



DRAFT CITY OF EAST PALO ALTO HOUSING ELEMENT



July 2009



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City of East Palo Alto Draft Housing Element

Reviewed by the East Palo Alto Planning Commission, July 2009

Reviewed by the East Palo Alto City Council, July 2009

Submitted to the State Housing and Community Development Department, August 2009

Prepared by



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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Purposei
Housing Needs Assessment.....ii
Housing Opportunities and Constraints..... viii
Housing Resourcesx
Housing Planxi

1 INTRODUCTION

2.1 Role of the Housing Element 1-1
2.2 Data Sources 1-2
2.3 Public Participation..... 1-2
2.4 Relationship to the General Plan..... 1-4

2 HOUSING NEEDS ASSESSMENT

2.1 Regional Population and Economic Context 2-1
2.2 Population Characteristics 2-2
2.3 Household Characteristics 2-12
2.4 Special Needs Groups..... 2-15
2.5 Housing Stock Characteristics 2-26
2.6 Housing and Demographic Analysis by Census Tract 2-33
2.7 Housing Affordability..... 2-48
2.8 Regional Housing Need..... 2-56
2.9 Affordable Housing 2-57

3 HOUSING OPPORTUNITIES AND CONSTRAINTS

3.1 Market Constraints3.1
3.2 Governmental Constraints 3-5

4 HOUSING RESOURCES

4.1 Availability of Sites for Housing..... 4-1

4.2 Financial Resources..... 4-14

4.3 Administrative Resources..... 4-23

4.4 Opportunities for Energy Conservation..... 4-26

5 HOUSING PLAN

5.1 Accomplishments under the 2001-2006 Housing Element 5-1

5.2 Housing Goals, Policies, and Actions 5-4

APPENDIX A BMR Unit and in-Lieu Fee Calculation Form

APPENDIX B Land Inventory Summary and Maps

APPENDIX C Summary of 2001 – 2006 Housing Element Accomplishments

APPENDIX D Housing Element Glossary

EXECUTIVE SUMMARY

PURPOSE

The Housing Element is one of the seven California State-mandated elements of the General Plan, a comprehensive policy framework addressing the physical, economic, and social development of the city. The Housing Element must be consistent with other General Plan elements and address State mandates that can restrict the ability of the City to designate certain sites for housing.

In general, the Housing Element is intended to assist local jurisdictions in outlining a strategy for future growth, conserving critical affordable housing assets within the community, identifying housing needs for residents of all income levels, and developing an action plan to address those needs. It also provides a critical link between land use and transportation policies, which define the location, layout, and movement of people and goods. For a region to have a strong and balanced economy, its workers must also have places to live within their economic means. From the perspective of human needs, housing should be high on the hierarchy of policy priorities.

This Housing Element Update supersedes the East Palo Alto Housing Element adopted in 2001. Along with the State, City of East Palo staff and appointed and elected officials view the Housing Element as an important policy document to guide the City's actions toward housing and housing development issues. To ensure the Housing Element is relevant and beneficial to all segments of the community, the City conducted a thorough public outreach process in the creation of this document. As 59 percent of East Palo Alto residents are Hispanic, all flyers and public notices for Housing Element workshops were bilingual, and Spanish-speaking interpreters were present at each meeting. Many of the policy priorities presented in this Housing Element Update were informed by public input, such as the displacement of renters and lack of affordable housing.

The City of East Palo Alto Housing Element consists of five chapters: 1. Introduction, 2. Housing Needs Assessment, 3. Housing Opportunities and Constraints, 4. Housing Resources, and 5. Housing Plan. The introduction explains the role of the Housing Element, the data sources used to conduct the housing needs assessment, the public involvement process, and the relationship of the Housing Element to the General Plan. The remainder of this executive summary highlights the key findings and considerations of the other chapters.



HOUSING NEEDS ASSESSMENT

Overall, East Palo Alto's socio-economic conditions are in stark contrast to its neighbors. While Palo Alto, Menlo Park, and San Mateo County overall have lower unemployment, higher incomes, and higher levels of education attainment than the State overall, residents in East Palo Alto have had a historically higher incidence of unemployment, lower household incomes, and lower levels of education attainment compared to statewide averages. These differences place a unique housing pressure on East Palo Alto, which supplies lower cost housing compared to its neighbors; the City must balance the continued physical and social improvement with a concern for inflating rents and home prices that could price out a large share of its population.

Despite this housing price pressure, East Palo Alto remains a more affordable community compared to neighboring jurisdictions. The East Palo Alto average home price is affordable to moderate income households. For this reason, the occupational make-up of East Palo Alto's labor force indicates that city residents often work in low and middle-income jobs in Palo Alto, Menlo Park, and the greater mid-peninsula region. In other words, the City of East Palo Alto serves as an affordable housing resource for service workers that would otherwise need to travel across the San Francisco Bay.

POPULATION CHARACTERISTICS

East Palo Alto residents tend to be younger and have lower levels of educational attainment than the cities of Palo Alto and Menlo Park, as well as San Mateo County. The City of East Palo Alto is also marked by a higher unemployment rate than the neighboring jurisdictions. The high unemployment rate can be attributed in part to the predominance of residents working in the lower-skilled sectors such as retail, recreation, and food service. Lower educated workers are often more vulnerable to declining employment conditions due to increased competition for entry- and mid-level jobs. Retail employees are especially vulnerable as this industry sector is struggling under the current recession.

The following statistics further describe the population of East Palo Alto as compared to Menlo Park, Palo Alto, and San Mateo County:

- From 2000 to 2008, the population of East Palo Alto increased at a greater average annual rate (1.4 percent) than San Mateo County (0.6 percent), Palo Alto (1.0 percent), and Menlo Park (0.3 percent).
- The City's median age was just over 27 years of age in 2007, significantly younger than San Mateo County's median age of 40.

- East Palo Alto has a significantly larger population of children; 34 percent of East Palo Alto residents are under the age of 18 compared to 23 percent countywide.
- In 2007, 31 percent of East Palo Alto residents age 25 and older had less than a high school degree, as compared to 12 percent of San Mateo County residents, three percent of Palo Alto residents, and eight percent of Menlo Park residents.
- In January 2009, the City's unemployment rate was 16.9 percent, significantly higher than the County's unemployment rate of 7.2 percent.
- A large share (28 percent) of East Palo Alto residents work in the retail, recreation, and food service in contrast with the large percentage of San Mateo County, Palo Alto, and Menlo Park residents that work in the management and professional sectors.
- In 2006, there were 8,108 employed residents but only 2,847 jobs located in East Palo Alto. The result is an estimated jobs-to-employed-residents imbalance of approximately 0.35 jobs per employed resident, as compared to San Mateo County's almost perfect ratio of 1.01 jobs per employed resident.

HOUSEHOLD CHARACTERISTICS

East Palo Alto households tend to be families (rather than unrelated individuals), over half of which have children. This is, once again, in contrast to its neighbors that have both lower percentages of family households and families with children. Furthermore, the median household income in East Palo Alto is significantly lower than the median household incomes of Palo Alto, Menlo Park, and San Mateo County. In fact, the majority of households in East Palo Alto are defined as low-income. In other words, what would be affordable housing to San Mateo County households overall, would not be affordable to a large proportion of East Palo Alto households.

- The City had 6,648 households in 2007. A higher percentage of these households are family households (76 percent) compared with Palo Alto (63 percent), Menlo Park (62 percent), and San Mateo County (68 percent).
- The City's median household income was markedly lower than that of San Mateo County, Palo Alto, and Menlo Park in both 1999 and 2007. At just over \$49,000 in 2007, East Palo Alto's median household income is 60 percent of the median household income of San Mateo County, 41 percent of Palo Alto's, and 47 percent of Menlo Park's.

- Approximately 79 percent of East Palo Alto households have incomes defined as low-income (from 51 percent to 80 percent of Area Median Income) or below. On the other end of the spectrum, 13 percent of East Palo Alto households have incomes above \$114,000 compared to 35 percent of San Mateo County households overall.
- In 2007, 14 percent of East Palo Alto families had an income below the poverty level, compared to seven percent of San Mateo County families and four percent of San Mateo County families.

SPECIAL NEEDS GROUPS

State Housing Element Law defines “special needs” groups to include the following: senior households (65 years of age or older), female-headed households, large households (five or more persons), disabled persons, homeless persons, and agricultural workers. East Palo Alto also adds at-risk youth, veterans, and formerly incarcerated individuals to this classification. As is shown in the data below, the City of East Palo Alto’s main special needs groups are large households and unsheltered homeless persons, as the City has a larger proportion of these groups than most other cities in the area. The concentration of large households in East Palo Alto implies a need for larger affordable units.

The following statistics further describe the special needs groups of East Palo Alto as compared to Menlo Park, Palo Alto, and San Mateo County:

Seniors

- Only seven percent of East Palo Alto residents are seniors as compared to 15 percent of both Menlo Park and Palo Alto’s populations and 13 percent of the residents of San Mateo County.
- Runnymede Gardens is a senior rental housing development with 73 one-bedroom, income-restricted (very low-income) units.
- Approximately 47 percent of seniors in East Palo Alto spent more than 30 percent of their income on housing in 2000, otherwise defined as cost-burdened.

Female-Headed Households

- There were 1,548 female-headed households in East Palo Alto (over 23 percent of all households) in 2007. Twenty-four percent of female-headed families with children under 18 lived in poverty, while 32 percent of female-headed families with children under age five lived in poverty.

Large Households

- In 2007, there were approximately 1,930 large family households in East Palo Alto (38 percent of all family households). In contrast, the percentages of large family households in Palo Alto (9 percent), Menlo Park (13 percent), and San Mateo County (15 percent) were significantly less.
- A large household generally requires a home with at least three bedrooms. In 2007, approximately 54 percent of East Palo Alto's total housing units (both owned and rented) had three or more bedrooms.
- The higher proportion of large households and lower incomes correlates with the higher concentration of overcrowding in East Palo; approximately 23 percent of East Palo households live in overcrowded conditions compared to only 6 percent of San Mateo County households.

Disabled

- In 2007, 5.5 percent of East Palo Alto residents classified themselves as disabled. A smaller percentage of East Palo Alto's population is disabled than Palo Alto, Menlo Park, and San Mateo County.
- Five licensed community care facilities are located in the City of East Palo Alto, which provide a supportive environment to persons with special needs in a group situation. The facilities are residential, meaning the individual resides at the facility full-time.

Homeless Persons

- There are 248 homeless individuals in East Palo Alto (12% of San Mateo County's homeless population), of which 222 are unsheltered (20% of San Mateo's unsheltered homeless population).
- The homeless in East Palo Alto are primarily served at the County level and by churches located in the City. In late March 2009, the first temporary warming shelter to serve the homeless opened in East Palo Alto at the Lord's Gym Community Center.

Farm Workers

- Only 62 (0.8 percent) East Palo Alto residents work in the agriculture, forestry, fishing and hunting industry sectors. Due to this small number, the housing needs of this group can be accommodated within the City's existing affordable housing.

At-Risk Youth

- The East Palo Alto Teen Home is the only facility within the City of East Palo Alto that provides housing for youth 16.5 to 18 years who have come from juvenile hall, child protective services, or social services. A second at-risk youth facility in East Palo Alto has been approved but not yet built.

Veterans

- In 2007, the City was home to 462 veterans (3 percent of the civilian population age 18 and older). This is a significant decline from 2000, when East Palo Alto was home to 947 veterans (5 percent of the civilian population age 18 and older).

Formerly Incarcerated

- There are 140 parolees residing in East Palo Alto (0.4 percent of East Palo Alto's population) and 1,171 parolees living in San Mateo County (0.2 percent of San Mateo County's population).
- 211 Wisteria and 2032 Euclid are used as transitional housing for parolees in the City.

HOUSING STOCK CHARACTERISTICS

The housing stock in East Palo Alto, mostly built before 1980, is a well-balanced mix of single family and multi-family units and owner- and rental-occupied units.

- The City of East Palo Alto has a greater percentage of multifamily units (42 percent) and a lower percentage of single family units (56 percent) than Palo Alto (40 percent multifamily; 59 percent single family), Menlo Park (39 percent multifamily; 61 percent single family), and San Mateo County (33 percent multifamily; 66 percent single family).
- East Palo Alto had approximately the same number of owner-occupied housing units as renter-occupied housing units in 2007. This is in contrast to Palo Alto, Menlo Park, and San Mateo County, where the percentage of owner-occupied units exceeded renter-occupied units by 20 percent or more.
- Approximately 7,700 new housing units were built in San Mateo County from 2000 to 2008. Nine percent of these units (684 units) were built in East Palo Alto, approximately 86 new units per year.

- Approximately 52 percent of the housing stock in East Palo Alto was built before 1960 and 81 percent built before 1980, indicating that a significant portion of the City's housing units may be in need of rehabilitation.

HOUSING AFFORDABILITY

East Palo Alto is strikingly more affordable than San Mateo County, Palo Alto, and Menlo Park, as shown by the median home price and monthly rent information outlined below. However, few low-income households (the majority of households in East Palo Alto) can afford to purchase a home in the city. Furthermore, market rate rental housing in East Palo Alto is affordable to low-income households and households with higher incomes but unaffordable to extremely low-income and very low-income households. As mentioned previously, overcrowding is also of concern in East Palo Alto, particularly for renter-occupied households.

