update.</p>
<p><i>PROGRAM H4.1.3: Continue the efforts of the Human Relations Commission to combat discrimination in rental housing, including mediation of problems between landlords and tenants.</i></p>	<p><u>Progress:</u> The City’s Human Relations Commission is charged with the discretion to act with respect to any human relations matter when the Commission finds that any person or group does not benefit fully from public or private opportunities or resources in the community or is unfairly or differently treated due to factors of concern to the Commission. The City’s Human Relations Commission continues to hold public meetings and forums to combat discrimination in rental housing, including mediation of problems</p>

Program	Accomplishments
	<p>between landlords and tenants.</p> <p><u>Effectiveness:</u> The Human Relations Commission’s efforts are effective in preventing and eliminating housing discrimination.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H4.1.4: Continue implementation of the 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. Develop written procedures describing how Palo Alto will process and treat reasonable accommodation requests for projects proposing housing for special needs households.</i></p>	<p><u>Progress:</u> The City continues to implement the City’s ordinances prohibiting discrimination in renting or leasing housing based on age, parenthood, pregnancy or the potential or actual presence of a minor child.</p> <p>In 2014, the City established Reasonable Accommodations procedures with information and application procedures in the Zoning Ordinance.</p> <p><u>Effectiveness:</u> In addition to federal and State laws against housing discrimination, the City’s ordinances are an effective tool to facilitate housing opportunities for all.</p> <p><u>Appropriateness:</u> This program continues to be a critical tool in ensuring upholding anti-discrimination policies and is therefore included in 2015-2023 Housing Element, with modification since Reasonable Accommodations procedures have been established.</p>
<p><i>PROGRAM H4.1.5: Continue the City’s role in coordinating the actions of various support groups that are seeking 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.</i></p>	<p><u>Progress:</u> The City’s Office of Human Services (OHS) continues to sponsor housing information and referral coordination meetings for service providers seeking to eliminate housing discrimination. Through the Human Service Resource Allocation Process (HSRAP), the City of Palo continues to provide funding and other support for these groups to disseminate fair housing information in Palo Alto.</p> <p><u>Effectiveness:</u> The program is effective in addressing and eliminating housing discrimination and in affirmatively furthering fair housing.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H4.1.6:</i></p>	<p><u>Progress:</u></p>

Program	Accomplishments
<p><i>Amend the Zoning Code to provide individuals with disabilities reasonable accommodation in rules, policies, practices and procedures that may be necessary to ensure reasonable access to housing. The purpose of this program is to provide a process for individuals with disabilities to make requests for reasonable accommodation in regard to relief from the various land use, zoning, or building laws, rules, policies, practices and/or procedures of the City.</i></p>	<p>In 2014, the City established Reasonable Accommodations procedures with information and application procedures in the Zoning Ordinance.</p> <p><u>Effectiveness:</u> The City’s Reasonable Accommodation procedures provide additional opportunities for people with disabilities.</p> <p><u>Appropriateness:</u> This program was completed. However, continued promotion of reasonable accommodations policies is important for providing opportunities for persons with disabilities; thus, this program has been modified and is included in the Housing Element update.</p>
<p><i>PROGRAM H4.1.7: Continue to implement the “Action Plan” of the City of Palo Alto’s Community Development Block Grant (CDBG) Consolidated Plan or its successor documents.</i></p>	<p><u>Progress:</u> The City continues to implement its Annual Action Plan and to use CDBG funds to provide for increased use and support of tenant/landlord educational mediation opportunities.</p> <p><u>Effectiveness:</u> The City of Palo Alto’s Human Service Resource Allocation Process (HSRAP) allows the City to provide funding to Project Sentinel, a nonprofit organization, for support of tenant/landlord educational mediation opportunities.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update, with inclusion of implementation of the City’s CDBG-required Analysis of Impediments to Fair Housing Choice.</p>

POLICY H4.2:

Support housing that incorporates facilities and services to meet the health care, transit, and social service needs of households with special needs, including seniors and persons with disabilities

Program	Accomplishments
<p><i>PROGRAM H4.2.1: 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</i></p>	<p><u>Progress:</u> The City has amended the Zoning Code to provide for flexibility in development standards for special needs households, including homeless, lower-income households, seniors, and persons with disabilities. The City allows for residential and mixed use developments in commercial zones which facilitates the siting of housing near services and transit. The City also allows for higher density in the Pedestrian</p>

Program	Accomplishments
<p><i>neighborhoods in which they are proposed to be located.</i></p>	<p>and Transit Oriented Development District (PTOD), encouraging the development of affordable housing near community services and transit stations.</p> <p><u>Effectiveness:</u> This program was an effective tool for establishing regulations that facilitate the development of affordable and special housing near services. Furthermore, the City has strategically planned for residential and mixed use development where adequate urban service and amenities can be provided.</p> <p><u>Appropriateness:</u> This program was carried out through completion of various other programs in the 2007-2014 Housing Element. However, as the population continues to increase, so does the need for services and housing for special needs groups. Thus, periodic review of the Zoning Code is necessary to evaluate its ability to ensure appropriate development standards to meet the needs of special needs households. This program is appropriate and included in the 2015-2023 Housing Element.</p>
<p><i>PROGRAM H4.2.2: 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.</i></p>	<p><u>Progress:</u> This program was not completed.</p> <p><u>Effectiveness:</u> The effectiveness of this program cannot be evaluated at this time. However, a concerted effort with the Regional Center would magnify promotion and availability of services persons with disability.</p> <p><u>Appropriateness:</u> This program will be continued in the Housing Element update.</p>

SUSTAINABILITY IN HOUSING

Goal H5:

Reduce the environmental impact of new and existing housing.

POLICY H5.1:

Reduce long term energy cost and improve the efficiency and environmental performance of new and existing homes.

Program	Accomplishments
<p><i>PROGRAM H5.1.1: Periodically report to the City on the</i></p>	<p><u>Progress:</u> The Green Building Ordinance was approved in 2008.</p>

Program	Accomplishments
<p><i>status and progress of implementing the City’s Green Building Ordinance, intended to improve indoor air quality and assess the environmental performance and efficiency of homes in the following areas:</i></p> <ul style="list-style-type: none"> - Greenhouse gas emissions - Energy use - Water use (indoor and outdoor) - Material efficiency - Stormwater runoff - Alternative transportation - Site preservation 	<p>In 2010, the City’s Green Building Ordinance was amended to reflect the 2010 California Green Building Standards (CALGreen). The City consistently tracks the status and performance of Green Building Program which includes implementation of the Green Building Ordinance, the Climate Protection Plan, and the Zero Waste Program.</p> <p><u>Effectiveness:</u> As of 2013, the Green Building Program has received over 350 applications since it began in July of 2008. Two-thirds of the applications received were residential. The program so far has influenced \$8,306,638 and 98,275 square feet of construction to be “green”. The City has over 10 LEED registered projects and over 35 Green Point Rated projects under construction. This program has been effective in reducing energy cost and improving efficiency and environmental performance of residential developments in the City.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p>PROGRAM 5.1.2: <i>Continue providing support to staff and public (including architects, owners, developers and contractors) through training and technical assistance in the areas listed under Program H5.1.1.</i></p>	<p><u>Progress:</u> The City of Palo staff consistently works with the public on compliance with all applicable local and state building regulations through the permit application and project review processes. In addition, information about the City’s Green Building Program is available on the City’s website.</p> <p><u>Effectiveness:</u> This program has been effective in reducing energy cost and improving efficiency and environmental performance of residential developments in the City.</p> <p><u>Appropriateness:</u> This program is appropriate and will be continued in the Housing Element update.</p>
<p>PROGRAM H5.1.3: <i>Participate in regional planning efforts to ensure that the Regional Housing Needs Allocation (RHNA) targets areas that support sustainability by reducing congestion and greenhouse gas emissions.</i></p>	<p><u>Progress:</u> The City’s Regional Housing Mandate Committee, comprised of representatives from the City Council, Planning and Transportation Commission, and School District was convened to actively participate in the RHNA process.</p> <p><u>Effectiveness:</u> This program is effective at ensuring the City is actively engaged in regional planning efforts.</p>

Program	Accomplishments
	<p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>
<p><i>PROGRAM H5.1.4: 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.</i></p>	<p><u>Progress:</u> The City consistently reviews federal, State and regional programs, and when necessary revises its policies and programs for compliance. In 2010, the CALGreen building regulations were adopted. The City also adopted a Climate Protection Plan (CPP) which implements sustainability programs on a local level. One of the goals of the CPP is to develop land use patterns that reduce travel-related emissions and support pedestrian, bicycle and transit use. This CPP goal translated into facilitation of mixed use developments, such as College Terrace Center and Alma Plana. It also supports the Pedestrian-Transit Oriented Development (PTOD) zone which allows for mixed use and higher density around transit stations, and provision of Transportation Demand Management (TDM) program for projects that are nearby transit and/or require parking reductions.</p> <p><u>Effectiveness:</u> This program is effective in ensuring the City maintains compliance with applicable laws and regulations.</p> <p><u>Appropriateness:</u> This program remains appropriate for inclusion in the Housing Element update.</p>
<p><i>PROGRAM H5.1.5: Enhance and support a proactive public outreach program to encourage Palo Alto residents to conserve resources and to share ideas about conservation.</i></p>	<p><u>Progress:</u> The City continues to develop a proactive public outreach program to encourage residents to conserve energy and to share ideas regarding energy conservation working in collaboration with the City’s Planning and Community Environment, Public Works and Utilities Departments. The City’s website and Development Center serve as resources for valuable information relating to energy conservation.</p> <p><u>Effectiveness:</u> Brochures and materials relating to energy conservation are available at City Hall, recreational facilities, libraries and other public locations throughout the community to provide valuable information promoting energy conservation.</p> <p><u>Appropriateness:</u> This program remains appropriate for inclusion in the</p>

Program	Accomplishments
<p><i>PROGRAM H5.1.6: Provide financial subsidies, recognition, or other incentives to new and existing home owners or developers to achieve performance or efficiency levels beyond minimum requirements.</i></p>	<p>Housing Element update.</p> <p><u>Progress:</u> The City’s Green Building Program includes financial incentives and recognition for developments that achieve efficiency levels beyond the minimum requirements.</p> <p><u>Effectiveness:</u> This program promotes sustainable developments.</p> <p><u>Appropriateness:</u> This program is appropriate for continuation in the Housing Element update.</p>

APPENDIX B:
HOUSING ELEMENT SITES TABLE

A parcel-specific listing of sites to meet the RHNA for 2014-2022 follows.

