



2020 City Council Candidate Questions

CITY GOVERNANCE

RHNA states that Palo Alto's greatest housing need is for units affordable by those earning 80% and below Area Median Income. Do you support this goal and, if so, how would you accomplish it?

PAT BURT

Yes. I also support greater focus on moderate income housing which Palo Alto has had even greater difficulty adding since the "market" will not provide it and it is not currently subsidized. I would:

- Convert selected areas from "office" zoning to higher density "residential" so that housing does not compete with the higher investment returns of offices.
- Affordable housing needs sites and reasonable land costs. Allow affordable housing on city-owned surface parking lots above the parking.
- Reinstate higher impact fees on new offices that were reversed by the Council in 2017. Palo Alto fees are doubly important because they are also used by the county uses for Stanford's fees.
- When the economy begins to normalize, enact a business tax, focused on big developers and big business. Despite the highest office values in the country, Palo Alto is one of the few California cities without a business tax. A tax modeled on what East Palo Alto adopted in 2018, and at only a quarter the rate of San Francisco, would fund transportation needs, and TRIPLE our affordable housing funding.
- The Trump administration recently reversed the Obama era AFFH requirement that cities adopt plans for fair housing practices in their communities. Palo Alto should enact the Obama rule as a city policy, setting an example for other cities to follow.

REBECCA EISENBERG

Yes. I fully support ABAG's RHNA calculation, and I point out to the city council that no matter how our share of housing is calculated, we must agree that we are inexcusably behind under any calculation. Wasting time fighting with ABAG over how much housing we should create is akin to arguing over what fire extinguisher to use while our house burns down. We have no time to spare.

Despite the fact that Palo Alto is one of the wealthiest cities in California, it ranks at the bottom in terms of affordable housing production. In the past 6 years, Palo Alto has produced only 43 units of housing in the "very low" category, 60 in the "low" income category, and 42 in the "moderate" income category. With one year to go, Palo Alto has a lot of housing to produce:

2014-2022 Regional Housing Needs Allocation

PALO ALTO PERMIT PROGRESS AS OF 2019

Affordability Level	RHNA Goal	Permits as of 2019	Percent Progress
Very Low Income	691	43	6%
Low Income	432	60	14%
Moderate Income	278	42	15%
Above Moderate	587	409	70%
TOTAL	1,988	554	28%

Permitting progress as of December 2019. Source: HCD 2019 Housing Element Annual Progress Report Permit Summary.

In fact, the only housing project recently considered for approval is a 102 unit development at 788 San Antonio Road. This development does little. The units will average 400-500 square feet, of arguable appeal to the 86 prospective tenants who will be charged Palo Alto's galactic market rents. Although 16 of these 450 square foot units are designated "affordable," they will be priced for moderate income, contributing zero to our huge shortfall in very low and low income housing. These units are better than nothing, but not by much.

Yet, many cities, even those with much smaller budgets, and large business presences are creating housing by changing their policies. Mountain View is a great example. Mountain View recently enacted a business tax, with the majority of funds coming from Google. Although opponents claimed that this business tax would be a job killer, Google did not oppose the tax, even knowing it was the primary taxpayer. As a result of this tax, Google was not harmed, but Mountain View was helped. With this extra tax revenue, Mountain View was able to invest in a more robust office of affordable housing -- which in turn has led to more funding. For example, just last week, Mountain View received a \$12.3 million grant from CARES (via the State), to invest in emergency housing. Mountain View's funding was part of a \$600 million incentive package that Palo Alto could have applied to as well, but did not.

In addition to business taxes (which now every similar city has except Palo Alto), neighboring communities also are having success funding housing by raising developer impact fees for commercial development and lowering fees for residential development. They are also working hard to create a planning department system that enables the prioritization and expediting of housing projects through notoriously slow approval processes - a goal supported by the State.

Palo Alto needs only look to other cities to find ample alternative approaches to funding housing, including business and commercial developer taxes, recalculated fees to incentivize housing over office projects, local bonds, and taking advantage of government grants. Let's do what they do!

LYDIA KOU

RHNA = Regional Housing Needs Allocation, set by the Association of Bay Area Government (ABAG) and the Metropolitan Transportation Commission (MTC).

Up to 80% of AMI is classified as "low income".

Getting low-income housing built has long been a problem because the high costs of land and construction require substantial subsidies. Because of the magnitude of these subsidies, Palo Alto has difficulty competing for grants from county, state, and federal agencies.

While government policy statements are to balance job and housing growth, the long-term policy practices of MTC/ABAG has been to push job growth into areas that already have large housing deficits.

The construction costs for low-income housing is currently \$700K-800K per unit (excluding costs of the land). I support a business tax as the best alternative to provide funding for these subsidies.

We must recognize the need for all housing is driven by new office development. If office space keeps growing so will the jobs: housing imbalance. We can not build our way out of this imbalance and still retain Palo Alto's unique character.