- From June to December 2008, the median price for homes sold within the City of East Palo Alto containing two, three, and four bedrooms was \$315,000, \$316,500, and \$379,900, respectively. By comparison, the median price for all homes sold in San Mateo County was \$775,000, more than double the price of the median home in East Palo Alto.
- The price per square foot of homes in East Palo Alto and San Mateo County decreased at an average annual growth rate of 15.5 percent and 1.8 percent, respectively, after adjusting for inflation between 2005 and 2008. Comparing 2007 to 2008, the median home price declined in East Palo Alto by 44 percent compared to 8 percent for San Mateo County.
- As of December 31, 2008, there were 751 homes in East Palo Alto (10 percent of the total housing stock) experiencing one of the three stages of foreclosure (pre-foreclosure, auction, bank owned). In contrast, only two percent of Menlo Park's, three percent of San Mateo County's, and less than one percent of Palo Alto's housing stock are going through a stage of foreclosure.
- Median monthly rents in neighboring Palo Alto and Menlo Park were 1.7 and 1.5 times as much as median monthly rents in East Palo Alto, as of February 2009. The lowest rent in East Palo Alto (\$600) is approximately 50 percent of the lowest rents in Menlo Park (\$1,225) and Palo Alto (\$1,300). Additionally, the highest rent in East Palo Alto (\$4,000) is 62 percent of the highest rent in Menlo Park (\$7,800) and 51 percent of the highest rent in Palo Alto (\$6,500).
- In general, extremely low- and very low-income households cannot afford market rental or owner-occupied housing. Based on prevailing rents in East Palo Alto, low-income households and

above can afford market rate rents. Only some low-income households can afford to purchase the typical median price for a home in East Palo Alto.

- In renter-occupied households in East Palo Alto, approximately 25 percent had 1.01 to 1.5 occupants per room and 10 percent had more than 1.51 occupants per room. In San Mateo County, only seven percent of renter-occupied households had 1.01 to 1.5 occupants per room and 4.5 percent of households had more than 1.51 occupants per room. In owner-occupied units, the incidence of overcrowding in East Palo Alto is lower with only 9 percent of units having more between 1.01 and 1.5 occupants per room and 1.5 percent having more than 1.51 occupants per room.
- In 2000, renters in the City of East Palo Alto were slightly more cost burdened than owners, with 43 percent of renters and 38 percent of owners paying more than 30 percent of their income on housing.

HOUSING CONSTRAINTS

The City of East Palo Alto has very few governmental constraints to housing development. Its development standards, application processing times, and development fees are not particularly onerous. However, as discussed below, a number of the City's ordinances will need to be changed to be in compliance with State law. The City is also in the process of reviewing its current ordinances, such as the Rent Stabilization Ordinance and Eviction for Good Cause Ordinance, in order to better protect residents from displacement.

There are a number of market forces that impact the supply of affordable and quality housing in the city. Regional housing market conditions have created high land values, which directly impacts on housing affordability. More stringent underwriting and tighter loan standards have also led to an increase in loan denials as lenders more closely scrutinize household income, credit history, and the overall risk of the loan, reducing the pool of eligible homebuyers. As the majority of households in East Palo Alto are low-income, residents are undoubtedly affected by these recent changes in mortgage financing.

- Given the City's median home price, Federal Housing Administration (FHA) loans do not increase homeownership opportunities for very low- and low-income residents but do increase ownership opportunities for moderate income households that may have been previously priced out the market.

- East Palo Alto's Second Dwelling Ordinance complies with State law with one exception: it restricts second units to the R-1 district. Therefore, an action is included in the Housing Element stating that the City will amend the ordinance to allow second units in R-2 and R-M zones by June 2010.
- Facilities serving the homeless are not mentioned in the current Zoning Ordinance; according to State law, the City must identify at least one zone that permits emergency shelters without a conditional use permit or other discretionary action. Additionally, the zone must have sufficient capacity to accommodate at least one year-round shelter. Therefore, an action has been included in Chapter 5 of the Housing Element to amend the Zoning Ordinance to identify the zone or zones in East Palo Alto which allow the development of emergency shelters.
- The current Zoning Ordinance also does not define transitional and supportive housing as a residential use, nor does it state that both transitional and supportive housing are permitted in all residential zones. An action has been included in Chapter 5 of the Housing Element to clarify this point.
- The City complies with all provisions of the State's Fair Housing Act; however, it does not have an adopted process for accommodating disabled persons. This is considered a potential constraint for which the City has provided an action to address in Chapter 5 of the Housing Element.
- East Palo Alto enforces the most recently approved edition of the Uniform Building Code (UBC). The City Building Division requires building permits for any construction work and sees that new residences, additions, and auxiliary structures meet all of the latest construction and safety standards. The Division enforces building, plumbing, mechanical, electrical installations and accessibility and energy compliance. The City has not adopted building standards beyond those specified in the UBC and enforcement of the UBC is not considered a constraint to housing development or affordability.
- East Palo Alto is currently in the process of drafting and adopting a density bonus ordinance consistent with State Law. This draft ordinance contains guidance for providing density bonuses as well as other incentives and concessions for child care facilities and affordable housing.
- The City is currently in the process of reviewing the Rent Stabilization Ordinance and Eviction for Good Cause Ordinance and will be proposing to the voters of East Palo Alto to amend the ordinance during the period of this Housing Element Update. This Housing Element includes a program to modify the Rent Stabilization Ordinance and Eviction for Good Cause Ordinance to be in compliance with Costa-Hawkins. As Costa-Hawkins exempts housing constructed after

1995 from local rent controls, the East Palo Alto Rent Stabilization Ordinance and Eviction for Good Cause Ordinance will not be a constraint to new housing development. Furthermore, as landlords can petition to adjust the rent of a unit above the rent ceiling for significant improvements to the units, the Ordinance does not discourage the maintenance of rental housing.

- As the City is currently in the process of adopting new regulations regarding condominium conversions, this Housing Element Update includes a program to adopt an ordinance that indicates what criteria should be used for conversion approval.

HOUSING RESOURCES

The City has a number of physical, administrative, and financial resources available for the development, rehabilitation, and preservation of housing in East Palo Alto. The City's largest financial resource for housing development is the Low and Moderate-income Set Aside Fund. The City also actively partners with a number of non-profit organizations to build affordable housing. However, the City does not have enough vacant land zoned high-density residential to accommodate its Regional Housing Need Allocation (RHNA) of very low and low income units. The City is, therefore, targeting four parcels for rezoning during the Housing Element period.

- The current RHNA plans for a 7.5-year housing unit production need period (January 1, 2007 through June 30, 2014). ABAG determined San Mateo County's RHNA, and the jurisdictions in San Mateo County worked together to determine each city's share of the RHNA. East Palo Alto's current RHNA is 630 new housing units out of the 15,738 units needed in San Mateo County.
- Between January 2007 and March 2009, a total of 77 housing units were permitted or constructed within the city and 154 units have received entitlements. Furthermore, on September 3, 2008, the City of East Palo Alto's Redevelopment Agency signed an Owner Participation, Disposition, and Development Agreement with a developer to create a mixed use development containing 115 residential units and 16,000 square feet of retail space at the corner of Bay Road and University Avenue. Together these developments make up 346 units or 55 percent of the City's RHNA.
- The City's inventory of vacant land designated for residential or mixed-use (Commercial/Office land use designations) development does not provide enough sites to accommodate the City's extremely low-, very low-, and low-income RHNA. In order to accommodate the remaining 95 units of extremely low- and very low-income housing, and the remaining 64 units of low-income housing, the City will re-zone or up-zone four parcels to high density residential or mixed-use

commercial by June 2010 and will ensure that these sites are developed at a minimum density of 30 dwelling units per acre

- On average, the City has approved five secondary dwelling units per year. Although there has been a slowdown in applications during the last three years comparative to 2002 through 2006, the City anticipates producing at least five secondary dwelling units per year based (with a goal of eight); these expected units are not included in the City's land inventory.
- The City's largest source for housing assistance is the Low and Moderate-Income Set Aside Fund. Between 2008 and 2011, \$4,891,000 in Low and Moderate-income Set Aside Funds will be available to support affordable housing.
- The City also pursues funding from the California Housing Finance Agency, County of San Mateo HOME Funds, Housing Endowment and Regional Trust (HEART), and Section 8 Rental Assistance.
- A number of non-profit organizations also focus on affordable housing in the City, such as include Community Housing Developers Inc., EPA CAN DO, BRIDGE, Eden Housing, Mid-Peninsula Housing Coalition, and Habitat for Humanity.

HOUSING PLAN

This Housing Element contains 12 goals, 29 policies, and 68 actions. These goals, policies, and actions are discussed in more detail in Chapter 5. Since adoption of its existing Housing Element in 2001, the City has been working proactively to implement its housing goals, policies, and actions aimed at conserving, augmenting, improving, and expanding the City's affordable housing stock. For this Housing Element Update, East Palo Alto has not only increased the effectiveness of existing goals but has also added new policies and actions to further expand its affordable housing stock, accommodate special needs groups, and increase the energy efficiency in its buildings. The following summarizes major policy commitments and changes:

- As East Palo Alto values the production of second units as a source of affordable housing, the City will explore incentives to assist owners in building second units with the goal of permitting an average of eight second units annually. Furthermore, the City will amend the Second Unit Ordinance to allow second units in R-2 and R-M zones.

- To promote smart growth, the City will develop a Specific Plan for the Dumbarton Rail Station Area.
- To encourage mixed-use and high-density residential development within East Palo Alto, the City will evaluate development standards and identify rezoning opportunities along University Avenue in order to increase mixed-use development opportunities along the corridor.
- As the City currently does not have enough high-density vacant or under-utilized residential or commercial land to meet its very low- and low-income RHNA, it will re-zone/up-zone four parcels to High Density Residential or General Commercial (mixed-use) to achieve a minimum density of 30 dwelling units per acre. The rezoning will include a review of development standards to ensure the feasibility of development for low- and very low-income housing.
- In order to facilitate development of affordable housing on small parcels, the City will develop two pre-approved affordable house plan packages and two pre-approved small lot house plan packages for those wanting to construct homes on vacant lots for long-term occupancy. The pre-approved small-lot plans will be designed to accommodate lots as small as 2,500 square feet with limited set-back standards.
- To facilitate the development of housing for persons with disabilities, as well as comply with State Law, the City will adopt written reasonable accommodation ordinance to provide exception in zoning and land-use for housing for persons with disabilities.
- As a significant portion of East Palo Alto's households are large families, the City will provide financial assistance and priority permitting for at least one affordable housing development in East Palo Alto with at least half of its units designed for large very low- and low-income families of 5 persons or more within the planning period.
- To facilitate the development of emergency shelters and transitional housing for the homeless in compliance with State Law, the City will revise its Zoning Ordinance to permit emergency shelters in one or more zones without a conditional use permit or other discretionary action. The City will also amend the Zoning Ordinance to include definitions of "transitional housing" and "supportive housing" that is consistent with Health and Safety Code section 50675.14(b) and will allow transitional and supportive housing "by right" in all residential and commercial districts, subject to the same limitations as multi-family development.
- While East Palo Alto will continue to stabilize rents through its Rent Stabilization and Eviction for Just Cause Ordinance, the City will be proposing to the voters of East Palo Alto to amend the

ordinance during the period of this Housing Element based on recommendations from the City of Berkeley and East Palo residents.

- In order to address the increase in foreclosures in the City, the Housing Element includes two new policies to increase the supply of low-income housing opportunities through the acquisition of foreclosed properties and to assist homeowners faced with foreclosure. In order to implement the new policies, the Housing Element also includes actions such as pursuing funding to acquire or assist in the acquisition of at least 20 foreclosed properties with the intent to sell to low-income families.
- The City will seek to conserve its existing stock of affordable rental housing in part by adopting a Condominium Conversion Ordinance.
- The Housing Element includes a new goal (with an accompanying policy and two actions) to promote energy efficiency in existing and new housing development as a means of reducing housing costs.

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1 INTRODUCTION

Housing is a basic human necessity and the need for housing is shared by all residents. People want living spaces where they feel they have dignity, where they can express their individuality, and where they can be comfortable and healthy. Safe, well-maintained housing is a basic necessity that transcends age, race, income, and marital status. As such, the City of East Palo Alto strives to provide a diversity of housing types, costs, and locations to serve the variety of needs and wants of local residents.

1.1 ROLE OF 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 planning programs in the pursuit of this goal, the Legislature has mandated that all cities and counties prepare a Housing Element as part of the comprehensive General Plan. Section 65583 of the Government Code sets forth the specific components to be contained in a Housing Element. State law further requires Housing Elements be updated at least every five years to reflect the changing housing needs of a community. East Palo Alto's Housing Element was last updated in 2001. This Housing Element update is for the planning period of 2007–2014.

The Housing Element consists of the following major components:

- An analysis of East Palo Alto's demographic profile, housing characteristics, and existing and future housing needs (Chapter 2);
- A review of potential market, governmental, and environmental constraints to housing development (Chapter 3);
- An evaluation of the land, financial, and organizational resources available to address the identified housing needs (Chapter 4); and
- A housing plan to address the identified housing needs, including a statement of goals, policies and actions (Chapter 5).



1.2 DATA SOURCES

Various sources of information contribute to the Housing Element. The 2005–2007 American Community Survey (ACS) provides the basis for population and household characteristics. Several additional data sources were used to supplement the 2005-2007 ACS:

- Population and demographic estimates and projections by the Association of Bay Area Governments and the California Department of Finance;
- Housing market information, such as home sales, rents, and vacancies, updated by City surveys and property tax assessor's files; and
- Public and nonprofit agencies were consulted for data on special needs groups, the services available, and gaps in the service delivery system.