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TABLE B-1: HOUSING INVENTORY SITES

SITE TYPE	APN	ADDRESS	ZONING	MAX. DENSITY	MAX. YIELD	LAND USE	SIZE (acres)	REALISTIC CAPACITY	EXISTING USES	OPPORTUNITIES AND CONSTRAINTS	AV RATIO
Vacant Land	137-08-080	3606 El Camino Real	CN	20 du/ac	13	CN	0.65	13	Vacant Lot	Current Maximum Residential Density is 15 du/ac	0
Vacant Land	137-24-034	4146 El Camino Real	RM-15	15 du/ac	11	MF	0.77	11	Vacant Lot	Current Maximum Residential Density is 15 du/ac	0
Vacant Land	000-00-000	1170 Welch Rd	RM-40	40 du/ac	84	RO	2.11	71	Vacant Lot	Opportunity for expansion of adjacent existing multifamily residential	0
Vacant Land	132-31-071	2747 Park Bl	GM	40 du/ac	6	LI	0.3	6	Vacant Lot	Within PTOD	0.51
Vacant Land	137-25-109	595 Maybell Av	RM-15	15 du/ac	26	MF	1.85	27	Vacant Lot		0.99
Commercially Zoned Site	132-41-085	3707 El Camino Real	CN	20 du/ac	3	CN	0.18	3	1 Story Personal Service; Retail	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.64
Commercially Zoned Site	124-32-013	470 Cambridge Av	CC-(2)	30 du/ac	7	CC	0.23	5	1 Story Religious Institution; Surface Parking	Existing Non-Residential Use	4.17
Commercially Zoned Site	124-33-005	410 Sherman Av	CC-(2)	30 du/ac	7	CC	0.24	5	2 Story Office Commercial	Existing Commercial Use	1.19
Commercially Zoned Site	124-29-007	251 California Av	CC (2)(R)(P)	30 du/ac	7	CC	0.26	5	1 Story retail	Existing Commercial Use	1.74
Commercially Zoned Site	124-32-055	334 California Av	CC (2)(R)(P)	30 du/ac	8	CC	0.27	5	2 Story Retail; Eating Drinking; Commercial	Existing Commercial Use	0.55
Commercially Zoned Site	124-33-061	479 California Av	CC (2)(R)(P)	30 du/ac	7	CC	0.24	5	1 Story commercial; Financial Service	Existing Commercial Use	0.75
Commercially Zoned Site	120-15-090	595 Bryant St	CD-C (GF)(P)	40 du/ac	8	CC	0.22	5	1 Story Retail; Eating Drinking	Small lot ; consolidation opportunity	0.73
Commercially Zoned Site	120-03-021	581 University Av	CD-C (P)	40 du/ac	10	CC	0.26	5	1 Story Financial Service	Existing Commercial Use	3.45
Commercially Zoned Site	120-03-037	578 University Av	CD-C (P)	40 du/ac	8	CC	0.22	5	1 Story Office	Existing Commercial Use	1.47
Commercially Zoned Site	120-03-067	541 Cowper St	CD-C (P)	40 du/ac	9	CC	0.23	5	1 Story commercial	Existing Commercial Use	1.09
Commercially Zoned Site	120-15-007	401 Waverley St	CD-C (P)	40 du/ac	8	CC	0.22	5	1 Story Retail; personal Service	Small lot ; consolidation opportunity	2.12
Commercially Zoned Site	120-15-013	420 Cowper St	CD-C (P)	40 du/ac	10	CC	0.25	5	2 story office	Existing Commercial Use	1.38
Commercially Zoned Site	120-26-109	542 High St	CD-C (P)	40 du/ac	10	CC	0.25	5	1 Story Commercial; Retail office	Existing Commercial Use	0.91
Commercially Zoned Site	124-31-059	2101 El Camino Real	CN	20 du/ac	5	CN	0.25	5	1 Story Retail; Personal Service; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.91
Commercially Zoned Site	132-40-062	480 Wilton Av	CN	20 du/ac	5	CN	0.25	5	1 Story Eating Drinking; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	2.41
Commercially Zoned Site	132-46-106	4112 El Camino Wy	CN	20 du/ac	5	CN	0.25	5	1 Story Eating Drinking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.13
Commercially Zoned Site	137-01-116	2000 El Camino Real	CN	20 du/ac	5	CN	0.27	5	1 Story Eating Drinking; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.09
Commercially Zoned Site	137-08-078	3636 El Camino Real	CN	20 du/ac	5	CN	0.25	5	1 Story Eating Drinking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.44
Commercially Zoned Site	137-08-097	3666 El Camino Real	CN	20 du/ac	5	CN	0.25	5	1 Story Retail; Commercial; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.27
Commercially Zoned Site	137-11-091	3972 El Camino Real	CN	20 du/ac	5	CN	0.25	5	Gas Station	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.13
Commercially Zoned Site	137-11-098	3780 El Camino Real	CN	20 du/ac	5	CN	0.24	5	1 Story Retail; Commercial; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	2.47
Commercially Zoned Site	132-38-011	3275 Ash St	CS	30 du/ac	8	CS	0.27	5	1 Story Office; Commercial; Surface Parking	Existing Commercial Use	0.04
Commercially Zoned Site	132-38-017	460 Lambert Av	CS	30 du/ac	6	CS	0.22	5	Surface parking	Small lot ; consolidation opportunity	0.04
Commercially Zoned Site	132-38-018	460 Lambert Av	CS	30 du/ac	6	CS	0.22	5	Surface parking	Small lot ; consolidation opportunity	4.26(0.34)
Commercially Zoned Site	132-38-067	435/455 Portage Av	CS	30 du/ac	19	CS	0.45	14	1 Story Commercial Offices	Small lot ; consolidation opportunity; Existing Commercial Use	5.62
Commercially Zoned Site	137-08-079	3260 Ash St	CS	30 du/ac	6	CS	0.22	5	SFD	Existing Commercial Use	0.16
Commercially Zoned Site	137-08-088	3516 El Camino Real	CS	30 du/ac	7	CS	0.23	5	1 Story Personal Service	Existing Commercial Use	0
Commercially Zoned Site	124-28-003	2260 Park Bl	CC (2)	30 du/ac	8	CC	0.29	6	Automotive Service; Surface Parking	Parking serving adjacent commercial uses	0.73
Commercially Zoned Site	124-32-034	300 California Av	CC (2)(R)(P)	30 du/ac	8	CC	0.27	6	Surface parking	Existing Commercial Use	2.95
Commercially Zoned Site	120-15-045	353 University Av	CD-C (GF)(P)	40 du/ac	12	CC	0.3	6	2 Story Eating Drinking; Commercial	Existing Commercial Use	0.9
Commercially Zoned Site	120-16-020	635 Waverley St	CD-C (P)	40 du/ac	12	CC	0.31	6	1 Story Commercial; Retail; Office	Existing Commercial Use	1.89
Commercially Zoned Site	120-27-038	658 High St	CD-C (P)	40 du/ac	12	CC	0.32	6	2 Story Commercial Surface Parking	Existing Commercial Use	0.04
Commercially Zoned Site	124-30-015	1963 El Camino Real	CN	20 du/ac	6	CN	0.28	6	Gas Station	Underground Storage Tanks; Current Maximum Residential Density is 15 du/ac	0.26
Commercially Zoned Site	132-35-045	3705 El Camino Real	CN	20 du/ac	6	CN	0.28	6	1 Story Retail	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.17
Commercially Zoned Site	120-33-004	67 Encina Av	CS	30 du/ac	8	CS	0.27	6	1 Story Commercial; Office	Existing Commercial Use	6.46
Commercially Zoned Site	132-37-055	3051 El Camino Real	CS	30 du/ac	9	CS	0.3	6	1 Story Retail; Surface Parking	Existing Commercial Use	0.53
Commercially Zoned Site	132-38-058	320 Lambert Av	CS	30 du/ac	8	CS	0.28	6	1 Story Office Commercial; Light Industrial	Existing Commercial Use	0.93
Commercially Zoned Site	132-38-060	280 Lambert Av	CS	30 du/ac	8	CS	0.28	6	1 Story Office Commercial; Light Industrial	Existing Commercial Use	0.56
Commercially Zoned Site	132-38-061	292 Lambert Av	CS	30 du/ac	9	CS	0.32	6	1 Story Office Commercial; Light Industrial	Existing Commercial Use	0.03
Commercially Zoned Site	132-39-087	455 Lambert Av	CS	30 du/ac	9	CS	0.32	6	1 Story Commercial	Existing Commercial Use	0.49
Commercially Zoned Site	142-20-055	3160 El Camino Real	CS	30 du/ac	8	CS	0.29	6	2 Story Office; Surface Parking	Existing Commercial Use	1.7
Commercially Zoned Site	124-32-040	414 California Av	CC (2)(R)(P)	30 du/ac	11	CC	0.37	7	2 Story Financial Services; Surface Parking	Existing Commercial Use	
Commercially Zoned Site	120-15-015	469 University Av	CD-C (GF)(P)	40 du/ac	13	CC	0.34	7	1 Story Commercial; Retail; Eating Drinking	Existing Commercial Use	

