

3265 El Camino, Sept. 11, 2023

Dear Mayor Kou and Council Members:

Thank you for your pre-screening of 3265 El Camino. I'm sorry to have to say I cannot support the proposal because:

- The proposed rents will be at or above the market rate for comparable units (due to their small size and lack of parking and amenities),
- Few except the more highly paid Palo Alto Unified School teachers will actually be able to afford the rent, and
- How many teachers will want to live in these tiny units as they are not designed to accommodate partners, let alone families?

As the moderator of the Ventura Neighborhood Association, I know that many in our community very much want truly affordable housing in Ventura, as do I. We supported Wilton Court. This new proposal, however, is very different and appears to be conventional, underparked, market-rate microunits hoping to attain special city zoning.

Let me now detail the reasons for my concerns here.

The applicant Jason Matlof of Half Dome Capital LLC visited with the Ventura Neighborhood Association in July and showed us his plans for providing teacher/workforce housing. On the face of it, we were very enthusiastic about providing teachers with affordable housing near where they work.

But how affordable really are these units? When calculated by price per square foot, these units are at market rate or even greater than market rate. Therefore, does the project really qualify for PHZ?

“As anticipated with the PHZ process, the applicant would likely seek to deviate from these and potentially other objective standards in order to meet the affordable housing obligation and achieve a higher density housing project.” (p. 4 Mini Packet)

In a follow-up email exchange with me and shared with the association, Jason shared his vision for the rents to be charged (see full email provided below):

“The **Low Income** units will be ~\$2200/mo for Studio and \$2500/mo for 1BDR.

The **Moderate Income** units *could* be as high as \$3600/mo for Studio and \$4150/mo for 1BDR according to state mandates, but as I mentioned last week we're currently planning to price below the maximum allowable. As I mentioned, I'm planning for those "Moderate Income" units to be **below** the maximum pricing and likely be ~ \$3000/mo for Studio and \$3500/mo for 1BDR (current market equivalent). In other words, I'm planning to price **below** the state mandated maximum rents (subject to market changes, inflation, et cetera).”

Looking at data from the County regarding AMI and affordability as well as the range of salaries for teachers in PAUSD, I put together the chart below. Please note the monthly rent that an entry level PAUSD teacher can afford is \$1712.00 (30% of salary minus \$200/mo for utilities allowance).

Santa Clara County Rents												
	1-person unit - 425 Sq Ft					2 - person unit - 500 Sq Ft						
	LOW INCOME		MODERATE INCOME			LOW INCOME		MODERATE INCOME				
	low end	low hi end	low end	mod	hi end	mod	low end	low hi end	low end	mod	hi end	mod
	AMI = 126,900					AMI = 145,050						
Incomes - Affordable per HCD charts	\$ 64,719	\$ 101,520	\$ 102,789	\$ 152,280	\$ 73,976	\$ 116,040	\$ 117,491	\$ 174,060				
Rental Rates (standard maximums)												
Using 30% of monthly income less 200 dollar/month utility allowance	\$ 1,418	\$ 2,338	\$ 2,370	\$ 3,607	\$ 1,649	\$ 2,701	\$ 2,737	\$ 4,152				
Price per Square Foot	\$ 3.34	\$ 5.50	\$ 5.58	\$ 8.49	\$ 3.30	\$ 5.40	\$ 5.47	\$ 8.30				
Rental Rates per J. Matloff's email to B. Sanders		\$ 2,200		\$ 3,000		\$ 2,500		\$ 3,500				
Dollar per square foot rental rates		\$ 5.18		\$ 7.06		\$ 5.00		\$ 7.00				
Starting salary teachers = 76,488	\$ 76,488		highpd teach	\$ 154,336								
What can they afford?	\$ 1,712			\$ 3,658								

The Academy units will be charging rents between ~\$2,200-\$3,500, with a price per square foot ranging from \$5 to \$7/sq.ft. (\$2,200/425 sq.ft. -\$3,500/500 sq.ft.). These rents will be affordable only for the highest-paid teachers but not at all affordable to the lower-paid junior teachers unless the rents are closer to \$1,700 than \$2,200.