1.3 PUBLIC PARTICIPATION

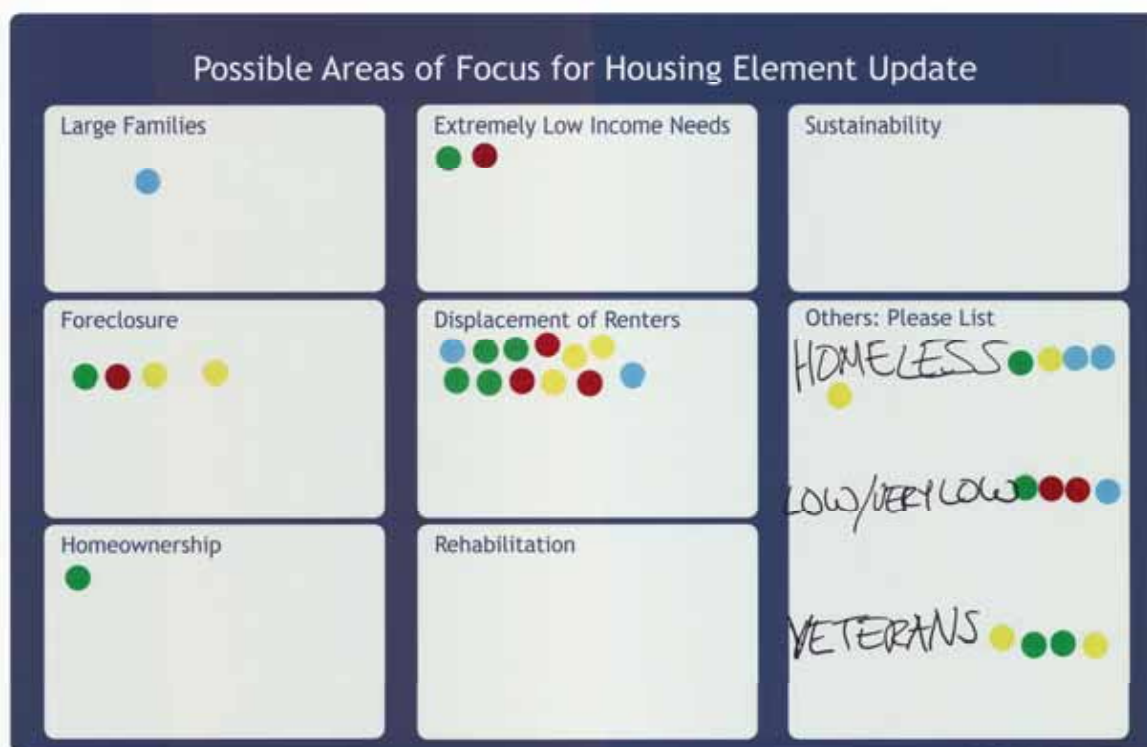
The 2007–2014 City of East Palo Alto Housing Element was developed with the collaborative efforts of residents and elected/appointed officials. Opportunities for input on the Housing Element were provided through various forums.

COMMUNITY WORKSHOPS

Three community workshops were conducted on March 4th, April 16th, and May 14th, 2009. To encourage participation by all segments of the community, flyers in both English and Spanish were placed in key community locations, facilities, and on the City's website. Individual notifications in both English and Spanish were also mailed to a comprehensive list of over 360 people/organizations for each meeting. This mailing list included below market rate homeowners, churches, affordable housing central wait list applicants, Rent Stabilization property owners and managers, business owners, schools, community organizations, and affordable housing developers. For each meeting, a flyer was also posted on the City's website, the website of 21 Elements, in the lobby at City Hall, and in the County of San Mateo's Library.

Spanish translation was made available at each workshop. Approximately 20 residents participated in each meeting. Each workshop consisted of an informative presentation of the components of the Housing Element and an interactive group exercise to provide an opportunity for valuable input and suggestions with regard to housing needs and solutions. At the first meeting, an individual “dot”

exercise was conducted. The “dot” exercise asked workshop participants to place a sticker on a poster under the topic(s) they felt should be a focus of this Housing Element Update. Each participant was given 2 stickers. The results of this exercise are shown below. At the second workshop, a small group exercise asked the workshop attendees to discuss the 2001-2006 Housing Element goals and policies and to suggest changes/additions for this next Housing Element. Revisions to the Housing Element’s policies and actions were made based on this feedback and presented at the third community workshop. Small groups provided further input on the new and revised policies and actions at the third and final community workshop in mid-May, which were incorporated into the final version of Chapter 5, *Housing Plan*.



Possible areas of focus determined at the March 4th Community Workshop

1.4 RELATIONSHIP TO THE GENERAL PLAN

The 2007–2014 Housing Element is a key component of the City of East Palo Alto General Plan which was last updated and adopted by the City of East Palo Alto in 1999.

2 HOUSING NEEDS ASSESSMENT

The Housing Needs Assessment serves as the foundation for developing the City's housing goals, policies, and programs outlined in Chapter 5, *Housing Plan*, of this Housing Element Update. This Chapter analyzes relevant population and housing characteristics to determine the specific housing needs of East Palo Alto residents. Important characteristics include: demographics, household characteristics, special housing needs, and housing characteristics.

In order to examine population and housing characteristics, this chapter references the most recent official government data and private market data available. The American Community Survey (ACS) is the primary data source. This survey, conducted by the U.S. Census Bureau, collects and produces population and housing information every year but, unlike the U.S. Decennial Census (last conducted in 2000), only samples a small portion of households. At the time of this Housing Element Update, the 2005–2007 estimate was the most recent ACS data available. The 2005–2007 ACS three-year estimates are based on data collected between January 2005 and December 2007 and represent the average characteristics over the period. However, more recent data sources are referenced if available and appropriate, such as the California Department of Finance (DOF) for 2008 population estimates, population and household projection information from Association of Bay Area Governments (ABAG), property sales records from RealQuest, homeless population estimates from the San Mateo County Homeless Census and Survey, community care facility information from the California Department of Social Services, and housing affordability estimates by special need population from the U.S. Department of Housing and Urban Development (HUD). Definitions of terms, such as overcrowding, have been taken from the California Department of Housing and Community Development (HCD).



2.1 REGIONAL POPULATION AND ECONOMIC CONTEXT

East Palo Alto is located in San Mateo County, one of the nine counties that comprise the San Francisco Bay Area. San Mateo County has a population of approximately 739,469 people; making it the 14th most populous county in California. According to the California Employment Development

Department, economic growth has tapered off since the dot-com boom in the late 1990s and early 2000s, and the County has seen a notable decrease in employment, losing approximately 13,600 jobs. It should be noted that 2000 was a boom period for the Bay Area in general, with rents, incomes, mass in-migration, and employment inflated above traditional economic activity. While employment decreased in number from 2000 to 2008, economic conditions were relatively healthy in San Mateo County with low unemployment and steady employment growth from 2002 to 2008. Adjusted annual unemployment in 2008 in San Mateo County was estimated at 4.7 percent. Economic conditions have dramatically declined in late 2008 with further declines in 2009. As of January, 2009 unemployment reached approximately 10.6 percent in California with San Mateo County estimated at approximately 7.2 percent, which is the County's highest unemployment rate in over 20 years.

Strong residential growth has also continued as a common trend; the DOF estimates 32,299 new households were added to the County between 2000 and 2008. The recent downturn in national and local housing markets, as well as the demise in the financial markets, will slow the pace of new development and employment growth in both San Mateo County and East Palo Alto in the near term; the extent and length of this decline is currently unknown.

Despite the recent decline in the local, state, and national economy, ABAG anticipates employment to increase and continued household growth in San Mateo County in the next five years and beyond.

2.2 POPULATION CHARACTERISTICS

The type and amount of housing needed in East Palo Alto is in part determined by the demographics. Personal preferences based on characteristics such as age, cultural preference, and employment and population growth trends influence the types of housing a community needs, and residents' ability to afford housing in the area. This section presents these characteristics as they impact housing need.

POPULATION TRENDS

Since incorporation in 1983, the population of East Palo Alto has increased dramatically. According to the U.S. Census, there were 18,191 residents in 1980, 23,451 in 1990, and 29,506 in 2000. The DOF estimates East Palo Alto's 2008 population to be 32,897 residents, an 81 percent increase since 1980.

Table 2-1 Population Growth, 2000-2008

	2000	2008	<i>Average Annual Growth Rate, 2000 2008</i>
East Palo Alto	29,506	32,897	1.4%
Palo Alto	58,598	63,367	1.0%
Menlo Park	30,785	31,490	0.3%
San Mateo County	707,161	739,469	0.6%

Source: U.S. Census, 2000; CA Department of Finance, 2008; EDAW, 2009.

As shown in Table 2-1, from 2000–2008, the population of East Palo Alto increased at a significantly greater average annual rate than San Mateo County and the neighboring cities of Palo Alto and Menlo Park. ABAG anticipates East Palo Alto’s population to increase 1.7 percent annually, reaching almost 39,000 residents by the year 2020 (Table 2-2).

Table 2-2 City of East Palo Alto Population Growth, 1990-2020

	1990	2000	2010	2020	<i>Average Annual Growth Rate, 1990 2020</i>
Population	23,451	29,506	34,400	38,700	1.7%
Households	6,813	6,953	8,190	9,660	1.2%
Persons per Household	3.44	4.24	4.20	4.01	-

Source: U.S. Census, 1990; U.S. Census, 2000; ABAG Projections, 2007; EDAW, 2009.

AGE

Housing needs are also impacted by a population’s age characteristics, since needs and preferences change as people age. Accordingly, different age groups have differing housing needs depending on family type and size, income-earning ability, and housing preference. Young families with children often prefer single-family homes. While some elderly residents choose to live in single-family homes,

recent research shows senior preferences starting to lean towards other living arrangements such as condominiums. Understanding these characteristics is essential in determining East Palo Alto's appropriate housing needs.

The residents of East Palo Alto are considerably younger than the County, Palo Alto, and Menlo Park. As shown in Table 2-3, the median age for the City of East Palo Alto was just over 27 years of age in 2007, more than ten years younger than the surrounding geographies.

Table 2-3 Median Age, 2000 & 2007		
	<i>2000</i>	<i>2007</i>
East Palo Alto	25.8	27.3
Palo Alto	40.2	42.1
Menlo Park	37.4	40.7
San Mateo County	36.8	39.7

Source: U.S. Census, 2000; American Community Survey, 2005–2007; EDAW, 2009.

East Palo Alto also has a significantly larger population of children than the County and its neighboring cities; 34 percent of East Palo Alto residents are under the age of 18 compared to 23 percent countywide (Table 2-44). East Palo Alto has a comparably smaller percentage of people over age 45 (24 percent), while 43 percent of Palo Alto and Menlo Park's populations are within this age group and 41 percent of San Mateo County.

Table 2-4 Age Distribution, 2007

<i>Age Group</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Under 5	2,760	11%	3,893	6%	2,126	7%	47,047	7%
5 to 17	5,827	23%	10,879	17%	4,689	15%	110,239	16%
18 to 24	3,216	12%	3,681	6%	2,074	7%	56,722	8%
25 to 34	4,353	17%	6,352	10%	3,812	12%	84,746	12%
35 to 44	3,483	14%	11,435	18%	4,906	16%	116,357	17%
45 to 54	2,224	9%	10,323	16%	5,470	18%	111,607	16%
55 to 64	2,026	8%	7,535	12%	2,932	10%	83,732	12%
65+	1,899	7%	9,654	15%	4,498	15%	91,535	13%
Total	25,788	100%	63,752	100%	30,507	100%	701,985	100%

Source: American Community Survey, 2005–2007; EDAP, 2009.

ETHNICITY

The ethnic make-up of East Palo Alto is distinctly different than that of the surrounding cities of Palo Alto, Menlo Park, as well as the greater San Mateo County. As shown in Table 2-5, only about 9 percent of East Palo Alto's population was White in 2007, compared to 46 percent of San Mateo County. The largest ethnic group in East Palo Alto was Hispanic or Latino (59 percent). In comparison, San Mateo County's Hispanic or Latino population was 23 percent, Menlo Park's was 17 percent, and Palo Alto's was only six percent. East Palo Alto also has a significantly higher percentage of Blacks (20 percent) than the County (3 percent) and the neighboring cities. Comparing the City of East Palo Alto's and San Mateo County's respective ethnic population group percentages between 2000 and 2007 reveals an inverse change between the city and county with a slight decline in Whites and a slight growth in the proportion of Hispanics in San Mateo County and the opposite trend, increase in Whites and a decrease in the growth of Hispanics, occurring in East Palo Alto.

Table 2-5 Ethnic Trends, 2000-2007

<i>Ethnic Group</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	2000	2007	2000	2007	2000	2007	2000	2007
White	6.5%	8.7%	72.8%	66.2%	66.4%	66.5%	49.8%	46.2%
Black	22.5%	20.2%	2.0%	1.6%	6.9%	6.5%	3.4%	3.1%
American Indian and Alaska Native	0.2%	0.0%	0.2%	0.3%	0.2%	0.2%	0.2%	0.2%
Asian	2.1%	7.3%	17.2%	23.2%	7.1%	7.5%	19.8%	23.4%
Pacific Islander	7.5%	8.3%	0.1%	0.1%	1.3%	0.1%	1.3%	1.4%
Other	2.3%	1.0%	3.1%	2.7%	2.5%	2.7%	3.6%	3.0%
Hispanic or Latino (of any race)	58.8%	54.6%	4.6%	5.9%	15.6%	16.5%	21.9%	22.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: U.S. Census, 2000; American Community Survey, 2005 - 2007; EDAW, 2009.