TABLE B-1: HOUSING INVENTORY SITES

SITE TYPE	APN	ADDRESS	ZONING	MAX. DENSITY	MAX. YIELD	LAND USE	SIZE (acres)	REALISTIC CAPACITY	EXISTING USES	OPPORTUNITIES AND CONSTRAINTS	AV RATIO
Commercially Zoned Site	120-15-103	360 University Av	CD-C (GF)(P)	40 du/ac	13	CC	0.34	7	1 Story Retail	Existing Commercial Use	1
Commercially Zoned Site	120-16-011	630 Cowper St	CD-C (P)	40 du/ac	13	CC	0.34	7	1 Story Office	Existing Commercial Use	0.45
Commercially Zoned Site	120-26-002	130 Lytton Av	CD-C (P)	40 du/ac	13	CC	0.34	7	2 Level Parking Structure	Parking serving adjacent commercial uses	0.36
Commercially Zoned Site	132-46-100	4115 El Camino Real	CN	20 du/ac	7	CN	0.35	7	1 Story Eating Drinking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.03
Commercially Zoned Site	137-08-081	3630 El Camino Real	CN	20 du/ac	7	CN	0.37	7	2 Story Office; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.36
Commercially Zoned Site	137-11-078	3700 El Camino Real	CN	20 du/ac	7	CN	0.36	7	1 Story Personal Service; Retail; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0
Commercially Zoned Site	137-11-083	3896 El Camino Real	CN	20 du/ac	7	CN	0.32	7	1 Story Retail; Eating Drinking; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.56
Commercially Zoned Site	132-37-033	2905 El Camino Real	CS	30 du/ac	9	CS	0.32	7	2 Story Commercial; Surface Parking	Existing Commercial Use	0.17
Commercially Zoned Site	132-37-052	2951 El Camino Real	CS	30 du/ac	9	CS	0.32	7	1 Story Retail; Commercial	Existing Commercial Use	0.62
Commercially Zoned Site	132-37-056	3001 El Camino Real	CS	30 du/ac	9	CS	0.33	7	1 Story Retail; Surface Parking	Existing Commercial Use	1.08
Commercially Zoned Site	132-38-048	268 Lambert Av	CS	30 du/ac	10	CS	0.35	7	1 Story Office Commercial; Light Industrial	Existing Commercial Use	0.64
Commercially Zoned Site	132-41-088	3801 El Camino Real	CS	30 du/ac	10	CS	0.35	7	1 Story Office; Surface Parking	Existing Commercial Use	1.14
Commercially Zoned Site	132-46-119	4195 El Camino Real	CS	30 du/ac	10	CS	0.35	7	1 Story Automotive Services	Existing Commercial Use	0.88
Commercially Zoned Site	132-46-120	4195 El Camino Real	CS	30 du/ac	10	CS	0.36	7	1 Story Medical Office; Automotive Services	Existing Commercial Use	0.56
Commercially Zoned Site	124-33-066	2585 El Camino Real	CN	20 du/ac	8	CN	0.4	8	Surface parking	Parking serving adjacent commercial uses	0
Commercially Zoned Site	132-40-059	3609 El Camino Real	CN	20 du/ac	8	CN	0.42	8	Gas Station	Underground Storage Tanks; Current Maximum Residential Density is 15 du/ac	0
Commercially Zoned Site	132-41-083	3783 El Camino Real	CN	20 du/ac	8	CN	0.42	8	1 Story Eating Drinking; Retail; Commercial; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.33
Commercially Zoned Site	137-01-070	2200 El Camino Real	CN	20 du/ac	8	CN	0.41	8	Gas Station	Underground Storage Tanks; Current Maximum Residential Density is 15 du/ac	0.11
Commercially Zoned Site	132-38-068	425 Portage Av	CS	30 du/ac	12	CS	0.4	8	1 Story Commercial; Office	Existing Commercial Use	0.31
Commercially Zoned Site	132-38-045	3200 Ash St	CS	30 du/ac	11	CS	0.39	8	1 Story Office; Surface Parking	Existing Commercial Use	4.6
Commercially Zoned Site	132-38-046	3250 Ash St	CS	30 du/ac	11	CS	0.38	8	2 Story Office Commercial	Existing Commercial Use	1.13
Commercially Zoned Site	148-09-010	4335 El Camino Real	CS	30 du/ac	12	CS	0.4	8	2 Story Commercial; Office	Existing Commercial Use	1.21
Commercially Zoned Site	120-34-014	98 Encina Av	CC	30 du/ac	13	CC	0.44	9	Surface parking	Parking serving adjacent commercial uses	0.01
Commercially Zoned Site	124-30-017	1921 El Camino Real	CN	20 du/ac	9	CN	0.43	9	1 Story Eating Drinking; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.97
Commercially Zoned Site	132-46-104	4128 El Camino Wy	CN	20 du/ac	9	CN	0.45	9	2 Story Office	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.32
Commercially Zoned Site	137-01-113	2280 El Camino Real	CN	20 du/ac	9	CN	0.43	9	1 Story Eating Drinking; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.06
Commercially Zoned Site	137-01-125	2257 Yale St	CN	20 du/ac	9	CN	0.43	9	2 Story Office; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.23
Commercially Zoned Site	132-39-071	429 Lambert Av	CS	30 du/ac	13	CS	0.45	9	1 Story Automotive Services; Office	Existing Commercial Use	0.23
Commercially Zoned Site	167-08-036	4232 El Camino Real	CS	30 du/ac	12	CS	0.43	9	1 Story Daycare School	Existing Commercial Use	1.07
Commercially Zoned Site	137-01-069	559 College Av	CN	20 du/ac	10	CN	0.47	10	2 Story Retail; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	1.81
Commercially Zoned Site	124-33-067	2501 El Camino Real	CN; CC (2)	20/30 du/ac	10	CN	0.51	10	1 Story Eating Drinking	Existing Commercial Use; Current Max Res Density is 15 du/ac on portion of lot	0.33
Commercially Zoned Site	132-39-090	415 Lambert Av	CS	30 du/ac	15	CS	0.51	10	1 Story Commercial	Existing Commercial Use	3.44
Commercially Zoned Site	132-41-096	3885 El Camino Real	CS	30 du/ac	14	CS	0.47	10	1 Story Eating Drinking; Surface parking	Existing Commercial Use	3.51
Commercially Zoned Site	167-08-030	4230 El Camino Real	CS	30 du/ac	15	CS	0.52	10	1 Story Automotive Service	Existing Commercial Use	0.04
Commercially Zoned Site	167-08-035	4200 El Camino Real	CS	30 du/ac	14	CS	0.48	10	1 Story Automotive Service	Existing Commercial Use	0
Commercially Zoned Site	124-29-020	150 Grant Av	CC(2)	30 du/ac	17	CC	0.59	12	1 Story Commercial; Office	Existing Commercial Use	0.23
Commercially Zoned Site	132-38-062	435 Acacia Av	CS	30 du/ac	18	CS	0.62	12	1 Story Office	Existing Commercial Use	7.47
Commercially Zoned Site	167-08-042	4256 El Camino Real	CS	30 du/ac	17	CS	0.59	12	1 Story Eating Drinking	Existing Commercial Use	0.14
Commercially Zoned Site	132-36-077	2675 El Camino Real	CN	20 du/ac	13	CN	0.63	13	1 Story Eating Drinking; Surface parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.59
Commercially Zoned Site	132-44-022	4115 El Camino Wy	CN	20 du/ac	13	CN	0.64	13	1 Story Commercial; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.75
Commercially Zoned Site	120-34-001	841 El Camino Real	CS	30 du/ac	19	CS	0.64	13	Automotive Service	Existing Commercial Use	0
Commercially Zoned Site	167-08-037	4222 El Camino Real	CS	30 du/ac	19	CS	0.63	13	1 Story Eating Drinking	Existing Commercial Use	0.41
Commercially Zoned Site	132-43-153	4085 El Camino Wy	CN	20 du/ac	14	CN	0.71	14	1 Story Retail; Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0.7
Commercially Zoned Site	132-44-100	4135 El Camino Wy	CN	20 du/ac	15	CN	0.75	15	2 Story Office; Underground Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	4.06