ED LAUING

I passionately agree with that assessment of our greatest housing need and necessary priority. As I described above, getting there requires the city to harness all the tools at its disposal. That includes:

1. seeking additional revenues to subsidize construction (such as a business tax and housing impact fees),
2. targeting our incentives to help affordable housing compete in the real estate and development market (including zoning standards and land use designations and inclusionary rates across for sale and rental units), and
3. partnering with big employers who have a shared interest in investing in affordable units

STEVEN LEE

For me, the key takeaways from RHNA is that we haven't done nearly enough to address the housing crisis both in terms of affordable and market rate housing. We continue to have a 3-1 jobs to housing imbalance that we need to address with more housing at virtually every price point that enables people from different racial, economic and professional backgrounds to live in Palo Alto, which includes firefighters and teachers. While we do need more affordable units, that can't be our sole goal. Our community is being adversely impacted by our inability to build both market rate and affordable housing.

We need to reduce barriers to building dense housing along transit corridors and near job centers. Since land acquisition is itself a huge barrier, we need to leverage land owned by various governments and interested faith based communities to build affordable and workforce housing, including at Cubberley.

RAVEN MALONE

I know firsthand how difficult it is to afford housing in Palo Alto, having worked hard and saved with my fiancée to be able to rent a house here. We should make sure we produce housing at all levels of affordability, encouraging socio-economic diversity in our city. Streamlining the process for housing approval will ensure that we are able to produce enough housing to meet demand. We can also work with nonprofit developers to produce high quality housing for many of Palo Alto's essential workers such as teachers and first responders who currently cannot afford to live here, along with seniors, people with disabilities, and families.

GREER STONE

Yes, I do support this goal. There is no question Palo Alto needs more housing, but since 2015, only 555 new housing permits have been issued, the vast majority of which is luxury housing. In 2018, Palo Alto met only 6% of its "very low-income" Regional Housing Needs Allocation (RHNA) requirements, and yet city leadership continues to talk about adding more luxury housing, despite meeting our market-rate goals, at the expense of low-income and very low-income housing. Palo Alto should embrace our city's Comprehensive Plan of creating 3,545-4,420 new housing units by 2030, and directly target production to our RHNA numbers, which requires 60% of those new housing units be low-income housing.

The three key steps to our housing strategy should be: 1) rebalance the jobs-housing ratio, 2) preserve existing affordable housing, and 3) invest in affordable (BMR) housing.

The first step, rebalance the jobs-housing ratio, simply means we must stop making our jobs-housing ratio worse. There's no question our astronomical housing costs are directly connected to our jobs-housing ratio, one of the worst in the nation. When cities add more jobs than housing, the price of housing increases. For example, Palo Alto added nearly 14 jobs per new housing unit between 2011-2014, and during that same period rents increased by 33%. Palo Alto must aim for jobs-housing parity. Office space leases for approximately \$12

per square foot, where luxury housing only rents for \$4 per square foot, and affordable housing is far less. If we leave it to the market, the market will seek the greatest profit: office space. Instead, we must limit office space, increase the impact fees developers must pay, and have developers of large commercial properties pay to fully mitigate their impacts.

The second step is to preserve existing affordable housing. Within my first 6 months, I will submit a colleague's memo advocating for Palo Alto to adopt a "no net loss" policy. This policy would prohibit the destruction of housing if it is not going to replace that housing with an equal or greater amount of housing. It would also prohibit the destruction of below-market-rate housing unless the current residents are guaranteed a right of first refusal on the newly built units, rental assistance during their time of displacement, and a guarantee that the newly built units will be offered to them at the same rental price or less. The most affordable housing we have is in our existing housing stock, and we must preserve it. Had this policy existed, we never would have lost the affordable housing and vibrant community at the Presidents Hotel.

Finally, we must invest directly in affordable housing, and not rely on the market to create housing through a trickle-down model that has not delivered sufficient affordability. We need to create opportunities for our teachers, first responders, nurses, and others who serve our community so that they can continue to live in the same city they serve. To create this housing, we must expand our income sources and diversify our portfolio. [See my answer to the next question (Alternative M) for how I would propose raising funds to pay for below-market-rate housing in Palo Alto.]

GREG TANAKA

Actions that I've taken to support affordable housing during his term:

- I voted for the Eviction moratorium that ensured renters weren't forced out due to the pandemic ([3/23/2](#))
- Wilton Court, a housing project for 57 units, of which half were dedicated to those with developmental disabilities ([2/10/20](#), [1/13/20](#))
- Environmental review exemption for Accessory Dwelling Units (ADUs) ([1/13/20](#))

CARI TEMPLETON

It's extremely important for Palo Alto to build more affordable housing, as well as the "missing-middle" income housing. The City should update the Housing Element to identify reasonable sites for housing and consider policy updates that will help us meet housing goals. By doing so with local action, we may be able to avert the need for the state to step in. I have heard a number of options presented at discussions around housing that may work well for Palo Alto, including using previously commercial land for housing, as has been proposed on a recent project along San Antonio Road which would offer both market rate and affordable homes. We should also increase our investment in subsidized housing, while making the project approval process more predictable and cost-effective.

AJIT VARMA

I support building denser buildings in supportable areas like along 101, San Antonio Road, El Camino Real and Page Mill Road. I believe in building market rate and below market rate housing.