EDUCATION

Educational attainment is often positively correlated with employment type, income level, and therefore, the type of housing residents are able to afford. In 2007, of residents 25 years of age and older, 12 percent of San Mateo County residents, three percent of Palo Alto residents, and eight percent of Menlo Park residents had less than a high school degree; this is in contrast to East Palo Alto, where 31 percent of residents 25 and older had less than a high school degree (Table 2-6). At the other end of the education spectrum, 16 percent of East Palo Alto residents 25 and older had a bachelor's or graduate degree in 2007, while 78 percent of Palo Alto residents, 67 percent of Menlo Park residents, and 44 percent of San Mateo County residents had achieved these levels of education.

Table 2-6 Educational Attainment (Population 25 years and over), 2007

<i>Education Level</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>
Less than High School	4,266	30.5%	1,264	2.8%	1,666	7.7%	56,356	11.5%
High school graduate	4,770	34.1%	3,041	6.7%	1,741	8.1%	92,145	18.9%
Some college	2,135	15.3%	3,943	8.7%	2,828	13.1%	90,549	18.6%
Associate's degree	603	4.3%	1,854	4.1%	842	3.9%	36,480	7.5%
Bachelor's degree	1,530	10.9%	13,276	29.3%	6,577	30.4%	132,752	27.2%
Graduate degree	681	4.9%	21,921	48.4%	7,964	36.8%	79,695	16.3%
Total:	13,985	100.0%	45,299	100.0%	21,618	100.0%	487,977	100.0%

Source: U.S. Census Bureau, 2006 American Community Survey

EMPLOYMENT

In January 2009, the unemployment rate for East Palo Alto was 16.9 percent, significantly higher than the County's unemployment rate of 7.2 percent (based on data from the California Employment Development Department). Part of the higher unemployment rate may be attributed to East Palo Alto's greater percentage of residents with less than a high school diploma. Likely due to East Palo Alto's smaller portion of college graduates, a large share (28 percent) of East Palo Alto residents work in the retail, recreation, and food service, whereas the largest percentage of San Mateo County, Palo Alto, and Menlo Park residents work in the Management and Professional occupational sector (Table 2-7). Less educated workers are often more vulnerable to declining employment conditions due to increased competition for entry- and mid-level jobs. Also, retail and construction employment sectors have especially struggled under the current recession.

Table 2-7 Occupations of Residents, 2006

<i>Occupation</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Persons</i>	<i>Percent</i>	<i>Persons</i>	<i>Percent</i>	<i>Persons</i>	<i>Percent</i>	<i>Persons</i>	<i>Percent</i>
Agriculture, Forestry, Fishing	61	0.8%	120	0.5%	57	0.5%	2,088	0.7%
Production, Transportation, and Material Moving	1,167	14.4%	4,054	17.6%	1,793	15.4%	50,499	17.3%
Management and Professional	1,774	21.9%	7,522	32.7%	3,632	31.1%	74,979	25.6%
Retail, Recreation, Food Service	2,247	27.7%	3,817	16.6%	2,284	19.6%	70,919	24.3%
Health, Education, and Government	1,749	21.6%	5,736	24.9%	2,813	24.1%	60,862	20.8%
Construction, Extraction, and Maintenance	1,110	13.7%	1,772	7.7%	1,100	9.4%	33,044	11.3%
Total	8,108	100.0%	23,021	100.0%	11,679	100.0%	292,391	100.0%

Source: U.S. Census LED, 2009; EDAW, 2009.

FUTURE JOB GROWTH

As shown in Table 2-8, ABAG projections estimate that there were 2,150 jobs in East Palo Alto in 2005. The number of jobs in the City of East Palo Alto is projected to increase at a notably greater average annual growth rate (4.2 percent) than San Mateo County (1.5 percent) between 2005 and 2030. ABAG also projects that East Palo Alto will account for approximately three percent of the County's overall employment growth from 2005 to 2030. This will slightly increase the City's share of countywide employment growth, which was just less than one percent in 2005.

Table 2-8 Job Projections

	<i>2005</i>	<i>2030</i>	<i>Average Annual Growth Rate, 2005-2030</i>
East Palo Alto	2,150	6,010	4.2%
Palo Alto	95,710	113,550	0.7%
Menlo Park	28,820	42,790	1.6%
San Mateo County	337,350	487,420	1.5%

Source: ABAG, 2007; EDAW, 2009.

While in percentage growth, East Palo Alto is projected to outpace the neighboring cities of Menlo Park and Palo Alto, actual job growth in both Menlo Park and Palo Alto will exceed East Palo Alto. From 2005 to 2030, Menlo Park and Palo Alto are projected to grow by approximately 14,000 and 18,000 jobs, respectively, as compared to 4,000 in East Palo Alto over the same period.

Job growth in East Palo Alto is expected to occur at an average annual rate of four percent across all sectors except agriculture; the greatest growth in absolute job numbers is predicted to occur in the Health, Education, and Recreational sectors. Job growth in the County is projected to occur at a much slower rate than East Palo Alto (Table 2-10), focusing in the financial and professional services and the health, education, and recreation sectors.

Table 2-9 Job Projections by Industry: East Palo Alto

<i>Industry</i>	<i>2005</i>	<i>2030</i>	<i>Average Annual Growth Rate, 2005-2030</i>
Agriculture	—	—	—
Manufacturing, Wholesale, and Transportation	300	850	4.3%
Retail	290	770	4.0%
Financial and Professional	400	1,140	4.3%
Health, Educational, Recreational	810	2,350	4.4%
Other	350	900	3.9%
Total	2,150	6,010	4.2%

Source: ABAG, 2007; EDAW, 2009.

Table 2-10 Job Projections: San Mateo County

<i>Industry</i>	<i>2005</i>	<i>2030</i>	<i>Average Annual Growth Rate, 2005-2030</i>
Agriculture	1,880	1,880	0.0%
Manufacturing, Wholesale, and Transportation	71,310	103,920	1.5%
Retail	35,460	49,680	1.4%
Financial and Professional	89,750	133,160	1.6%
Health, Educational, Recreational	86,080	128,020	1.6%
Other	52,870	70,760	1.2%
Total	337,350	487,420	1.5%

Source: ABAG, 2007; EDAW, 2009.

JOBS AND EMPLOYED RESIDENTS

Ideally, a community would have the same number of jobs as it has employed residents in order to decrease commute times and demonstrate that the community is meeting its housing needs. According to a U.S. Census Local Employment Dynamics (LED) analysis, there were 8,108 employed residents in East Palo Alto in 2006. This is compared to a local employment base of 2,847 jobs in East Palo Alto. The result is an estimated jobs-to-employed-residents imbalance of approximately 0.35 jobs per employed resident, as compared to San Mateo County's almost perfect ratio of 1.01 jobs per employed resident. Table 2-11 presents jobs to employed residents ratios for East Palo Alto, Palo Alto, Menlo Park, and San Mateo County. The neighboring cities have notably higher jobs-to-employed-resident ratios of 1.9 and 2.8, respectively. This means Menlo Park and Palo Alto export a portion of their employment - driven housing demand to the greater Bay Area region.

Table 2-11 Jobs and Employed Residents, 2006

<i>Category</i>	<i>East Palo Alto</i>	<i>Palo Alto</i>	<i>Menlo Park</i>	<i>San Mateo County</i>
Employed Residents	8,108	23,021	11,679	292,391
Jobs	2,847	65,234	22,247	295,390
Ratio	0.35	2.83	1.90	1.01

Note: An Ideal job to housing ratio would provide 1 job per employed resident, or a 1:1 ratio.

Source: U.S. Census Local Employment Dynamics, 2009; EDAW, 2009.

As East Palo Alto has far fewer jobs than employed residents, the majority of workers in East Palo Alto commute to areas outside of the city. In fact, according to the LED, only 360 East Palo Alto residents also worked in East Palo Alto in 2006 (Table 2-12). Fortunately, the majority of residents do not have to commute far, as 67 percent of East Palo Alto residents work in either Santa Clara County (Palo Alto) or elsewhere in San Mateo County (Table 2-13). However, despite San Mateo County's ideal jobs to employed residents ratio, the U.S. Census reports that 57 percent of San Mateo County residents work outside of the County. This implies that, overall, the jobs available in the County may not match employed residents' skill levels or preferences.

Table 2-12 Job Locations of East Palo Alto Residents, by City , 2006

<i>Location</i>	<i>Number</i>	<i>Percent of Total</i>
Palo Alto, California	1,008	12.4%
Redwood City, California	707	8.7%
San Francisco, California	612	7.5%
San Jose, California	556	6.9%
Menlo Park, California	537	6.6%
East Palo Alto, California	360	4.4%
Mountain View, California	348	4.3%
Sunnyvale, California	256	3.2%
Stanford, California	250	3.1%
Santa Clara, California	184	2.3%
All Other Locations	3,290	40.6%
Total	8,108	100.0%

Source: U.S. Census Local Employment Dynamics, 2009; EDAW, 2009.

Table 2-13 Job Locations of East Palo Alto Residents, by County, 2006

<i>Location</i>	<i>Number</i>	<i>Percent of Total</i>
Santa Clara Co., California	2,955	36.4%
San Mateo Co., California	2,611	32.2%
Alameda Co., California	678	8.4%
San Francisco Co., California	612	7.5%
Los Angeles Co., California	200	2.5%
Sacramento Co., California	186	2.3%
Contra Costa Co., California	160	2.0%
Orange Co., California	82	1.0%
San Joaquin Co., California	77	0.9%
Sonoma Co., California	72	0.9%
All Other Locations	475	5.9%
Total	8,108	100.0%

Source: U.S. Census Local Employment Dynamics, 2009; EDAW, 2009.

2.3 HOUSEHOLD CHARACTERISTICS

Household characteristics, which include household type and size, and income levels, determine the type of housing needed and desired within the City. For example, family households, particularly those with children, have less flexibility in their housing needs and typically require larger units. This section outlines how household characteristics impact housing needs.

HOUSEHOLD TYPE

According to ACS, East Palo Alto had 6,648 households in 2007. As shown in Table 2-14, the City has a higher percentage of family households (76 percent) than Palo Alto (63 percent), Menlo Park (62 percent), and San Mateo County (68 percent). East Palo Alto also has a significantly larger proportion of families with children and associated larger average household size; singles made up the majority of nonfamily households in all jurisdictions.

Table 2-14 Household Characteristics, 2005-2007

<i>Household Type¹</i>	<u><i>East Palo Alto</i></u>		<u><i>Palo Alto</i></u>		<u><i>Menlo Park</i></u>		<u><i>San Mateo County</i></u>	
	<i>Estimate</i>	<i>Percent of Total</i>	<i>Estimate</i>	<i>Percent of Total</i>	<i>Estimate</i>	<i>Percent of Total</i>	<i>Estimate</i>	<i>Percent of Total</i>
Total Family households	5,074	76%	16,006	63%	7,362	62%	171,564	68%
<i>Family households with children</i>	2,973	45%	8,265	32%	3,329	28%	78,792	31%
<i>Family households without children</i>	2,101	32%	7,741	30%	4,033	34%	92,772	37%
Total Non-family households	1,574	24%	9,480	37%	4,546	38%	81,084	32%
<i>Singles</i>	1,318	20%	7,957	31%	3,752	32%	64,936	26%
<i>Other</i>	256	4%	1,523	6%	794	7%	16,148	6%
Total all Households	6,648	100%	25,486	100%	11,908	100%	252,648	100%
Average Household Size	4.2		2.3		2.4		2.7	

¹Family households consist of a householder and one or more other people living in the same household who are related to the householder by birth, marriage, or adoption. Non-family households are comprised of unrelated people or one person living alone.

Source: U.S. Census, 2000; American Community Survey, 2005 - 2007; EDAW, 2009.

HOUSEHOLD INCOME

Income is a critical characteristic in determining residents' housing opportunities and affordability and affects a household's decision when it comes to tenure, type, and location.

According to data from the U.S. Census and ACS, East Palo Alto's median household income was markedly lower than that of San Mateo County, Palo Alto, and Menlo Park in both 1999 and 2007 (Table 2-15). At just over \$49,000 in 2007, East Palo Alto's median household income was 60 percent of the median household income of San Mateo County, 41 percent of Palo Alto's, and 47 percent of Menlo Park's. Although the State's Franchise Tax Board ranked San Mateo County third among all counties in California for the highest median income in 2006, East Palo Alto's household incomes remain in stark contrast.

Table 2-15 Median Household Income, 1999 & 2007		
	1999	2007
East Palo Alto	\$45,006	\$49,267
Palo Alto	\$90,377	\$119,046
Menlo Park	\$84,609	\$103,702
San Mateo County	\$70,819	\$81,573
California	\$47,493	\$58,361

Source: U.S. Census, 2000; American Community Survey, 2005 - 2007; EDAW, 2009.