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SITE TYPE	APN	ADDRESS	ZONING	MAX. DENSITY	MAX. YIELD	LAND USE	SIZE (acres)	REALISTIC CAPACITY	EXISTING USES	OPPORTUNITIES AND CONSTRAINTS	AV RATIO
Commercially Zoned Site	137-01-129	2390 El Camino Real	CN	30 du/ac	15	CN	0.76	15	2 Story Commercial Surface Parking	Existing Commercial Use; Current Maximum Residential Density is 15 du/ac	0
Commercially Zoned Site	142-20-054	3150 El Camino Real	CS	30 du/ac	22	CS	0.75	15	1 Story Eating Drinking; Surface parking	Existing Commercial Use	0.3
Commercially Zoned Site	132-39-088	3399 El Camino Real	CS; CN	30/20 du/ac	15	CS; CN	0.74	15	1 Story Eating Drinking; Surface parking	Existing Commercial Use	0.29
Commercially Zoned Site	137-08-083	3400 El Camino Real	CS (H); RM-15	30/15 du/ac	19	MF; CS	0.96	19	1 Story Eating Drinking	Existing Commercial Use	1.74
Commercially Zoned Site	132-38-056	430 Lambert Av	CS	30 du/ac	30	CC	1.03	21	2 Story Office Commercial	Existing Commercial Use	4.49
Commercially Zoned Site	124-28-045	154 California Av	CC (2)(R)(P)	30 du/ac	34	CC	1.14	23	2 Story Retail	Existing Commercial Use	0.29
Commercially Zoned Site	148-09-014	4291 El Camino Real	CS	30 du/ac	34	CS	1.16	23	1 Story Eating Drinking; Surface parking	Existing Commercial Use	0.33
Commercially Zoned Site	132-31-042	130 Sheridan Av	GM	40 du/ac	34	LI	1.13	24	Within PTOD	Needs Rezoning to allow Residential Use	0
Commercially Zoned Site	142-20-035	137 El Camino Real	CS	30 du/ac	35	CS	1.18	24	1 Story Eating Drinking; Surface parking	Existing Commercial Use	0.93
Commercially Zoned Site	147-03-041	768-790, 796A San Antonio Ave	CS	30 du/ac	17	CS	0.57	11	Automotive Service	Existing Commercial Use	0.82
Commercially Zoned Site	147-05-092	780 San Antonio	CS	30 du/ac	13	CS	0.42	8	Automotive Service	Existing Commercial Use	0.37
Commercially Zoned Site	147-05-086	4201 Middlefield	CS	30 du/ac	10	CS	0.32	6	Automotive Service Jiffy Lube	Existing Commercial Use	1.09
Commercially Zoned Site	147-05-088	744 San Antonio	CS	30 du/ac	38	CS	1.27	25	Automotive Service General Business Service	Existing Commercial Use	7.08
Commercially Zoned Site	147-05-091	760 San Antonio Ave	CS	30 du/ac	20	CS	0.65	13	General Office	Existing Commercial Use	0.49
Commercially Zoned Site	147-05-089	748-750	CS	30 du/ac	19	CS	0.65	13	General Business Service	Existing Commercial Use	0.63
Commercially Zoned Site	147-03-043	808-810 San Antonio Ave	CS	30 du/ac	13	CS	0.43	9	Personal Service	Existing Commercial Use	1.14
Commercially Zoned Site	147-03-042	800-802 San Antonio Ave	CS	30 du/ac	13	CS	0.43	9	General Business Office	Existing Commercial Use	1.64
Commercially Zoned Site	147-03-065	792-796B San Antonio Ave	CS	30 du/ac	13	CS	0.43	9	General Business Office	Existing Commercial Use	1.96
Commercially Zoned Site	147-03-064	910 Chadelston Rd	CS	30 du/ac	14	CS	0.48	10	Personal Service Retail	Existing Commercial Use	1.43
Commercially Zoned Site	147-03-040	824 San Antonio Ave	CS	30 du/ac	15	CS	0.49	10	Gas Station	Existing Commercial Use	0.12
Commercially Zoned Site	147-03-039	816-814 San Antonio Ave	CS	30 du/ac	13	CS	0.44	9	General Business Office	Existing Commercial Use	2.2
Commercially Zoned Site	147-05-087	716-720 San Antonio	CS	30 du/ac	41	CS	1.36	27	General Business Service Light Industrial Grocery	Existing Commercial Use	0.18
SOFA II Sites	120-27-073	718 Emerson St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	2	1 Story; Automotive Service	Small lot; consolidation opportunity	0.53
SOFA II Sites	120-28-084	918 Emerson St	RT-35	25-50 du/ac	3	SOFA II CAP	0.08	2	1 Story; Automotive Service	Small lot; consolidation opportunity	0
SOFA II Sites	120-27-072	721 Emerson St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Professional Office; Surface Parking	Small lot; consolidation opportunity	0.93
SOFA II Sites	120-28-004	160 Honer Av	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	Surface Parking	Small lot; consolidation opportunity	0.05
SOFA II Sites	120-28-033	839 Emerson St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Personal Service; Surface Parking	Small lot; consolidation opportunity	0.02
SOFA II Sites	120-28-036	825 Emerson St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Personal Service; Surface Parking	Small lot; consolidation opportunity	0.31
SOFA II Sites	120-28-080	943 Emerson St	RT-35	25-50 du/ac	3	SOFA II CAP	0.11	3	1 Story Professional Office	Small lot; consolidation opportunity	1.04
SOFA II Sites	120-28-081	935 Emerson St	RT-35	25-50 du/ac	3	SOFA II CAP	0.11	3	1 Story Professional Office	Small lot; consolidation opportunity	1.25
SOFA II Sites	120-28-082	929 Emerson St	RT-35	25-50 du/ac	3	SOFA II CAP	0.11	3	1 Story SFD	Small lot; consolidation opportunity	0.59
SOFA II Sites	120-28-085	926 Emerson St	RT-35	25-50 du/ac	3	SOFA II CAP	0.11	3	2 Story Personal Service; Office	Small lot; consolidation opportunity	0.01
SOFA II Sites	120-28-090	931 High St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 story light manufacturing	Small lot; consolidation opportunity	0.34
SOFA II Sites	120-28-091	925 High St	RT-35	25-50 du/ac	5	SOFA II CAP	0.14	3	Vacant; Auto Storage	Small lot; consolidation opportunity	0.19
SOFA II Sites	120-28-093	960 High St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Automotive Service	Small lot; consolidation opportunity	0.01
SOFA II Sites	120-30-048	1027 Alma St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Professional Office	Small lot; consolidation opportunity	0.59
SOFA II Sites	120-30-049	1019 Alma St	RT-35	25-50 du/ac	4	SOFA II CAP	0.12	3	1 Story Retail; Surface Parking	Small lot; consolidation opportunity	0.79
SOFA II Sites	120-28-003	815 High St	RT-35	25-50 du/ac	4	SOFA II CAP	0.13	4	1 Story Professional Office	Small lot; consolidation opportunity	1.55
SOFA II Sites	120-28-005	160 Honer Av	RT-35	25-50 du/ac	5	SOFA II CAP	0.14	4	Surface Parking	Small lot; consolidation opportunity	1.55
SOFA II Sites	120-28-051	190 Channing Av	RT-35	25-50 du/ac	6	SOFA II CAP	0.17	5	1 Story Professional Office	Small lot; consolidation opportunity	0.02
SOFA II Sites	120-28-092	940 High St	RT-35	25-50 du/ac	6	SOFA II CAP	0.18	5	1 story light manufacturing	Small lot; consolidation opportunity	1.45
SOFA II Sites	120-28-094	145 Addison Av	RT-35	25-50 du/ac	6	SOFA II CAP	0.17	5	1 Story Professional Office	Small lot; consolidation opportunity	0.62
SOFA II Sites	120-28-099	829 Emerson St	RT-35	25-50 du/ac	6	SOFA II CAP	0.19	5	1 Story Personal Service; Office; Surface Parking	Small lot; consolidation opportunity	0.77
SOFA II Sites	120-27-048	700 Emerson St	RT-35	25-50 du/ac	8	SOFA II CAP	0.22	6	1 Story Professional Office; Surface Parking	Small lot; consolidation opportunity	0.89
SOFA II Sites	120-27-049	701 Emerson St	RT-35	25-50 du/ac	8	SOFA II CAP	0.24	6	1 Story Professional Office; Surface Parking	Existing Commercial Use	1.55
SOFA II Sites	120-28-040	849 High St	RT-35	25-50 du/ac	8	SOFA II CAP	0.24	6	1 Story Professional Office	Existing Commercial Use	1.04
SOFA II Sites	120-28-050	901 High St	RT-35	25-50 du/ac	11	SOFA II CAP	0.32	6	Vacant; Auto Storage	Existing Commercial Use	0.89
SOFA II Sites	120-28-095	999 Alma St	RT-35	25-50 du/ac	8	SOFA II CAP	0.24	6	1 Story Retail	Existing Commercial Use	0
SOFA II Sites	120-30-050	100 Addison Av	RT-35	25-50 du/ac	8	SOFA II CAP	0.24	6	1 Story Retail; Surface Parking	Existing Commercial Use	1.3
SOFA II Sites	120-28-097	925 Alma St	RT-50	25-50 du/ac	8	SOFA II CAP	0.24	6	1 Story Professional Office	Existing Commercial Use	0
SOFA II Sites	120-28-038	882 Emerson St	RT-35	25-50 du/ac	8	SOFA II CAP	0.25	7	2 Story Personal Service; Medical Office; Surface Parking	Existing Commercial Use	1.2
SOFA II Sites	120-28-086	930 Emerson St	RT-35	25-50 du/ac	8	SOFA II CAP	0.25	7	1 Story Automotive Service	Existing Commercial Use	8.86
SOFA II Sites	120-28-089	965 High St	RT-35	25-50 du/ac	12	SOFA II CAP	0.25	9	1 Story Professional Office; Surface Parking	Existing Commercial Use	2.04
SOFA II Sites	120-27-046	700 High St	RT-50	25-50 du/ac	12	SOFA II CAP	0.36	9	1 Story Office	Existing Commercial Use	0.47
SOFA II Sites	120-27-075	774 Emerson St	RT-35	25-50 du/ac	16	SOFA II CAP	0.48	13	1 Story Office	Existing Commercial Use	1.64
SOFA II Sites	120-28-037	840 Emerson St	RT-35	25-50 du/ac	16	SOFA II CAP	0.48	13	Surface Parking	Existing Commercial Use	1.76
Residentially Zoned Site	132-41-025	397 Currier Ave	RM-30	30 du/ac	6	MF	0.19	4	2 story duplex	Parking serving adjacent commercial uses	0.03
Residentially Zoned Site	003-02-021	725 University Av	RM-30	30 du/ac	7	MF	0.25	5	1 Story Office; Surface Parking	Existing Residential	0.73
Residentially Zoned Site	003-02-022	489 Middlefield Rd	RM-30	30 du/ac	7	MF	0.25	5	1 Story Office; Surface Parking	Existing Commercial Use	0.4

TABLE B-1: HOUSING INVENTORY SITES

SITE TYPE	APN	ADDRESS	ZONING	MAX. DENSITY	MAX. YIELD	LAND USE	SIZE (acres)	REALISTIC CAPACITY	EXISTING USES	OPPORTUNITIES AND CONSTRAINTS	AV RATIO
Residentially Zoned Site	120-04-043	704 Webster St	RM-30	30 du/ac	7	MF	0.22	5	1 Story Professional Office; Surface Parking	Existing Commercial Use	0.67
Residentially Zoned Site	120-16-046	720 Cowper St	RM-30	30 du/ac	7	MF	0.23	5	1 Story Office; Surface Parking	Existing Commercial Use	0.49
Residentially Zoned Site	124-27-038	2185 Park Bl	RM-30	30 du/ac	7	MF	0.25	5	2 Story Office; Surface Parking	Existing Commercial Use	1.21
Residentially Zoned Site	124-27-039	2149 Park Bl	RM-30	30 du/ac	7	MF	0.25	5	2 Story Office; Surface Parking	Existing Commercial Use	0.74
Residentially Zoned Site	120-03-038	610 University Av	RM-40	40 du/ac	8	MF	0.22	5	2 Story Professional Office; Surface Parking	Existing Commercial Use	0.22
Residentially Zoned Site	003-02-043	575 Middlefield Rd	RM-30	30 du/ac	8	MF	0.28	6	2 Story Office; Podium Parking	Existing Commercial Use	0.19
Residentially Zoned Site	003-02-048	547 Middlefield Rd	RM-30	30 du/ac	10	MF	0.36	7	2 Story Office; Surface Parking	Existing Commercial Use	1.61
Residentially Zoned Site	124-28-043	2211 Park Bl	RM-30	30 du/ac	10	MF	0.34	7	1 Story Office; Surface Parking	Existing Commercial Use	1.26
Residentially Zoned Site	003-02-047	720 University Av	RM-30	30 du/ac	12	MF	0.41	8	1 Story Office; Surface Parking	Existing Commercial Use	0.37
Residentially Zoned Site	137-01-121	531 Stamford Av	RM-30	30 du/ac	12	MF	0.4	8	2 Story Hotel; Surface Parking	Existing Commercial Use	4.91
Residentially Zoned Site	120-16-041	400 Forest Av	RM-40	40 du/ac	18	SOFA I/CAP	0.45	9	1 Story Medical Office; Podium Parking	Existing Commercial Use	1.6
Residentially Zoned Site	120-16-042	430 Forest Av	RM-40	40 du/ac	20	SOFA I/CAP	0.51	13	1 Story Automotive Service	Existing Commercial Use	0.91
Residentially Zoned Site	137-37-004	4102 El Camino Real	RM-30	30 du/ac	19	MF	0.64	13	1 Story Religious Institution	Existing Non-Residential Use	0.02
Residentially Zoned Site	127-15-023	4151 Middlefield Rd	RM-15	15 du/ac	18	MF	0.93	18	2 Story Office; Surface Parking	Existing Commercial Use	1.46
Residentially Zoned Site	132-42-074	3945 El Camino Real	RM-30; CS	30 du/ac	26	MF/CS	0.89	18	1 to 2 Story Professional Office; Surface Parking	Existing Commercial Use	1.35
Residentially Zoned Site	132-42-073	3901 El Camino Real	RM-30	30 du/ac	33	MF	1.1	22	2 Story Motel; Surface Parking	Existing Commercial Use	1.39
Residentially Zoned Site	132-38-059	340 Portage Ave	RM-30	30 du/ac	374	MF	12.47	221	1 Story Commercial/Retail	Existing Commercial Use	4.68

APPENDIX C:
ALTERNATIVE SITES CHECKLIST

The completed HCD checklist related to Alternative Sites Analysis follows.