In other words, teachers new to Palo Alto will not be able to afford the majority of units in this building, even though it is presumably targeted for them.


For the teachers for whom these units might be considered affordable, they will be among the higher-paid and thus older of our teachers. Thus, aren't they more likely to be part of a household of more than one person and perhaps even have children? These apartments are clearly not designed for people in families, especially given that there is only one-half of a parking space per unit. Do we know what percentage of teachers that can afford these rents would be interested in living here?

A quick look on Redfin confirms that these apartments are indeed market rate. I found these two opportunities:

Summary
Studio (1)
1 Bed (2)
2 Bed (2)

[Schedule tour](#)

Studio (1)



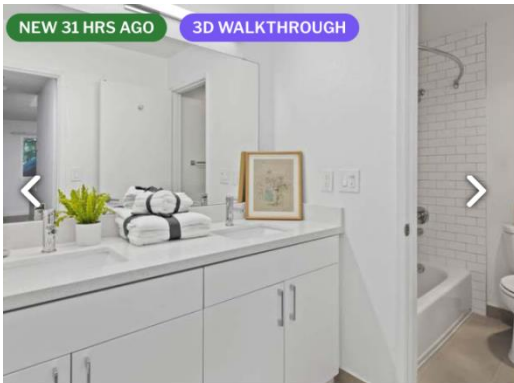
Studio
\$2,455/mo
Studio · 1 Bath · 590 Sqft.
Available Oct 11

OR

Send message

Stanford Villa
(650) 298-2208
Open today: 9:00 AM-6:00 PM

The above studio at Stanford Villa apartments comes in at \$4.16 per square foot (\$2,455/590 sq.ft)



NEW 31 HRS AGO 3D WALKTHROUGH

\$3,095+ /mo

1-2 Bed 1-2 Bath 750-980 Sq. Ft.
Southwo... | 2850 Middlefield Rd, Palo Alto, CA 943...

Apartment

[Request a tour](#) | [\(650\) 298-2220](#)

The above Middlefield apartment comes in at \$4.12 per square foot (\$3,095/750 sq.ft.)

I submit that at \$5 to \$7/sq.ft., the Academy is currently priced to rent at market rate. Therefore I do not think the project should qualify for PHZ zoning.

Furthermore, although they identify rent up to 84% of AMI (\$3,000/month for a household of 1) or 85% of AMI (household of 2), the project description allows them to charge up to \$3,607 (family of 1) or \$4,152 (family of 2).

By the way, on Page 2 in the Mini Packet in the Project description paragraph reads:

This proposal is described in Attachment D, Applicant's Project Description, as being "100% affordable to teachers", with 20% of the units dedicated to "low income" and 80% of the units dedicated to "moderate income".

I was unable to find anything labeled Attachment D or anywhere where the affordability numbers were broken down for us, which is why I felt compelled to do the math myself.

One last point: the inadequate parking uses stackers that are allegedly independently accessible. It is unclear whether and how they would operate in a power outage to allow someone to leave and how these would meet the requirement for electric vehicle chargers. The proximity of the California Avenue Train Station assumes that residents might take the train to where they teach, but there are no Palo Alto schools near the train stations. Juana Briones is the only elementary school within 0.5 miles (at 0.4 miles) of a 22 bus stop. Palo Alto High School is the only other school accessible to the 22 bus.

In closing, what we need in Palo Alto is truly-affordable housing that offers below-market-rate rents to teachers and others. This project fails to achieve that and is essentially market-rent tiny units. Part of the problem is that the city's formulas fail to consider the value of what a renter is receiving, and thus treat a giant unit with generous amenities as identical to a tiny unit with none. If the Council sees fit to encourage this project to proceed, it should add a strict proviso that this be fully addressed and that unless the project offers a true discount off of market rents for comparable units, it will not approve the PHZ zoning.

Thank you for your kind consideration.

Becky Sanders
Ventura Neighborhood