HOUSEHOLD INCOME LIMITS AND INCOME DISTRIBUTION

The State requires each jurisdiction to address its housing needs by the following HUD-established income categories:

- Extremely Low-income: annual household incomes of 30 percent or less of Area Median Income (AMI)
- Very Low-income: annual household incomes of 31-50 percent or lower of AMI
- Low-income: annual household incomes 51-80 percent of AMI
- Moderate-income: annual household incomes 81-120 percent of AMI

- Above Moderate-income: annual household incomes above 120 percent of AMI

Housing policies use these categories (adjusted for household size) to set income limits or to qualify certain segments of the population for housing subsidies. They are also used to allocate housing need to local jurisdictions as part of the housing element update process.

Table 2-16 displays the 2007 household income distribution for the City of East Palo Alto and San Mateo County consistent with HUD income categories. The City has a high proportion of extremely low-, very low-, and low-income households, especially as compared to its surroundings, with approximately 79 percent of its household incomes defined as low-income (51 percent 80 percent of AMI) or below. In contrast, 13 percent of East Palo Alto households have incomes above \$114,000 compared to 35 percent of San Mateo County households overall.

Table 2-16 Household Income Distribution by Income Category, 2008 Estimates

Income Group	Percent of Area Median Income	HUD Income Threshold (4 - Person Household)	<u>Percentage of Households by Approximate Income Threshold</u>	
			East Palo Alto	San Mateo County
Extremely Low	<30%	\$33,950	32.0%	18.4%
Very Low	31-50%	\$56,550	24.1%	15.1%
Low	51-80%	\$90,500	22.9%	21.0%
Moderate	81-120%	\$114,000	7.8%	10.3%
Above	120%+	Above \$114,000	13.2%	35.2%

Income limits are 2008 HCD Income Limits but income distribution are based on 2007 ACS data. The estimates do not adjust for household size and assume income distribution has remained constant since 2007.

Source: ACS, 2005–2007; HCD Income Limits, 2008; EDAW, 2008.

East Palo Alto also has a high percentage of people with incomes below the poverty level. Data on poverty status from the 2005–2007 ACS estimates that 27 percent of East Palo Alto residents and 14 percent of families were below the poverty level in the prior twelve months, contrasted with seven percent of San Mateo County residents and four percent of its families. As discussed later in this section, these households will likely have difficulty finding decent and affordable housing within East Palo Alto and San Mateo County.

2.4 SPECIAL NEEDS GROUPS

In order to accurately determine a jurisdiction's housing needs, special needs groups must be taken into consideration, particularly due to their greater difficulty in finding decent and affordable housing. Special need populations also have unique housing needs beyond affordability; for example, disabled persons often require accessible ground floor units, and seniors sometimes need on-site care. Homeless persons often need transitional housing and drug and alcohol treatment services before placement in more stable permanent housing.

State Housing Element Law defines “special needs” groups to include the following: senior households, female-headed households, large households, disabled persons, homeless persons, and agricultural workers. Table 2-17 displays the percentage of total East Palo Alto and San Mateo County residents that fall within each special needs group. The City of East Palo Alto has also identified at-risk youth leaving foster care, veterans, and the formerly incarcerated as special needs groups within their community. This section describes the housing needs of each of these groups in the city.

Table 2-17 State - identified Special Needs Groups, 2007

Special Needs Groups	<i>East Palo Alto</i> Percent of Total	<i>San Mateo County</i> Percent of Total
Seniors (65 years and older)	7%	13%
Female Householders	23%	10%
Large Households (5+ person)	38%	15%
Disabled	6%	11%
Homeless Persons	0.8%	0.3%
Farm Workers	0.8%	0.7%
Formerly Incarcerated	0.4%	0.2%

SENIORS

The special needs of senior households are primarily due to three concerns: fixed incomes, higher health care costs, and the likelihood to have some form of a disability. According to the 2005–2007 ACS, seven percent of East Palo Alto residents are seniors (65 years of age or older). This percentage

is significantly lower than the surrounding communities; 15 percent of Menlo Park and Palo Alto's populations are seniors and 13 percent of San Mateo County residents.

Special concerns and characteristics of seniors need to be considered during project review, such as:

- Less mobility than younger age groups; accessibility should be prioritized.
- Prefer to be autonomous and maintain independent lifestyles but need convenient and accessible services, including shopping and health care facilities, social service and activity centers, and public transportation to support this lifestyle choice.
- Often on fixed incomes, requiring stable housing arrangements without the risk of significant increases in rent.
- More concerned about physical and psychological security than younger age groups.

The City currently has several programs that assist seniors. The East Palo Alto Senior Center provides daily lunches, exercise programs, transportation to appointments and outings, preventative medical services, educational services, and social events. The City also has a senior transportation program to provide transport to and from the Center Monday through Friday.

Both assisted and independent living facilities for seniors are located in the City of East Palo Alto. Connolly's Residential Care Home (10 residents), Finley's Adult Residential Care Facility (10 residents), and University Guest Home (six residents) are all assisted and Alzheimer living facilities; they have staff trained at handling dementia behaviors and provide meals, transportation, and laundry services but are not licensed to solely serve seniors. The University Guest Home only serves veterans. Wright Place (six residents) and Penisoni Care Home (eight residents) are also assisted living facilities and only serve seniors. Runnymede Gardens is a senior rental housing development that consists of 73 one-bedroom units; it is income-restricted, serving seniors with incomes up to 50 percent of AMI (very low-income).

HUD reports on senior household needs based on 2000 U.S. Census data through the State of Cities Database System (Table 2-18). Accordingly, 310 senior households had incomes of 30 percent of AMI or less (extremely low-income), and 91 had incomes between 31-50 percent of AMI (very low-income). Approximately 47 percent of seniors are cost burdened, spending more than 30 percent of their income on housing. Senior households of significant need were senior renter households, where 39 percent spent more than 50 percent of their gross monthly income on housing, defined as severely cost burdened. These senior households are most at risk of homelessness and often have to make

tough decisions on whether to pay their rent or pay for medical care. Senior owner households were less likely to be in the same position with approximately 23 percent severely cost burdened in 2000.¹

Table 2-18 Senior Housing Problems by Income Classification and Household Type for East Palo Alto, 2000		
	<i>Elderly Renters</i>	<i>Elderly Owners</i>
	<i>(1 & 2 members HHs)</i>	<i>(1 & 2 members HHs)</i>
<=30% Median Family Income (MFI)	159	151
<i>% with any housing problems</i>	69%	54%
<i>% Cost Burden >30%</i>	69%	54%
<i>% Cost Burden >50%</i>	54%	35%
>30% to <=50% MFI	30	61
<i>% with any housing problems</i>	67%	36%
<i>% Cost Burden >30%</i>	67%	30%
<i>% Cost Burden >50%</i>	0%	23%
>50 to <=80% MFI	55	98
<i>% with any housing problems</i>	46%	45%
<i>% Cost Burden >30%</i>	46%	45%
<i>% Cost Burden >50%</i>	18%	31%
>80% MFI	0	115
<i>% with any housing problems</i>	N/A	13%
<i>% Cost Burden >30%</i>	N/A	13%
<i>% Cost Burden >50%</i>	N/A	0%
Total HHs	244	425
Total % with housing problems	64%	38%
Total % Cost Burden >30	64%	37%
Total % Cost Burden >50	39%	23%

Sources: HUD State of Cities Database System, 2000; EDAW, 2009.

¹ 2000 is the most recent year data is available.

FEMALE-HEADED HOUSEHOLDS

Single parent households with children, and in particular female-headed households with children, need special consideration and assistance to accommodate their housing needs. Female-headed households with children are significantly more likely to be in poverty than households in general and often require affordable housing, accessible day care, health care, and other support services to alleviate their economic condition and improve their likelihood of upward mobility.

Based on 2005–2007 ACS data, there were 753 single male-headed households and 1,548 female-headed households in East Palo Alto, accounting for over 11 percent and 23 percent, respectively, of all households. The City has significantly more female-headed households than the communities surrounding it; Menlo Park and Palo Alto's female headed households are eight percent and seven percent, respectively. Ten percent of households in San Mateo County are headed by females.

Female-headed households with children (reported at 674 households, 10 percent of all households in East Palo Alto in 2007) are a particularly vulnerable group, as women are often paid less than men and must balance the needs of their children with work responsibilities. Data on the poverty status of female-headed households was not available through the 2005–2007 ACS; however, the 2000 U.S. Census reports that 24 percent of female-headed households with children under 18 lived in poverty, while 32 percent of female-headed households with children under age five live in poverty in East Palo Alto. These percentages are strikingly higher than those of San Mateo County, where 13 percent of female-headed households with children under 18 and 15 percent with children under age five lived in poverty.

LARGE HOUSEHOLDS

Large households, defined as family households with five or more people, are considered a special needs group because there is typically a limited supply of adequate and appropriately sized housing that is also affordable. Large households on a limited budget may be more at risk of overcrowding, choosing to live in a home smaller than their needs in an effort to save money to pay for other necessities including transportation, food, and clothing. According to the ACS, there were approximately 1,930 large family households in East Palo Alto, approximately 38 percent of all family households in 2007 (Table 2-19). In contrast, the percentages of large family households in Palo Alto (9 percent), Menlo Park (13 percent), and San Mateo County (15 percent) were significantly less.

Table 2-19 Size of Family Households, 2007

<i>Household</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Number</i>	<i>Percent of Total</i>	<i>Number</i>	<i>Percent of Total</i>	<i>Number</i>	<i>Percent of Total</i>	<i>Number</i>	<i>Percent of Total</i>
1–2 Person Family Households	968	19.1%	6,724	42.0%	3,644	49.5%	67,599	39.4%
3–4 Person Family Households	2,172	42.8%	7,772	48.6%	2,783	37.8%	78,204	45.6%
5+ Person Family Household	1,934	38.1%	1,510	9.4%	935	12.7%	25,761	15.0%
Total Family Households	5,074	100.0%	16,006	100.0%	7,362	100.0%	171,564	100.0%

Source: ACS, 2005 - 2007; EDAW, 2009.

A 2007 HUD report, *Measuring Overcrowding in Housing*, states that public housing authorities typically consider a home with more than two people per bedroom overcrowded. Therefore, a large household generally requires a home with at least three bedrooms. In 2007, approximately 54 percent of East Palo Alto's total housing units (both owned and rented) had three or more bedrooms (Table 2-20). As a smaller percentage of households in East Palo Alto are large family households, this might indicate that large families will not have difficulty finding an appropriately sized unit in the city. However, a large unit does not necessarily house a large family. Furthermore, single-family homes offered for rent can be sold and removed from the rental market by the new owner. As single-family homes typically have more bedrooms than apartment units and other multi-family housing options, the supply of large rental units is not stable and has the potential to be less than the current 26 percent of all rental units.

HCD defines overcrowding as more than 1.01 occupants per room and severe overcrowding as more than 1.51 occupants per room. An analysis of overcrowding within East Palo Alto using this definition is discussed later in this chapter (see pages 2-54 and 2-54).

Table 2-20 Bedroom Mix by Tenure, 2007

<i>Bedrooms</i>	<i>East Palo Alto</i>				<i>San Mateo County</i>			
	<i>Owned Units</i>	<i>Rental Units</i>	<i>Total Units by Bedroom</i>	<i>Percent of Total</i>	<i>Owned Units</i>	<i>Rental Units</i>	<i>Total Units by Bedroom</i>	<i>Percent of Total</i>
1 or less	71	1,771	1,842	27.7%	7,239	39,253	46,492	18.4%
2	560	668	1,228	18.5%	31,416	34,751	66,167	26.2%
3	1,910	614	2,524	38.0%	74,442	15,505	89,947	35.6%
4+	811	243	1,054	15.9%	45,901	4,141	50,042	19.8%
Total	3,352	3,296	6,648	100.0%	158,998	93,650	252,648	100.0%

Source: ACS, 2007; EDAW, 2009.

Large families also have an increased risk of becoming cost burdened by housing. Housing cost burden is defined as a household paying more than 30 percent of their gross monthly income towards housing. Cost burden is presented in more detail on pages 2-55 and 2-55. In general, the HUD State of Cities Database System indicates that large families in East Palo Alto are no more cost burdened than other household types. Extremely low-income large families, particularly owner-occupied households, are somewhat more cost burdened than smaller families; however, the majority of families within this income category spend more than 30 percent of their income on housing.

DISABLED PERSONS

Disabled persons may have special housing needs for several reasons, such as living on a fixed income, lack of housing choices that are both affordable and accessible, and higher health care costs. There are five primary types of disability limitations as defined below:

- **Sensory and Physical Limitation:** Difficulty seeing, hearing, or walking (even with glasses and hearing aids)
- **Mental Disability:** Difficulty in learning, remembering, or concentrating
- **Going Outside Home Limitation:** Difficulty going outside the home alone to shop, visit a doctor's office, etc.

- **Employment Limitation:** Difficulty working at a job or a business
- **Self-Care Limitation:** Difficulty dressing, bathing, or getting around inside the home

In 2007, 5.5 percent of the population of East Palo Alto classified themselves as disabled (Table 2-21), a smaller percentage than in Palo Alto, Menlo Park, and San Mateo County. The majority of East Palo Alto's disabled persons are within the 16-64 year old age group, whereas in Palo Alto and Menlo Park, a larger percentage of the disabled population fell within the 65 years and over age category.