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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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**Adequate Sites Program Alternative Checklist
Government Code Section 65583.1(c)**

As provided for in Government Code Section 65583.1(c), local governments can rely on existing housing units to address up to 25 percent of their adequate sites requirement by counting existing units made available or preserved through the provision of "committed assistance" to low- and very low-income households at affordable housing costs or affordable rents. The following is a checklist intended to provide guidance in determining whether the provisions of Government Code Section 65583.1(c) can be used to address the adequate sites program requirement. Please be aware, all information must be provided in the housing element to demonstrate compliance.

		HE Page #
<p>65583.1(c)(4) Is the local government providing, or will it provide "committed assistance" during the period of time from the beginning of the RHNA projection period to the end of the first 2 years of the housing element planning period? See the definition of "committed assistance" at the end of the checklist.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Program 2.2.4 in Chapter 5: Housing Plan (page 131)</p>
<p>65583.1(c)(1)(A) Has the local government identified the specific source of "committed assistance" funds? If yes: specify the amount and date when funds will be dedicated through a (legally enforceable agreement). \$200,000 - Residential Housing Fund Date: prior to January 1, 2017</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Page 72 in Chapter 3: Housing Resources and Sites</p>
<p>65583.1(c)(3) Has at least some portion of the regional share housing need for very low-income (VL) or low-income (L) households been met in the current or previous planning period? Specify the number of affordable units permitted/constructed in the previous period. 290 units Specify the number affordable units permitted/constructed in the current period and document how affordability was established. 96 affordable units (affordability established through the City's Density Bonus provisions and the Mayfield development agreement)</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<p>Page 125 of Chapter 5: Past Accomplishments and Housing Plan</p> <p>Page 59 in Chapter 3: Housing Resources and Sites</p>
<p>65583.1(c)(1)(B) Indicate the total number of units to be assisted with committed assistance funds and specify funding source. Number of units: 23 Funding source: Residential Housing Fund</p>		<p>Page 72 in Chapter 3: Housing Resources and Sites</p>
<p>65583.1(c)(1)(B) Will the funds be sufficient to develop the identified units at affordable costs or rents?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>65583.1(c)(1)(C) Do the identified units meet the substantial rehabilitation, conversion, or preservation requirements as defined? Which option? Conversion</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>Note: If you cannot answer "yes" to all of the general requirements questions listed above, your jurisdiction is not eligible to utilize the alternate adequate sites program provisions set forth in Government Code Section 65583.1(c).</p>		

CONVERSION OF MULTIFAMILY RENTAL AND OWNERSHIP UNITS OF 3 OR MORE OR FORECLOSED PROPERTIES FROM NON-AFFORDABLE TO AFFORDABLE (65583.1(c)(2)(B))		
Include reference to specific program action in housing element.	Program # Program 2.2.4	Page # Page 131
<p>65583.1(c)(2)(B) Specify the number of multifamily rental (3 or more units) to be converted. 23 units</p> <p>Specify the number multifamily ownership units to be converted. N/A</p> <p>Specify the number of foreclosed properties acquired. N/A Date Acquired? Will these units be for rent?</p>	Program 2.2.4	Page 131
<p>65583.1(c)(2)(B)(i) Will the acquired units be made affordable to low- or very low-income households?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>65583.1(c)(2)(B)(ii) For units to be converted to very-low income, were those units affordable to very low-income households at the time they were identified for acquisition? For units to be converted to low-income, were those units affordable to low-income households at the time they were identified for acquisition? N/A</p>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No	
<p>65583.1(c)(2)(B)(iii) If the acquisition results in the displacement of very low- or low-income households, is the local government providing relocation assistance consistent with Government Code Section 7260, including rent and moving expenses equivalent to four (4) months, to those occupants permanently or temporary displaced?</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A	N/A
<p>65583.1(c)(2)(B)(iv) Will units be decent, safe, and sanitary upon occupancy?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>65583.1(c)(2)(B)(v) Will affordability and occupancy restrictions be maintained at least 55 years?</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<p>65583.1(c)(2)(B)(vi)* For conversion of multifamily ownership units: Has at least an equal share of newly constructed multifamily rental units affordable to lower-income households been constructed within the current planning period or will be constructed by the of program completion as the number of ownership units to be converted? (Note: this could be demonstrated by providing certificates of occupancy) Specify the number of affordable multifamily rental units constructed in the planning period.</p>	<input type="checkbox"/> Yes <input type="checkbox"/> No N/A # of lower-income units: N/A	N/A
<p>*NOTE: After January 1, 2015 foreclosed units acquired and converted must meet the requirements of GC 65583.1(c)(2)(B)(vi)</p>		

NOTE:

- By no later than July 1st of the third year of the planning period, local governments must report on the status of its program implementation for substantial rehabilitation, conversion, and/or preservation (of affordability) as described above (Government Code 65583.1(c)(7)).
- The report must specify and identify those units for which committed assistance has been provided or which have been made available to low- and very low-income households and document how each unit complies with the substantial rehabilitation, conversion, and/or preservation provisions.
- If the local government has not entered into an enforceable agreement of committed assistance for all units specified in the identified program(s), by the July 1st due date, it must amend its element to identify additional appropriately zoned and suitable sites, sufficient to accommodate the number of units for which committed assistance was not provided. This follow-up action must be taken no later than July 1st of the fourth year of the planning period.
- If a local government fails to amend its element to identify adequate sites to address any shortfall, or fails to complete the rehabilitation, acquisition, purchase of affordability covenants, or the preservation of any housing unit within two years after committed assistance was provided to that unit, the local government cannot use the alternate adequate sites program provisions of Government Code Section 65583.1(c)(1) in its next housing element update, beyond the number of units actually provided or preserved due to committed assistance.

DEFINITIONS:

Committed Assistance: When a local government has entered into a legally enforceable agreement within a specific timeframe spanning from the beginning of the RHNA projection period through the end of the second year of the housing element planning period, obligating funds for affordable units available for occupancy within two years of the agreement.

Assisted Housing Development: A multifamily rental housing development that receives governmental assistance under any of the following programs:

- (A) New construction, substantial rehabilitation, moderate rehabilitation, property disposition, and loan management set-aside programs, or any other program providing project-based assistance, under Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. Sec. 1437f).
- (B) The following federal programs:
 - (i) The Below-Market-Interest-Rate Program under Section 221(d)(3) of the National Housing Act (12 U.S.C. Sec. 1715l(d)(3) and (5)).
 - (ii) Section 236 of the National Housing Act (12 U.S.C. Sec. 1715z-1).
 - (iii) Section 202 of the Housing Act of 1959 (12 U.S.C. Sec. 1701q).
- (C) Programs for rent supplement assistance under Section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. Sec. 1701s).
- (D) Programs under Sections 514, 515, 516, 533, and 538 of the Housing Act of 1949, as amended (42 U.S.C. Sec. 1485).
- (E) Section 42 of the Internal Revenue Code.
- (F) Section 142(d) of the Internal Revenue Code (tax-exempt private activity mortgage revenue bonds).
- (G) Section 147 of the Internal Revenue Code (Section 501(c)(3) bonds).
- (H) Title I of the Housing and Community Development Act of 1974, as amended (Community Development Block Grant Program).
- (I) Title II of the Cranston-Gonzales National Affordable Housing Act of 1990, as amended (HOME Investment Partnership Program).
- (J) Titles IV and V of the McKinney-Vento Homeless Assistance Act of 1987, as amended, including the Department of Housing and Urban Development's Supportive Housing Program, Shelter Plus Care program, and surplus federal property disposition program.
- (K) Grants and loans made by the Department of Housing and Community Development, including the Rental Housing Construction Program, CHRP-R, and other rental housing finance programs.
- (L) Chapter 1138 of the Statutes of 1987.

(M) The following assistance provided by counties or cities in exchange for restrictions on the maximum rents that may be charged for units within a multifamily rental housing development and on the maximum tenant income as a condition of eligibility for occupancy of the unit subject to the rent restriction, as reflected by a recorded agreement with a county or city:

- (i) Loans or grants provided using tax increment financing pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code).
- (ii) Local housing trust funds, as referred to in paragraph (3) of subdivision (a) of Section 50843 of the Health and Safety Code.
- (iii) The sale or lease of public property at or below market rates.
- (iv) The granting of density bonuses, or concessions or incentives, including fee waivers, parking variances, or amendments to general plans, zoning, or redevelopment project area plans, pursuant to Chapter 4.3 (commencing with Section 65915).

Assistance pursuant to this subparagraph shall not include the use of tenant-based Housing Choice Vouchers (Section 8(o)) of the United States Housing Act of 1937, 42 U.S.C. Sec. 1437f(o), excluding subparagraph (13) relating to project-based assistance). Restrictions shall not include any rent control or rent stabilization ordinance imposed by a county, city, or city and county.

APPENDIX D:

HOUSING QUESTIONNAIRE SUMMARY

The housing questionnaire was available to the public for approximately two months prior to the completion of the draft element, with a total of 424 individuals responding to the survey. A summary of responses received on the housing questionnaire follows.

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Appendix D: Palo Alto Housing Questionnaire

The Palo Alto Housing Questionnaire was made available to the public from May 6 to June 18, 2014. The questionnaire was available in English and Spanish.

- 424 responses were received for the English language questionnaire
- No responses were received for the Spanish language questionnaire

The following is a summary of the responses to the online questionnaire received through June 18, 2014.

Section A: Questionnaire Introduction

Question 1: Residency in Palo Alto

- 92% of all respondents (389 respondents) are residents
- 8% of all respondents (35 respondents) are not residents

Section B1: Resident Characteristics

Question 2: Zip Code

- More than half of the respondents (53%) who provided their zip code reside in the 94306 zip code, followed by 28% in the 94301 zip code and 18% in the 94303 zip code

Question 3: Length of residency in Palo Alto

- More than three-quarters of resident respondents have lived in Palo Alto for over 11 years.