Table 2-21 Disabled Persons by Age Group, 2007

<i>Age Group</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Number</i>	<i>Percent of Total Residents</i>	<i>Number</i>	<i>Percent of Total Residents</i>	<i>Number</i>	<i>Percent of Total Residents</i>	<i>Number</i>	<i>Percent of Total Residents</i>
People 5 to 15 years	61	0.3%	322	0.5%	219	0.8%	3,034	0.5%
People 16 to 64 years	806	3.5%	1,586	2.7%	1,216	4.3%	35,305	5.4%
People 65 years and over	396	1.7%	2,700	4.5%	1,452	5.1%	32,454	5.0%
Total Disabilities Tallied	1,263	5.5%	4,608	7.8%	2,887	10.2%	70,793	10.9%

Source: ACS, 2007; EDAW, 2009.

The ACS reports that five percent of East Palo Alto's workforce population (the civilian non-institutionalized population age 16-64) was classified as disabled in 2007 (Table 2-22). Approximately 69 percent of this working age disabled population has disabilities that limit employment. Though a larger percentage of Menlo Park and San Mateo County's workforce population have a disability, a smaller percentage of each city's total disabled population is unable to work. Palo Alto has the smallest percentage of disabled individuals of working age and the smallest percentage of unemployed disabled working age individuals.

Table 2-22 Disabled Population Age 16 to 64 by Workforce Participation, 2006

	<u>East Palo Alto</u>		<u>Palo Alto</u>		<u>Menlo Park</u>		<u>San Mateo County</u>	
	<i>Number</i>	<i>Percent of Total Workforce Population</i>	<i>Number</i>	<i>Percent of Total Workforce Population</i>	<i>Number</i>	<i>Percent of Total Workforce Population</i>	<i>Number</i>	<i>Percent of Total Workforce Population</i>
Disabled Employed	253	1.6%	722	1.8%	477	2.4%	15,256	3.3%
Disabled Unemployed	553	3.4%	864	2.1%	739	3.7%	20,049	4.3%
Total Disabled	806	5.0%	1,586	3.9%	1,216	6.1%	35,305	7.5%

Source: ACS, 2007; EDAW, 2009.

There are a broad range of conditions that are considered disabilities, and housing needs can vary by disability type. Many disabled persons are still able to live at home independently, with friends, or with family members, while others need to reside in a special care facility. In order to maintain an independent lifestyle, a home may need to be modified to increase accessibility.

As shown in Table 2-23, five licensed community care facilities are located within East Palo Alto, providing a supportive environment to persons with special needs in a group situation. The facilities are residential, meaning the individual resides at the facility full-time.

Table 2-23 East Palo Alto Licensed Community Care Facilities, 2009

<i>Type of Facility</i>	<i>Number of Facilities</i>	<i>Combined Capacity</i>
Adult Residential Facility	3	26
Elderly Residential	2	14
Total	5	40

Source: CA Department of Social Services, Community Care Licensing Division, February 2009.

HOMELESS PERSONS

According to the 2007 San Mateo County Homeless Census and Survey prepared by Applied Survey Research, there are 248 sheltered and unsheltered homeless individuals in East Palo Alto (12 percent of San Mateo County's homeless population), of which 222 are considered unsheltered (20 percent of San Mateo's unsheltered homeless population). The sheltered homeless population is, by definition, located where the emergency shelters and transitional housing programs are located. The inclusion of the sheltered homeless skews the data towards those cities that have the most homeless facilities. Therefore, the unsheltered homeless population count is a more accurate reflection of the location of homeless people in each jurisdiction. As shown in Table 2-24, the City of East Palo Alto has the third largest homeless population in the County and the largest number of unsheltered homeless.

Table 2-24 Geographic Breakdown of Homeless Population in San Mateo County, 2007

<i>Cities</i>	<i>Homeless Population (Sheltered & Unsheltered)</i>	<i>Percent of County Homeless Population</i>	<i>Unsheltered Homeless Population</i>	<i>Percent of County Unsheltered Homeless Population</i>	<i>Percentage of Unsheltered Homeless in each location</i>
Daly City	80	3.88%	42	3.84%	53%
East Palo Alto	248	12.02%	222	20.29%	90%
Half Moon Bay	83	4.02%	74	6.76%	89%
Menlo Park	229	11.09%	52	4.75%	23%
Redwood City	487	23.59%	212	19.38%	44%
San Bruno	31	1.50%	31	2.83%	100%
San Mateo	317	15.36%	62	5.67%	20%
South San Francisco	188	9.11%	97	8.87%	52%
Unincorporated	162	7.85%	162	14.81%	100%
Scattered Site Motel Programs	88	4.26%	0	0%	0%
Other Cities	151	7.32%	140	12.8%	93%
San Mateo County	2,064	100%	1,094	100%	53%

Source: San Mateo County Homeless Census and Survey, 2007.

The San Mateo County Homeless Census and Survey does not provide demographic information specific to the homeless in the City of East Palo Alto. However, the survey found that the homeless in

San Mateo County were predominately males between the ages of 21 and 60 years of age. African Americans were disproportionately overrepresented among the homeless population in San Mateo County, as 31 percent of the homeless surveyed were African American while only two percent of San Mateo County's population is African American. Twenty-seven percent of the Homeless Survey respondents reported having served in the U.S. Armed Forces.

The homeless in East Palo Alto are primarily served at the County level and by churches located in the City; Table 2-25 lists the services and facilities assisting East Palo Alto's homeless. In late March 2009, the first homeless shelter opened in East Palo Alto. The Lord's Gym Community Center, an athletic facility for East Palo Alto's at-risk youth during the day, also functions as a warming shelter for 30 homeless individuals in the case of inclement weather.

Table 2-25 Homeless Facilities and Services in San Mateo County, 2009

<i>Organization</i>	<i>Services Provided</i>
Bread of Life Evangelistic Outreach	Provides food for the homeless once a week, as well as clothing. In special situations, provides emergency housing at the EuroPacific Hotel in Redwood City. They make referrals to Palm Avenue Detox, as well as Maple Street and Clare Mateo shelters. (East Palo Alto)
Ecumenical Hunger Program	Referral services to shelters and services, providing food, clothing, and blankets. For individuals who find temporary shelter, provides furniture. (East Palo Alto)
El Concilio of San Mateo County	Provides referral services for medical, dental, mental health, shelter, and food.
Free at Last	Drop-in center with help for substance abuse and referrals to residential programs and treatment.
Ravenswood Family Health Center	Contracts with San Mateo Medical Center's Homeless Health Care Program to provide health care services at no cost to those who qualify as homeless. This includes men and women in recovery and living in transitional housing, shelters, cars, "couch surfing," and temporary makeshift housing. This organization also provides primary medical care, behavioral health assessment and short-term counseling, screenings, health education, and referrals for specialty care. (East Palo Alto)
St. Francis, St. Vincent de Paul	St. Vincent de Paul (SVdP) offers hot meals every Monday evening. The SVdP food closet is also available for pick-up of small amounts of food, and limited rent help is available for permanent housing. (East Palo Alto)
Lord's Gym Community Center	This athletic facility serves as a homeless shelter for up to 30 people during rainy and/or cold weather. (East Palo Alto)

Source: City of East Palo Alto, 2009.

FARM LABOR

Although agriculture was once a dominant industry in East Palo Alto, however, the U.S. Census LED Origin - Destination Database estimates only 62 East Palo Alto residents (0.8 percent of all residents) worked in the Agriculture, Forestry, Fishing and Hunting industry sector in 2006. Due to the small number of agricultural workers in East Palo Alto, the housing needs of this group can be accommodated within the existing affordable housing in the City.

AT-RISK YOUTH

At-risk youth leaving foster care are considered a special needs group by East Palo Alto. Housing options for youth (up to 18 years of age) leaving the foster care system are limited, as many may not be financially ready or able to live independently. There is one facility, East Palo Alto Teen Home, within the city that serves as a home for youth 16.5 to 18 years who have come from juvenile hall, child protective services, or social services. The East Palo Alto Teen Home is comprised of two buildings, one for males and one for females. Approximately six youth live in each building with seven staff members. Funding for East Palo Alto Teen Home is provided by the County and the State. A second at-risk youth facility in East Palo Alto has been approved but not yet built. Located at 855 Runnymede Street, this facility will contain 12 efficiency residential apartments for transitional youth.

VETERANS

Veterans have special housing needs because many require medical attention and have lower incomes. According to the 2005–2007 ACS, East Palo Alto was home to 462 veterans in 2007 (three percent of the civilian population age 18 and older). This is a significant decline from 2000, when the city was home to 947 veterans (5 percent of the civilian population age 18 and older). The County's percentage of veterans was 9 percent of the civilian population age 18 and older in 2000 and 7 percent in 2007. The University Guest Home in East Palo Alto has six beds for senior veterans with disabilities.

FORMERLY INCARCERATED

East Palo Alto has a slightly higher concentration of formerly incarcerated individuals than San Mateo County. According to the City of East Palo Alto Police Department and the California Department of Corrections and Rehabilitation (CDCR), there are 140 parolees (formerly incarcerated individuals)

residing in East Palo Alto (0.4 percent of East Palo Alto's population) and 1,171 parolees living in San Mateo County (0.2 percent of San Mateo County's population). 211 Wisteria and 2032 Euclid are used as transitional housing for parolees in the City.

There are a number of services for parolees within East Palo Alto. The Community Based Coalition (CBC) program provides housing and supportive services to parolees at increased risk of violating their parole and/or returning to custody. The CBC program is a both voluntary and mandatory remedial sanction program that addresses those areas of need that will enable the parolee to become a self-supporting member of the community. Services are intended to address criminality, substance abuse, and employability issues, while assisting with family reunification. The CBC is also currently implementing a pilot parolee work program in partnership with the CDCR and the California Department of Transportation (CalTrans). As part of this new initiative, CDCR will increase the City's funding in order to provide jobs to 20 parolees and two supervisors to clean-up trash on state highways.

2.5 HOUSING STOCK CHARACTERISTICS

Ideally, a city's housing stock should align with the needs of its population, should supply both small and large units, and should offer housing affordable to its workforce and special needs populations. Market and political realities often result in much different housing supply outcomes that do not meet the needs of the local population. This section describes housing stock characteristics in East Palo Alto, Palo Alto, Menlo Park and San Mateo County.

HOUSING STOCK

DOF defines multi-family housing as structures containing two or more dwelling units. As shown in Table 2-26, the City of East Palo Alto has a greater percentage of multi-family units (42 percent) and a lower percentage of single-family units (56 percent) than Palo Alto (40 percent multi-family; 59 percent single-family), Menlo Park (39 percent multi-family; 61 percent single-family), and San Mateo County (33 percent multi-family; 66 percent single-family). Additionally, mobile homes account for two percent of East Palo Alto's housing stock, approximately 65 percent more than the County's proportion and 70 percent and 98 percent more than the respective proportions in Palo Alto and Menlo Park.

Table 2-26 Housing Type, 2008

<i>Housing Type¹</i>	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Units</i>	<i>Percent of Total</i>	<i>Units</i>	<i>Percent of Total</i>	<i>Units</i>	<i>Percent of Total</i>	<i>Units</i>	<i>Percent of Total</i>
Single Family								
Detached	3,977	51%	15,636	56%	6,915	54%	153,583	57%
Attached	342	4%	980	4%	930	7%	22,937	9%
Single Family Total	4,319	56%	16,616	59%	7,845	61%	176,520	66%
Multifamily								
2 – 4 Units	360	5%	1,760	6%	1,574	12%	18,575	7%
5+ Units	2,937	38%	9,398	34%	3,366	26%	69,607	26%
Multifamily Total	3,297	42%	11,158	40%	4,940	39%	88,182	33%
Mobile Homes	159	2.0%	164	0.6%	5	0.04%	3,599	1.3%
Total	7,775	100%	27,938	100%	12,790	100%	268,301	100%
Vacancy Rate²	1.04%		3.20%		1.96%		1.88%	

Notes:

¹Housing Type Definitions:

Single-Family Detached: 1-unit structure detached from any other house, with open space on all four sides.

Single-Family Attached: 1-unit structure that has one or more walls extending from ground to roof separating it from adjoining structures.

Multi-family: structures containing 2 or more housing units.

Mobile homes: a dwelling that sits on wheels and may be moved.

² DOF estimates include owner - occupied supply, which has a lower vacancy rate compared to the rental housing supply.

Source: DOF, 2008; EDAW, 2009.

TENURE AND OCCUPANCY

In 2007, East Palo Alto had approximately the same number of owner-occupied housing units as renter-occupied housing units (Table 2-27). This is in contrast to Palo Alto, Menlo Park, and San Mateo County, where the percentage of owner-occupied units exceeded that of renter-occupied units by 20 percent or more. According to the DOF, the overall housing vacancy rate in East Palo Alto was 1.04 percent in 2008. The County's vacancy rate was slightly higher at 1.88 percent.

Table 2-27 Ownership Type by Occupied Housing Units, 2007

	<u>East Palo Alto</u>		<u>Palo Alto</u>		<u>Menlo Park</u>		<u>San Mateo County</u>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Owner - Occupied	3,352	50%	15,326	60%	7,603	64%	158,998	63%
Renter - Occupied	3,296	50%	10,160	40%	4,305	36%	93,650	37%
Occupied Housing Units	6,648	100%	25,486	100%	11,908	100%	252,648	100%

Source: ACS, 2007; EDAW, 2009.

Vacancy data by use is not available for East Palo Alto in the 2005–2007 ACS. As shown in Table 2-28, East Palo Alto's vacancy rate (1.7 percent) was lower than San Mateo County's (2.5 percent) in 2000. Approximately 45 percent of East Palo Alto's vacant units were for rent in 2000, while 30 percent of San Mateo County's vacant units were for rent and 30 percent were reserved for seasonal, recreational, or occasional use.

Table 2-28 Occupancy and Vacancy Status, 2000

<i>Status</i>	<i>East Palo Alto</i>		<i>San Mateo County</i>	
	<i>Estimate</i>	<i>Percent of Total</i>	<i>Estimate</i>	<i>Percent of Total</i>
Vacant	121	1.7%	6,473	2.5%
<i>For rent</i>	54	0.8%	1,953	0.7%
<i>For sale only</i>	4	0.1%	1,158	0.4%
<i>Rented or sold, not occupied</i>	25	0.4%	690	0.3%
<i>For seasonal, recreational, or occasional use</i>	24	0.3%	1,996	0.8%
<i>Other vacant</i>	14	0.2%	676	0.3%
Occupied	6,938	98.3%	245,103	97.5%
Total	7,059	100.0%	260,576	100.0%

Source: U.S. Census, 2000; EDAW, 2009.

HOUSING GROWTH

According to DOF data, approximately 7,700 new housing units were built in San Mateo County from 2000 to 2008 (see Table 2-29 and Table 2-30). Approximately nine percent of these units (684 units) were built in East Palo Alto, averaging approximately 86 new homes per year. East Palo Alto's growth is evenly split between single family (48 percent) and multi-family (52 percent) housing units. The majority of new units built in both East Palo Alto and Palo Alto are multi-family, growing at an average annual growth rate of 1.44 percent and 1.92 percent, respectively. Menlo Park built only single family units (no multi-family units), accounting for approximately one percent of all new units in San Mateo County. Overall, the average annual growth rate was highest in East Palo Alto (1.16 percent), with San Mateo County (0.37 percent), Palo Alto (0.88 percent) and Menlo Park (0.07 percent) all growing at a slower pace.

Table 2-29 Estimated Housing Growth, 2000-2008

	<u>East Palo Alto</u>			<u>San Mateo County</u>		
	<i>New Units</i>	<i>Percent</i>	<i>Average Annual Growth</i>	<i>New Units</i>	<i>Percent</i>	<i>Average Annual Growth</i>
Single Family ¹	327	47.81%	0.99%	3,532	45.73%	0.25%
Multi-family	357	52.19%	1.44%	4,076	52.78%	0.59%
Mobile Homes	-	-	-	115	1.49%	0.41%
Total	684	100.0%	1.16%	7,723	100.0%	0.37%
Percent of County		8.86%			100.0%	

¹ Single family includes both detached and attached units.

Source: DOF, 2008; EDAW, 2009.

Table 2-30 Estimated Housing Growth, 2000-2008

	<u>Menlo Park</u>			<u>Palo Alto</u>		
	<i>New Units</i>	<i>Percent</i>	<i>Average Annual Growth</i>	<i>New Units</i>	<i>Percent</i>	<i>Average Annual Growth</i>
Single Family ¹	76	100.00%	0.12%	318	16.83%	0.24%
Multi-family	0	-	-	1,572	83.17%	1.92%
Mobile Homes	-	-	-	-	-	-
Total	76	100.0%	0.07%	1,890	100.0%	0.88%
Percent of County		0.98%			-	

¹ Single family includes both detached and attached units.

Source: DOF, 2008; EDAW, 2009.

HOUSING AGE AND HOUSING REHABILITATION

Housing age is often an indicator of housing conditions in a given community; as units age, they require maintenance and modernization. Without proper maintenance, homes will deteriorate and, in certain cases, negatively impact the values of surrounding properties. A general rule of thumb in the housing industry is that structures older than 30 years begin to show signs of deterioration and require reinvestment to maintain the quality. Homes older than 50 years require major renovations to keep the home in good working order unless they have been properly maintained. Furthermore, older homes are generally less energy efficient than new homes if not modernized.

As of 2007, approximately 52 percent of the housing stock in East Palo Alto was built before 1960 (now at least 50 years of age) and 81 percent built before 1980 (now at least 30 years of age). This indicates that a significant portion of East Palo Alto's housing units may be in need of rehabilitation. San Mateo County's housing stock is slightly younger than East Palo Alto's, with approximately 80 percent of its housing stock built before 1980 and 46 percent built before 1960. Table 2-31 summarizes the distribution of housing by the year built for East Palo Alto and San Mateo County.

Owner-occupied and renter-occupied housing construction has varied through housing booms. The 1950s were productive years for the construction of owner-occupied housing in East Palo Alto. This decade also produced a large number of renter-occupied housing units; however, the production of rental units in East Palo Alto peaked in the 1960s. In general, East Palo Alto's owner-occupied housing is older than its renter-occupied housing; approximately 66 percent of owner-occupied housing in East Palo Alto was built prior to 1960 while only 37 percent of rental housing was built before this date.

According to the San Mateo County Planning and Building Division, 1,349 housing units (18 percent of the East Palo Alto housing stock) were in need of rehabilitation in East Palo Alto in 2002. Assuming a similar percentage today, approximately 1,370 units are in need of rehabilitation in the city in 2009.

Table 2-31 Housing Units by Tenure and Age, 2007				
	<i>East Palo Alto</i>		<i>San Mateo County</i>	
	<i>Owner</i>	<i>Renter</i>	<i>Owner</i>	<i>Renter</i>
2005 or later	43	0	845	4,930
2000 to 2004	297	273	4,195	2,706
1990 to 1999	144	223	8,799	4,930
1980 to 1989	102	155	14,007	10,054
1970 to 1979	301	547	24,225	18,715
1960 to 1969	255	871	23,891	21,080
1950 to 1959	1,455	783	44,810	20,640
1940 to 1949	356	351	21,273	8,904
1939 or earlier	399	93	16,953	6,299
Total	3,352	3,296	158,998	98,258

Source: ACS, 2007; EDAW, 2009.

2.6 HOUSING AND DEMOGRAPHIC ANALYSIS BY CENSUS TRACT

Examining a number of demographic and housing characteristics by Census Tract or Census Tract Block Group within East Palo Alto reveals distinct differences within of the city; Map 2-1 presents the U.S. Census Tracts and Block Groups examined. Based on 2000 U.S. Census data, Census Tract Block Group 2, on the western edge of the city (on the west side of US – 101), had a significantly higher percentage of college educated residents than the rest of the city (Table 2-32). This area also had the lowest median household income but, due to its smaller average household size, the highest per capita income. In addition, Census Tract 6121, Block Group 2, had a distinctly higher percentage of renter-occupied households than the rest of the city (91 percent, Map 2-2). Given the high levels of educational attainment, the low median household income of residents within the age group, and this block group's close proximity to Palo Alto, it is likely that a large portion of residents within this block group in 2000 were Stanford University students.

Census Tract 6118, Block Group 1, located in the upper northeast section of the city, appears to have had the greatest financial difficulty in 2000. This area had the lowest per capita income, the highest percentage of households paying more than 30 percent of their income on rent, and the largest average household size. As expected, given that education attainment and income are highly correlated, this block group also had the fewest residents with a college degree. Interestingly, Census Tract 6118 Block Group 1 greatly contrasts with the neighboring area, Block Group 2, which had the second highest percentage of college educated residents and the highest median household income in the city.



Map 2-1: East Palo Alto Census Tracts and Selective Block Groups

Table 2-32 East Palo Alto Demographic and Household Characteristics by Census Geography, 2000

<i>Category</i>	<i>Census Geography</i>					
	<i>Tract 6119</i>	<i>Tract 6120</i>	<i>Tract 6118 Block Group 1</i>	<i>Tract 6118 Block Group 2</i>	<i>Tract 6121 Block Group 2</i>	<i>East Palo Alto</i>
Population	8,847	7,955	2,353	2,405	7,946	29,450
Percent College Educated ¹	8.6%	6.9%	6.0%	9.9%	18.0%	10.6%
Median Household Income (1999\$)	\$51,302	\$54,605	\$52,386	\$55,833	\$36,043	\$45,006
Percent spending more than 30% of household income on rent (households)	43%	39%	62%	40%	45%	44%
Per capita income in 1999	\$14,585	\$12,376	\$9,635	\$13,488	\$15,678	\$13,774
Average Household Size (persons)	4.51	5.09	5.48	4.89	3.09	4.22
Percent Renter Occupied	36%	43%	29%	28%	91%	57%
Percent Vacant Units	1.8%	1.8%	0.9%	1.4%	1.6%	1.7%

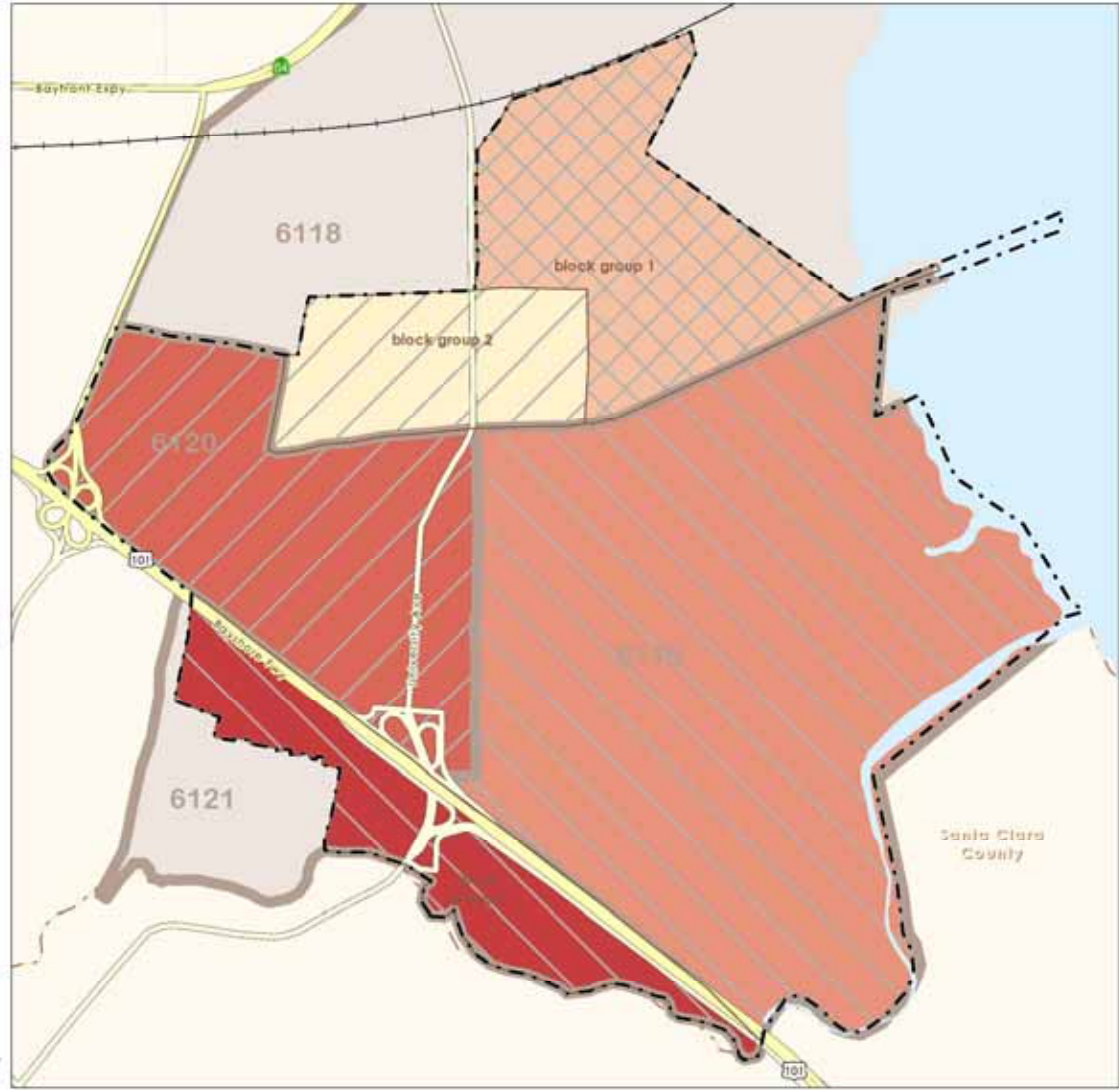
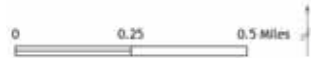
¹Excludes Associate Degree and partial post - high school higher education, per U.S. Census categories.

Source: U.S. Census, 2000; EDAW, 2009.

Demographic & Household Characteristics

- By Census Geography
- Percent More Than 30% of Household Income on Rent
- 39 - 40%
 - 43 - 45%
 - 62%
- Percent Renter Occupied
- 28%
 - 29%
 - 36%
 - 43%
 - 91%
- Data Not Collected
- East Palo Alto City Limits

Source: U.S. Census, 2000; EDAP, 2009.