Length of Residency	Percent of Respondents
Less than 1 year	2%
1 to 5 years	12%
6 to 10 years	10%
11 to 20 years	18%
More than 20 years	58%

Question 4: Select the type of housing in which you reside:

- The majority (81%) of resident respondents live in single family homes. Most of those respondents indicating “other” lived in a senior housing development.

Live/Work Situation	Percent of Respondents
A detached single-family house	81%
A condominium or townhome	8%
An apartment	7%
A duplex/triplex/fourplex	2%
A second unit/guesthouse	0.9%
Other housing	0.9%
A mobile home	0.3%

Question 5: Do you rent/lease or own the home you live in?

- 85% of resident respondents are homeowners, 15% are renters

Question 6: Live/Work Characteristics

- A third of resident respondents indicated that they do not work and most of the 1% that indicated that they go to school specified that they attend high school. There was an even split among those that worked within and outside the City.

Housing Type	Percent of Respondents
Do not work	31%
Live and work in Palo Alto	28%
Live in Palo Alto but work elsewhere	28%
Work from home	11%
Are in school	1%

Question 7: Please check all that apply to you:

- Questionnaire results indicated the following characteristics of respondents (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Characteristic	Percent of Respondents
I am a Senior (65 years or over)	44%
I am disabled	2%
I live in a large household (five or more persons living in your home)	7%
I am a female head of household	13%
I am homeless	0%
None of the above	42%

Question 8: Select the reason(s) you chose to live in Palo Alto. Please rank the top FOUR reasons that you live here, with “1” as the most important reason.

- Questionnaire results indicated the following ranking for the top four reasons:
 1. Quality of the local school system
 2. Quality/ambiance of neighborhoods
 3. Proximity to jobs
 4. Safety of neighborhoods

Section B2: Non-Resident Characteristics

Question 9: Live/Work Characteristics

- Of the questionnaire respondents who did not live in Palo Alto, 61% indicated they worked in the City, and 13% attended school in Palo Alto. Several non-resident respondents indicated their affiliation with the City was through attendance at a Palo Alto church. Specifically, the distribution

of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer).

Housing Type	Percent of Respondents
Work in Palo Alto	61%
Own a business in Palo Alto	0%
Attend school in Palo Alto	13%
Other	29%

Section C: Housing Conditions and Issues

Question 10: How would you rate the physical condition of your home?

- More than half of respondents indicated their home was in excellent condition:

Housing Type	Percent of Respondents
Excellent condition	51%
Shows signs of minor deferred maintenance (peeling paint, chipping stucco, etc.)	30%
Needs one or more modest rehabilitation improvement (new roof, new wood siding, etc.)	12%
Needs one or more major upgrade (new foundation, new plumbing, new electrical, etc.)	7%

Question 11: The most significant housing problems in Palo Alto area?

- When asked what the most significant housing problems in Palo Alto are, the majority of respondents indicated that housing costs were too high and a significant portion of respondents indicated that the limited availability of housing in the City was a serious problem. The distribution of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Housing Problem	Percent of Respondents
Rents or prices of homes in Palo Alto are too high	70%
There is not enough housing available for rent/lease	42%
There is not enough housing available for sale	34%
Other	26%
Housing types in Palo Alto do not meet the needs of residents	21%
Neighborhood physical condition (such as streetlights, sidewalks, etc.)	17%
Housing conditions and property maintenance need attention	8%

- Of the respondents who indicated “other”, many reiterated that high prices and limited availability and variety of housing are an issue. Many expressed that there is too much development in the City and that the associated traffic and infrastructure demand is an issue.

Question 12: Please identify what would most improve your current housing situation (check all that apply):

- When asked what would most improve their current housing situation, a significant portion of respondents indicated cost, both utility costs and housing costs. The need for home improvement/repairs and better access to transit were also cited as factors that could improve the residents' housing situation. The distribution of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Housing Issue	Percent of Respondents
Lower utility costs	32%
Lower cost of rent/house payment	24%
Other	24%
Home/yard improvements or repairs	23%
Better access to transit	23%
Better weatherization	19%
More indoor space	17%
More outdoor space	16%
Better neighborhood	6%
Lower Homeowner Association dues	4%

- Of the respondents who indicated "other", many reiterated that housing costs are a serious issue and a large proportion also indicated that traffic congestion is a problem.

Section D: Housing Affordability Crisis

Question 13: Approximately what percent of your household gross monthly income is spent on housing?

- Federal standards characterize households spending more than 30% of their gross monthly income on housing costs as experience a "housing cost burden." Most respondents indicated that they spent less than 30%. Over one-third of respondents indicated they spent more than 30% of their gross monthly income on housing costs.

Percentage of Gross Monthly Income Spent on Housing	Percent of Respondents
Less than 30%	64%
30-50%	28%
More than 50%	8%

Question 14: Increasing a variety of housing types and costs can provide options for working families. Which alternative housing types should the City of Palo Alto support (check all that apply)?

- The top alternative housing types/approaches chosen were shared housing (51%), loosened development standard for second units (51%) and co-housing (49%). Specifically, the distribution of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Housing Type	Percent of Respondents
Shared housing (Sharing a home by renting out a room, assistance with household tasks, or both)	51%
Loosened development standards for second units (a second unit is an additional housing unit created on a lot that already has a house; sometimes referred to as granny flat or accessory dwelling unit), such as reducing parking standards and lot size requirements and/or provide amnesty/legitimize existing illegal or nonconforming second units where appropriate	51%
Co-housing (A housing community of private homes supplemented by shared facilities, resources and meals)	49%
Micro-Apartments (Compact, one-room living units, generally with 150-300 square feet of space)	34%
Other	31%
Homes with convertible space to adjust the size or function of existing areas	28%

- Of the respondents who indicated “other”, many specified that more affordable housing, more multifamily housing, and preservation of mobile home parks would help the affordability problem in the City. Many respondents indicated that none of the solutions was adequate or that the City should preserve its low density character.

Question 15: What strategies should the City of Palo Alto use to address the affordable housing crisis (check all that apply)?

- More than half of respondents indicated that an increased variety of housing and the continuation of the City’s Below Market Rate (BMR) Housing Purchase Program are strategies that should be used to address the affordable housing crisis. Specifically, the distribution of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Housing Type	Percent of Respondents
The City should encourage the development of a wide spectrum of housing types and prices.	55%
The City should continue the Below Market Rate (BMR) Housing Purchase Program to create and retain a stock of affordable for-sale housing in Palo Alto for people of low and moderate incomes.	52%
The City should encourage the development of mixed use and infill development at higher densities in specific parts of the City.	43%
Increase funding for the Human Services Resource Allocation Process (HSRAP) to support organizations that deliver direct services to Palo Alto residents so that they have a safety net of services.	40%
The City should support the development of cost-restricted housing affordable to working families through the City’s Affordable Housing Fund and through development and regulatory incentives to nonprofit developers.	37%
Other	28%

- Of the respondents who indicated “other”, a large proportion expressed that the affordability issues are due to continued commercial development in the City and the resulting increasing job growth and lack of housing for the labor force in Palo Alto. Many respondents indicated that preserving affordable units at mobile home parks was important.

Section E: Special Needs Groups

Question 16: Housing Element law specifically requires an analysis of the special housing needs of the elderly, the disabled, female-headed households, large families, farmworkers, and homeless persons and families. Please select the THREE groups with the greatest need for housing and related services in the community.

- Questionnaire results indicated the following ranking of the top three special needs groups:
 1. Seniors
 2. Female headed households
 3. Homeless persons/families

Of the respondents who indicated “other”, a large proportion indicated that working, middle class families and families of City workers who provide valuable services to the community are special needs groups that should receive priority for housing.

Section F: Jobs/Housing Mismatch

Question 17: What are the best strategies to address the impacts associated with Palo Alto and the region’s jobs-to-housing imbalance (check all that apply)?

- A majority of respondents chose private trip reduction programs and increases in affordable or mixed income housing as the best strategies to address the regions jobs-to-housing imbalance. Specifically, the distribution of answers is as follows (total responses do not add up to 100% as respondents were allowed to select more than one answer):

Housing Type	Percent of Respondents
The City should support or require employers to provide incentives to reduce car trips, which could include allowing for flexible schedules, staggered work hours, telecommuting, transit subsidies, preferential parking for carpools, provision of bicycle parking and showers (for cyclists and pedestrians), and others.	68%
The City should support the development of mixed-income or affordable housing in close proximity to major employment centers and transit corridors.	53%
The City should facilitate mixed use and infill development at higher densities to increase housing options and optimize transit use.	48%
The City should consider parking pricing strategies and additional transportation fees to make transit use more economically desirable.	38%
Other	26%

- Of the respondents who indicated “other”, two major themes emerged: improved and expanded public transportation options and limiting job growth.

Section G: Projected Housing Need

Question 18: “With the issues presented previously in mind, and knowing that 70% of the City is dedicated to public open space, single-family neighborhoods, and public rights-of-way, what are your preferred locations for new multi-family housing? Please refer to map and rank your preferred locations for new multi-family housing, with “1” being the most preferred location.”

- Questionnaire results indicated the following ranking of preferred locations for new multi-family housing:

Rank	Average Ranking Score	Location
1	5.20	University Avenue/Downtown
2	4.99	North El Camino Real
3	4.75	California Avenue
4	4.22	South El Camino Real
5	4.08	Stanford Research Park
6	3.83	San Antonio Avenue
7	2.30	Other

- Of the respondents who indicated “other”, many specified that any place was appropriate as long as it was along major transportation/transit corridors. Many respondents also indicated that they would prefer no/limited level of new development.

Question 19: What types of housing programs and activities do you feel the City should focus on over the next eight years? Please rank the following programs/activities in order of funding importance (with 1 being most important).

- The two highest ranked options were to provide affordable housing opportunities and to encourage development of housing that addresses the needs of all socioeconomic groups in the community. Questionnaire results indicated the following overall ranking of housing programs and activities:

Rank	Average Ranking Score	Program/Activity
1	5.95	Provide affordable housing opportunities
2	5.79	Encourage housing to address the needs of all socioeconomic groups in the community
3	5.50	Housing rehabilitation assistance for homeowners
4	5.34	Rental housing rehabilitation
5	5.04	Provide opportunities for new construction of housing
6	4.84	Housing for seniors
7	4.78	Code enforcement
8	4.17	Accessible units for persons with disabilities
9	3.63	Housing for the homeless

Question 20: What types of housing are most needed to address Palo Alto’s housing needs? Please rank the following types of housing by order of highest need for new housing (with “1” being the highest need).

- The two highest ranked options were condos/townhomes and apartments. Questionnaire results indicated the following overall ranking of need for the specific housing types:

Rank	Average Ranking Score	Housing Type
1	5.73	Condos/Townhouses
2	5.60	Apartments
3	5.05	Single-family houses
4	4.81	Secondary Dwelling Units or “Granny Flats”
5	4.70	Affordable Housing
6	4.64	Senior Housing
7	3.48	Housing for Persons with Disabilities
8	2.01	Other

- Of the respondents who indicated “other”, many indicated that none of the above options were appropriate and stated that they would prefer no new development.

APPENDIX E:

HOUSING SITE SELECTION PROCESS

A summary of the process used to select Housing Element sites to meet the 20014-2022 RHNA follows.

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Housing Site Selection Process to Meet Unmet Regional Housing Needs Allocation Requirement

The City of Palo Alto has engaged in a detailed process to identify and select the opportunity sites to meet its remaining Regional Housing Needs Allocation requirement. The City's opportunity sites were developed in consultation with the Housing Element Community Panel, Regional Housing Mandate Committee (RHMC), Planning and Transportation Committee (PTC), City Council, and members of the public. During the selection process, seven "tiers" of sites were identified with the intent of narrowing down the top tiers to meet the remaining RHNA need. During the first phase of deliberations, Tier 1 was selected to include in the Housing Element. Tier 1 was the inclusion of projected second units as RHNA credits as permitted by law. The City approves an average of 4 second units or "cottages" a year. Therefore, the anticipated 32 second units expected to be created during the planning period are credited against RHNA (see Table 3-1).

The next phase of sites deliberation identified which of the remaining six tiers would be used to meet the remaining RHNA need. Tiers 2 and 3 were eventually chosen to meet the City's RHNA requirement. A brief summary of these tiers is presented here.

Tier 1: Residential Second Units, Citywide

- Residential capacity of 32 units over 8 year period.
- Permitted by right.

Tier 2: Fry's Site, 340 Portage

- Residential capacity of 221 units
- Known as the "Fry's" site, this 12.47 acre parcel is zoned RM-30, which meets the State default density of 20 units per acre. Using the realistic capacity of 20 units per acre, this site could accommodate 249 units and no rezone would be required.

Tier 3: CS sites on San Antonio Ave

- Residential capacity of 168 units
- The 14 sites identified on San Antonio allow for multifamily residential development as part of a mixed use development. The density on the sites would meet the default density set by the state and no rezone would be required. Exclusive residential development is not allowed.

Tier 4: California Avenue Surface Parking Lots

- Residential capacity of 60 units
- Staff selected California Avenue surface parking lots larger than 0.5 acre (three total sites) that produced a yield of 60 total units, using the realistic capacity of 20 units per acre. These sites were chosen due to their proximity to the CalTrain station and could be included as part of the California Avenue Concept Plan. The sites are zoned Public Facility (PF) therefore a zone change would be required as multifamily uses are not allowed in the PF zone district. The three sites are:

<i>Site</i>	<i>Parcel Size</i>	<i>Address</i>	<i>Unit Yield</i>
Lot C-6	1.22 acres	250 Sherman Ave.	25
Lot C-7	0.93 acres	350 Sherman Ave.	19
Lot C-8	0.79 acres	450 Sherman Ave.	16

Tier 5: University Avenue Surface Parking lots

- Residential capacity of 37 units
- As with the California Avenue parking lots, only those lots larger than 0.5 acres are included in the University Avenue surface parking lots sites. Three sites were selected with a total yield of 37 units. These sites would also require a zone change.

<i>Site</i>	<i>Parcel Size</i>	<i>Address</i>	<i>Unit Yield</i>
Lot D	0.67 acres	375 Hamilton	13
Lot H	0.69 acres	530 Cowper St.	14
Lot O	0.52 acres	460 Emerson St.	10

Tier 6: Miscellaneous sites

- Residential capacity of 68 units
- Three sites were chosen with existing non-residential and established uses on each site. However, because they are already zoned residential, if there was a change of ownership, these parcels could be developed for residential uses without a zone change.

<i>Site</i>	<i>Parcel Size</i>	<i>Address</i>	<i>Zone</i>	<i>Unit Yield</i>
YWCA	4.1 acres	4111 Alma	R-1	22
Achieve School	1.9 acres	3860 Middlefield	RM-30	39
Medical Office	0.48 acres	1515 El Camino Real	RM-15	7

Tier 7: Increasing Yield on Housing Sites

- Increase in residential capacity of 358 units
- In calculating the yield for existing housing sites, the realistic capacity of 20 units per acre was used on a majority of sites. However, many of the sites have zoning that allows for maximum densities greater than 20 units per acre. Calculating realistic capacity at 20 units per acre represents approximately 67 percent of the overall zoning capacity for each site. Calculating realistic capacity at 85 percent of maximum density on all sites can generate an additional 358 units. The City has approved some dense non-Planned Community projects that exceed 85 percent of their zoning capacity, such as 3159 El Camino Real, which was approved at the maximum 30 units per acre as allowed by the zoning. However, the City’s history of development has generally indicated that less than maximum capacity is constructed in the City.

In addition, a program has been proposed, Program 2.2.5, stating the City will re-review the inventory of sites as part of the Comprehensive Plan Update process. The re-review would examine the feasibility and desirability of removing sites on San Antonio and on South El Camino Real that fall outside of “pedestrian nodes” identified in the South El Camino Design Guidelines, and replacing them with additional sites or additional densities in Downtown and the California Avenue area.

APPENDIX F:

HOUSING ELEMENT SUMMARY OF REVISIONS

A summary of program and significant text revisions made in the 2015-2023 Housing Element

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CITY OF PALO ALTO 2015-2023 DRAFT HOUSING ELEMENT
SUMMARY OF REVISIONS
September 9, 2014

TABLE 1: PROGRAM REVISIONS: PRE-HCD SUBMITTAL (APRIL – JUNE)

Program	Program Summary	Rec.	Reason	Result	Page	Date
1. H1.1.3	Provide incentives to developers to encourage the preservation of existing rental cottages and duplexes.	Remove program	Very few sites qualify.	Retained	129	
2. H2.1.6	Consider Encouraging density bonuses and/or concessions including allowing greater concessions for 100% affordable housing developments consistent with the Residential Density Bonus Ordinance.	Remove program	Not adopted as part of Density Bonus ordinance.	Retained with revision	132	
3. H2.1.7	Higher density residential overlay within the Pedestrian Transit Oriented Development (PTOD).	Remove program	PTOD overlay district already allows for 40 du/acre w bonus.	Removed		
4. H2.1.9	Consider a Amending the Zoning Code to create zoning incentives that encourage the consolidation of smaller lots identified as Housing Inventory Sites.	Remove program	Market is already driving consolidation. No incentives needed. Note: <i>Please see revised Program H2.1.9 at the end of the Table 2 (Item No. 28)</i>	Retained with revision	132	April 2014
5. H2.2.1	Adopt an ordinance for density bonus concessions.	Remove program	Adopted	Removed		
6. H2.2.5	Revise the Zoning Ordinance to increase the density of up to 20 units per acre on CN-zoned parcels included in the Housing Inventory Sites.	Remove program	Adopted	Removed		
7. H2.2.6	Amend the Zoning Code to create zoning incentives that encourage development on and consolidation of smaller lots.	Remove program	Market is already driving consolidation. No incentives needed	Removed		

TABLE 1: PROGRAM REVISIONS: PRE-HCD SUBMITTAL (APRIL – JUNE)

Program	Program Summary	Rec.	Reason	Result	Page	Date
8.	H2.2.7 Rezone property at 595 Maybell Avenue.	Remove program	Adopted and rescinded by the voters	Removed		
9.	H2.2.8 The City will monitor available residential capacity zone sufficient sites to accommodate any shortfall.	Remove program	With the proposed surplus of sites, staff will advocate for the removal of this program.	Removed		
10.	H3.1.10 Adopt a revised density bonus ordinance.	Remove program	Adopted	Removed		
11.	H3.3.8 Amend the Zoning Code to allow transitional and supportive housing by right in all multifamily zone districts.	Remove program	Adopted	Removed		April 2014
12.	H3.5.1 Amend the Zoning Code to allow emergency shelters by right within an overlay of the ROLM zone district located east of Highway 101.	Remove program	Adopted	Removed		
13.	H1.1.2 Deleted Amnesty program language for illegal residential second units	Revise	Difficult to implement	Revised	129	
14.	H2.2.4 Program to provide financial assistance for the 23 existing units at Colorado Park to credit the units towards the City's Regional Housing Needs Allocation	Add	In order to receive RHNA "credit" for existing units, a program must be created	Added	133	
15.	H2.2.5 Program to continue Site Review after HCD certification of the Housing Element	Add	Review for more "transit-rich" housing sites	Added	134	June 2014
16.	H3.1.14 Program to encourage shared housing arrangement facilitation.	Add	To encourage different housing options	Added	139	
17.	H3.3.5 Program to review and consider revising second unit requirements to increase inventory	Add	Increasing second unit production would reduce the number of needed housing units.	Added	140	
18.	H5.1.7 Program to provide Housing Element to water and sewer service providers within the City	Add	State Requirement	Added	146	

TABLE 2: PROGRAM REVISIONS: POST- JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

	Program	Program Summary	Rec.	Reason	Result	Page	Date
19.	New Program H2.1.10:	<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>Eight-Year Objective: Explore the identification of pedestrian nodes.</p> <p>Funding Source: City funds</p> <p>Responsible Agency: Planning & Community Environment</p> <p>Time Frame: Ongoing in conjunction with the Comprehensive Plan update</p>	Add	Proposed by Community Panel and approved by the RHMC. (8/14)	To be added	132	August 2014
20.	New Program H2.1.11	<p>Consider implementing the Pedestrian and Transit Oriented Development (PTOD) Overlay for the University Ave. downtown district to promote higher density multifamily housing development in that area.</p> <p>Eight-Year Objective: Consider PTOD for University Ave</p> <p>Funding Source: City funds</p> <p>Responsible Agency: Planning & Community Environment</p> <p>Time Frame: Within four years of Housing Element adoption, in conjunction with the Comprehensive Plan update</p>	Add	Proposed by Community Panel and approved by the RHMC. (8/14)	To be added	132	

TABLE 2: PROGRAM REVISIONS: POST- JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

Program	Program Summary	Rec.	Reason	Result	Page	Date
21. New Program H2.1.12	<p>Evaluate developing specific or precise plans for the downtown, California Avenue, and El Camino Real areas to implement in the updated Comprehensive Plan. <i>Adopt plans for these areas, as appropriate.*</i></p> <p>Eight-Year Objective: Evaluate developing plans for downtown, California Avenue, and El Camino Real</p> <p>Funding Source: City funds</p> <p>Responsible Agency: Planning & Community Environment</p> <p>Time Frame: Ongoing in conjunction with the Comprehensive Plan update</p>	Add	<p>Proposed by Community Panel and approved by the RHMC. (8/14)</p> <p>* Italicized text indicate proposed additional language based on August 26, 2014 HCD feedback.</p>	To be added	132	
22. New Program H2.2.6	<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. <i>If determined to be appropriate, adopt an ordinance to implement this program.*</i></p> <p>Eight-Year Objective: Consider transfer of zoning requirements to create horizontal mixed use.</p> <p>Funding Source: City funds</p> <p>Responsible Agency: Planning & Community Environment</p> <p>Time Frame: Within three years of Housing Element adoption</p>	Add	<p>Proposed by Community Panel and approved by the RHMC. (8/14)</p> <p>* Italicized text indicate proposed additional language based on August 26, 2014 HCD feedback.</p>	To be added	134	August 2014

TABLE 2: PROGRAM REVISIONS: POST-JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

Program	Program Summary	Rec.	Reason	Result	Page	Date
23. New Program H2.2.7	<p>Explore requiring minimum residential densities to encourage more housing instead of office space when mixed-use sites develop, and adopt an ordinance to implement this program if appropriate.*</p> <p>Eight-Year Objective: Explore requiring minimum densities in mixed use districts. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Ongoing in conjunction with the Comprehensive Plan update</p>	Add	<p>Proposed by Community Panel and approved by the RHMC. (8/14)</p> <p>* Italicized text indicate proposed additional language based on August 26, 2014 HCD feedback.</p>	To be added	134	
24. New Program H2.2.8	<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 allowable Floor Area Ratio (FAR), and adopt standards as appropriate.*</p> <p>Eight-Year Objective: Assess removal of maximum densities in mixed use zoning districts. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Ongoing in conjunction with the Comprehensive Plan update</p>	Add	<p>Proposed by Community Panel and approved by the RHMC. (8/14)</p> <p>* Italicized text indicate proposed additional language based on August 26, 2014 HCD feedback.</p>	To be added	134	August 2014

TABLE 2: PROGRAM REVISIONS: POST-JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

Program	Program Summary	Rec.	Reason	Result	Page	Date
25. New Program H3.3.8	<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. <i>Adopt standards as appropriate.</i> *</p> <p>Eight-Year Objective: Determine parking standards for different residential uses. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Within four years of Housing Element adoption</p>	Add	<p>Proposed by Community Panel and approved by the RHMC. (8/14)</p> <p>* Italicized text indicate proposed additional language based on August 26, 2014 HCD feedback.</p>	To be added	140	August 2014
26. Program H3.5.2	<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>Eight-Year Objective: Amend the Zoning Code to clarify distancing requirements for emergency shelters. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Adopt amendments within one year of Housing Element adoption</p>	Add	State law distancing requirement sets a maximum distancing requirement, not a minimum.		139	

TABLE 2: PROGRAM REVISIONS: POST- JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

Program	Program Summary	Rec.	Reason	Result	Page	Date
27. New Program H3.5.3:	<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>Eight-Year Objective: Amend the Zoning Code to revise transitional and supportive housing definitions. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Adopt amendments within one year of Housing Element adoption</p>	Add	Per state code, transitional and supportive housing should be considered and allowed to function as a single-family use. The Housing Element notes that transitional and supportive housing are defined as multiple-family uses in the Zoning Code.	To be added	139	August 2014
28. Revised Program H2.1.9	<p>Amend the Zoning Code to create zoning incentives that encourage the consolidation of smaller lots identified as <u>Housing Inventory Sites and developed with 100% affordable housing projects</u>. Incentives may include development review streamlining, reduction in required parking for smaller units, setback modifications, or graduated density when consolidated lots are over one-half acre. Adopt amendments as appropriate. Provide information regarding zoning incentives to developers.</p> <p>Eight-Year Objective: Amend the Zoning Code to provide development incentives to meet the RHNA. Funding Source: City funds Responsible Agency: Planning & Community Environment Time Frame: Adopt amendments within <u>two</u> years of Housing Element</p>	Add	HCD required continuation of this program (as modified) to confirm viability of the sites for affordable housing development.	To be added	132	September 2014

TABLE 2: PROGRAM REVISIONS: POST- JULY 7 HCD SUBMITTAL (AUGUST AND SEPTEMBER)

Program	Program Summary	Rec.	Reason	Result	Page	Date
29.	<p>2.2.4 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, an affordable housing development 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>	Add	HCD asked for clarification on affordability level	To be added	133	August 2014

TABLE 3: HOUSING ELEMENT TEXT REVISIONS PER HCD CONVERSATIONS

HCD Comment or Topic	Revision/City Response	Page
<p>Clarify the Colorado Park Apartments conversion – are any deed restrictions currently in place?</p>	<p><i>The Housing Element will be revised as follows:</i> The City has committed to providing financial assistance (\$200,000) towards the conversion of 23 multi-family units in the Colorado Park Apartments. <u>(No deed restrictions are currently in place on the Colorado Park Apartments.)</u> The Palo Alto Housing Corporation (PAHC) will convert the 23 units unrestricted for low-income households (earning 60 to 80 percent AMI) to affordable units for very low-income households (earning 30 to 50 percent AMI) with affordability restrictions for a period of 55 years. These units are credited towards the City’s RHNA (refer to Appendix C - Adequate Sites Program Alternative Checklist).</p>	<p>74</p>
<p>Second Units – what affordability level are the second units that are considered in the credits to meet the RHNA</p>	<p><i>The Housing Element will be revised as follows:</i> Included in the RHNA credits are 32 second units estimated to be developed within the planning period. In 2007, the City amended its second unit ordinance and permitting process to allow second units in all single-family residential (R-1) zoned parcels that meet minimum lot size requirements. Permit approval is subject to a planning staff level review of the site and building plans to ensure compliance with lot size, maximum unit size, height, setbacks and parking requirements. The City approves an average of four second units or “cottages” a year. It is a review of online rental rates for cottages, attached and detached residential second units in Palo Alto, their rental rates are in the range of moderate income rents as determined by HUD. Based on this data and the housing affordability thresholds shown in Table 2-22 (Maximum Affordable Housing Costs, Santa Clara County 2014) of the Needs Assessment, second units are considered affordable to moderate income (81-120% AMI) households. Therefore, the anticipated 32 second units are credited against the moderate income RHNA. <u>Consistent with Government Code Section 65583(c)(1) and HCD technical guidance documents, the City is applying the second unit estimate towards its moderate income RHNA. HCD has indicated that second-unit affordability can be determined by examining market rates for reasonably comparable rental properties and applying these rates to estimate the anticipated affordability of second units. A review of rental market conditions in Palo Alto conducted for this Housing Element found that the average cost of a studio apartment is \$2,151 and the average cost of a one-bedroom apartment is \$2,590. These rental rates are within the range of moderate income rents as determined by HUD (see Table 2-22: Maximum Affordable Housing Costs, Santa Clara County, 2014). As these units are comparable in size and occupancy to second units, it is reasonable to assume that current rents for second units fall within affordability levels for two- or three-person moderate-income households. Therefore, second units in the pipeline and the anticipated 32 second units are credited against the moderate income RHNA. Recent research in the San Francisco Bay Area suggest that a sizable fraction of second units are rented to acquaintances, friends, household employees, or family, in some cases for free and</u></p>	<p>58</p>

TABLE 3: HOUSING ELEMENT TEXT REVISIONS PER HCD CONVERSATIONS

HCD Comment or Topic	Revision/City Response	Page
	<p>in other cases, for reduced rents. This research suggests that second units may in fact be a source of affordable housing in the City at affordability levels lower than the moderate-income level they are credited against. <u>Applying the projected 32 second units towards the moderate income category is a conservative approach, and is consistent with State law and HCD technical guidance documents.</u></p>	
Continue with Public Participation	<p><i>The Housing Element will be revised as follows:</i> The City will continue its public participation process to include all interested parties in the adoption and implementation of the Housing Element.</p>	5
Site Description of 340 Portage Ave. (Fry's site)	<p><i>The Housing Element will be revised as follows:</i> Housing sites identified in this category are typically improved with one- to two-story structures with commercial uses including, but not limited to, retail, office, motel/hotel and surface parking.</p> <p>One such site is a 12.5 acre site, also known as the Fry's site, zoned RM-30 (which allows multifamily residential development at 30 units per acre). Currently, Fry's Electronics store resides on the property. The Fry's existing lease expires in 2017; the City and representatives of the property owner have held some preliminary discussions. The representatives indicated a desire to preserve the existing non-residential use while accommodating housing units on the site. Based on that direction, City staff evaluated the site using current mixed use development standards to assess development capacity for both uses, concluding that 221 units could be constructed under that scenario. In addition, the City has received a Valley Transit Authority grant to further pursue the possibility of mixed used development on the site. The VTA grant is intended to fund a mixed use, transit oriented master plan for the site.</p>	70

¹ Chapple, Karen and Jake Wegmann. Understanding the Market for Secondary Units in the East Bay. UC Berkeley: Institute of Urban and Regional Developmental. Oct 2012.

TABLE 4: HOUSING ELEMENT TEXT REVISIONS PROPOSED BY COMMUNITY PANEL

Community Panel Comment/ Recommendation	Revision	Page
Planned Community (PC) “time out” may be a constraint to affordable housing	<p><i>The following language could be added to the Housing Element to address this comment:</i></p> <p>The PC District has been important to the development of affordable housing. City decision makers are, as of September 2014, discussing reforms to the PC District. If the Code pertaining to the PC district is revised, the PC ordinance will contain language to preserve affordable housing development opportunities. If the PC code is removed, the City will replace the PC zone with another mechanism that would provide the same affordable housing opportunities.</p>	109
The average residential density on Table 3-4 is not calculated correctly.	<p>The intent of Table 3-4 is to show the average of density of recent projects, rather than the average density by total area of all projects. No revisions are proposed.</p>	63
Develop a Transfer of Development Rights (TDR) program for affordable housing	<p><i>The following language could be added to the Housing Element to address this comment:</i></p> <p>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. Program 2.1.7 of this Housing Element would further explore this option in Palo Alto.</p>	102