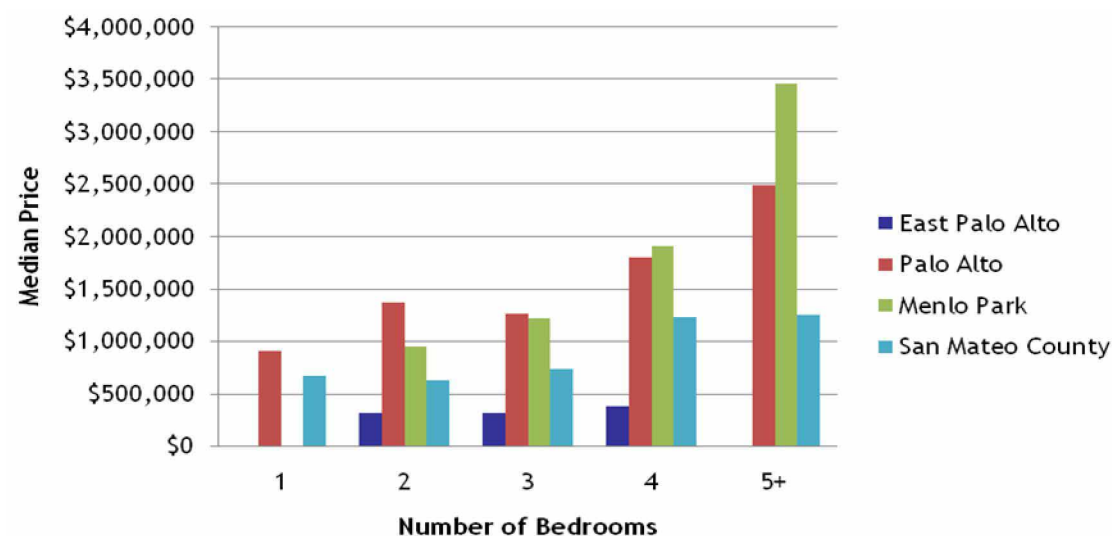
Map 2-2: Demographic and Household Characteristics of East Palo Alto Census Tracts and Selective Block Groups

The cost of housing relative to the income of residents in a given area serves as an indicator of the extent of housing problems in a given community. For example, if housing costs are high relative to median household income, there tends to be a higher prevalence of excessive cost burden and overcrowding. This section summarizes the costs and affordability of the housing stock to East Palo Alto residents.

Owner-occupied housing prices have shifted dramatically over the last year and have increased affordability among low-income households. At the same time, creditors are much more hesitant to provide financing to lower-income households without a substantial down payment and good credit history. Thus, while home prices have dropped, many homes will remain unattainable to lower income households.

HOME SALES TRENDS

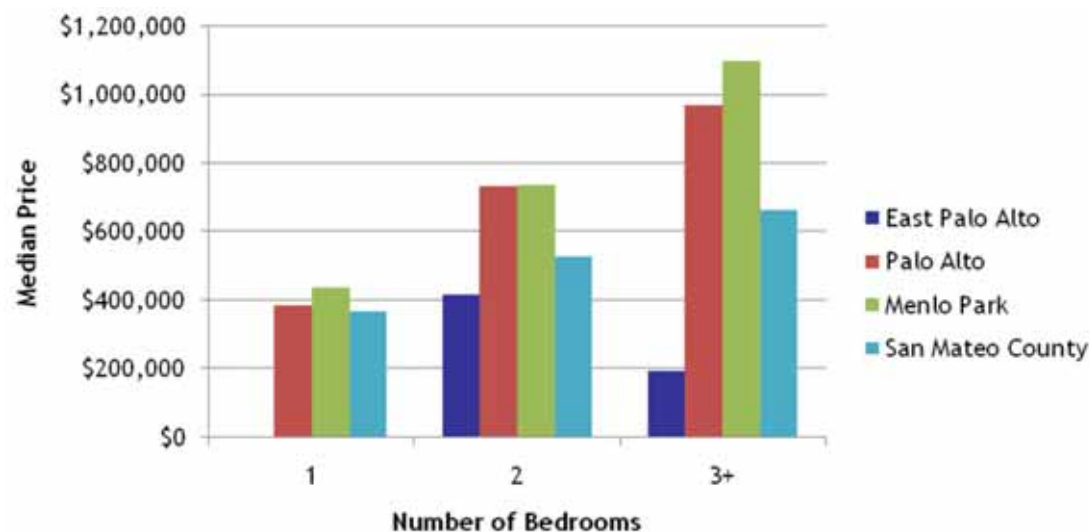
Chart 2 - 1: Median Single Family Home Prices, June to December 2008.



Source: RealQuest, 2009; EDAW, 2009.

Chart 2-1, as well as Table 2-33 through Table 2-36, compares single-family home sales in East Palo Alto, Palo Alto, and Menlo Park, as well as San Mateo County for June–December 2008. The median price for homes sold within East Palo Alto containing two, three, and four bedrooms was \$315,000, \$316,500, and \$379,900, respectively. The median price for all homes sold during this period in the city was \$317,500. By comparison, the median price for all homes sold in San Mateo County was \$775,000, more than double that in East Palo Alto. However, the median price per square foot in East Palo Alto (\$496) was similar to that of San Mateo County (\$526), indicating that East Palo homes are smaller than those in the County. Median home prices per square foot in Menlo Park and Palo Alto were considerably higher at \$779 and \$927, respectively.

Chart 2 - 2: Median Condominium Sales Prices, June-December 2008.



Source: RealQuest, 2009; EDAW, 2009.

As shown in Chart 2-2, similar sales data was obtained for condominiums from June–December 2008, but there were only two transactions for condominiums in East Palo Alto during this time period. This is an indication of both limited supply and slow sales among condominiums in East Palo Alto. The median price for condominiums in San Mateo County containing two and three bedrooms was \$528,750 and \$665,000, respectively. The median price for all condominiums sold in San Mateo

County was \$528,750, approximately 29 percent, 22 percent, and 72 percent more than prices in Palo Alto, Menlo Park, and East Palo Alto, respectively.

Table 2-33 City of East Palo Alto Home Sale Prices, July to December 2008						
<i>Bedrooms</i>	<i>Sales</i>	<i>Median Price</i>	<i>Price/Sq. Ft.</i>	<i>Average Price</i>	<i>Price/Sq. Ft.</i>	<i>Price Range</i>
<i>Homes</i>						
1	-	-	-	-	-	- to -
2	3	\$315,000	\$344	\$313,333	\$354	\$305,000 to \$320,000
3	24	\$316,500	\$273	\$347,229	\$291	\$200,000 to \$840,000
4	3	\$379,000	\$215	\$453,000	\$219	\$290,000 to \$690,000
5 +	-	-	-	-	-	- to -
Total Homes	30	\$317,500	\$496	\$354,417	\$534	\$200,000 to \$840,000
<i>Condominiums</i>						
1	-	-	-	-	-	- to -
2	1	\$419,000	\$277	\$419,000	\$277	\$419,000 to \$419,000
3+	1	\$195,000	\$178	\$195,000	\$178	\$195,000 to \$195,000
Total Condos	2	\$307,000	\$228	\$307,000	\$228	\$195,000 to \$419,000

Source: RealQuest, 2009; EDAW, 2009.

Table 2-34 San Mateo County, June-December 2008							
Bedrooms	Sales	Median Price	Price/Sq. Ft.	Average Price	Price/Sq. Ft.	Price Range	
Homes							
1	8	\$668,500	\$795	\$1,512,500	\$1,859	\$350,000	to \$4,960,000
2	165	\$621,500	\$547	\$761,146	\$630	\$220,000	to \$10,210,000
3	434	\$729,000	\$521	\$901,457	\$549	\$150,000	to \$12,000,000
4	167	\$1,225,000	\$512	\$1,494,299	\$591	\$290,000	to \$7,600,000
5 +	29	\$1,252,000	\$537	\$1,831,534	\$541	\$578,500	to \$8,000,000
Homes Total	803	\$775,000	\$526	\$1,035,597	\$587	\$150,000	to \$12,000,000
Condominiums							
1	28	\$369,000	\$478	\$366,071	\$465	\$196,500	to \$585,000
2	72	\$528,750	\$450	\$562,438	\$476	\$297,000	to \$1,300,000
3 +	39	\$665,000	\$389	\$719,488	\$412	\$195,000	to \$1,650,000
Condos Total	139	\$528,750	\$438	\$568,036	\$455	\$195,000	to \$1,650,000

Source: RealQuest, 2009; EDAW, 2009.

Table 2-35 Menlo Park, June-December 2008							
<i>Bedrooms</i>	<i>Sales</i>	<i>Median Price</i>	<i>Price/Sq. Ft.</i>	<i>Average Price</i>	<i>Price/Sq. Ft.</i>	<i>Price Range</i>	
<i>Homes</i>							
1	-	-	-	-	-	-	to -
2	14	\$952,500	\$876	\$1,061,357	\$913	\$390,000	to \$1,930,000
3	39	\$1,220,000	\$780	\$1,399,485	\$760	\$329,000	to \$5,450,000
4	14	\$1,905,000	\$685	\$2,019,179	\$746	\$710,000	to \$4,600,000
5 +	2	\$3,462,500	\$499	\$3,462,500	\$530	\$2,925,000	to \$4,000,000
Homes Total	69	\$1,259,000	\$779	\$1,516,412	\$790	\$1,259,000	to \$1,259,000
<i>Condominiums</i>							
1	2	\$437,500	\$584	\$437,500	\$584	\$425,000	to \$450,000
2	8	\$737,750	\$592	\$786,313	\$653	\$520,000	to \$1,300,000
3 +	4	\$1,100,000	\$604	\$1,081,250	\$604	\$925,000	to \$1,200,000
Condos Total	14	\$854,500	\$593	\$820,750	\$629	\$425,000	to \$1,300,000

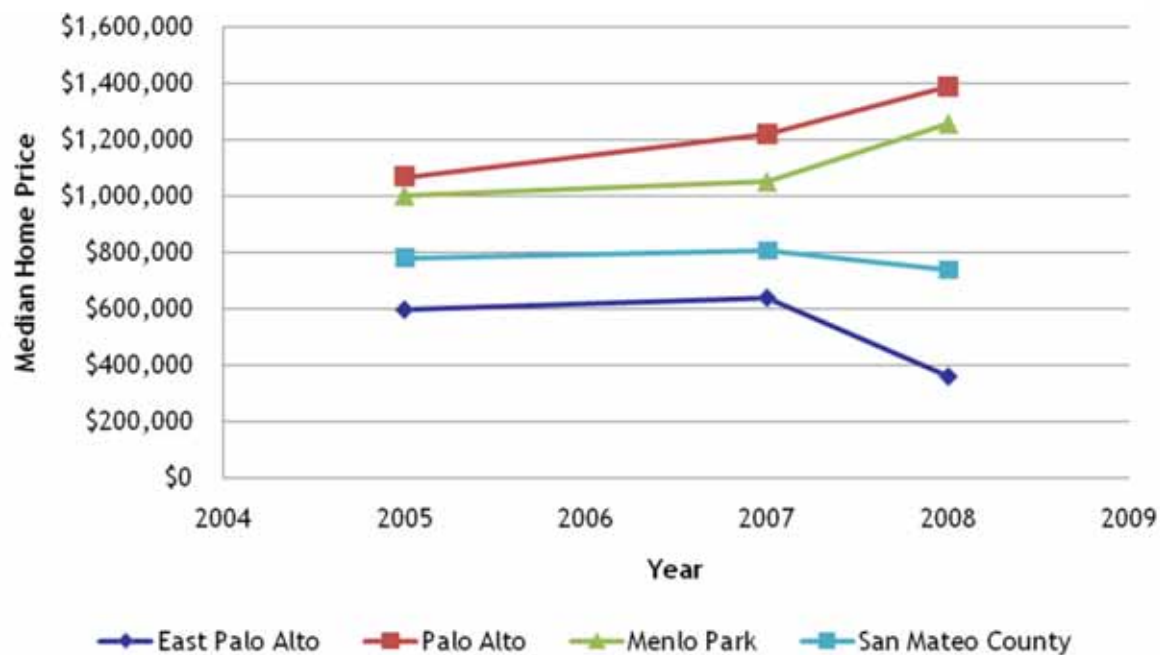
Source: RealQuest, 2009; EDAW, 2009.

Table 2-36 Palo Alto, June-December 2008							
<i>Bedrooms</i>	<i>Sales</i>	<i>Median Price</i>	<i>Price/Sq. Ft.</i>	<i>Average Price</i>	<i>Price/Sq. Ft.</i>	<i>Price Range</i>	
<i>Homes</i>							
1	3	\$910,000	\$1,449	\$981,667	\$1,298	\$675,000	to \$1,360,000
2	32	\$1,365,000	\$1,115	\$1,402,888	\$1,184	\$353,000	to \$3,900,000
3	79	\$1,260,000	\$929	\$1,395,247	\$956	\$417,000	to \$3,725,000
4	59	\$1,800,000	\$857	\$2,133,119	\$952	\$1,071,000	to \$8,200,000
5 +	22	\$2,494,500	\$839	\$2,720,818	\$921	\$1,245,000	to \$6,700,000
Homes Total	195	\$1,515,000	\$927	\$1,762,943	\$993	\$353,000	to \$8,200,000
<i>Condominiums</i>							
1	7	\$385,000	\$561	\$399,357	\$523	\$130,500	to \$560,000
2	32	\$735,000	\$569	\$814,188	\$619	\$242,500	to \$1,600,000
3 +	19	\$971,500	\$614	\$992,842	\$603	\$180,500	to \$1,800,000
Condos Total	58	\$749,500	\$644	\$822,647	\$628	\$130,500	to \$1,800,000

Source: RealQuest, 2009; EDAW, 2009.

As shown in Chart 2-3 and Table 2-37, the price per square foot of homes in East Palo Alto and San Mateo County decreased at an average annual rate of 15.5 percent and 1.8 percent, respectively, after adjusting for inflation between 2005 and 2008. Comparing 2007 to 2008, the median home price declined in East Palo Alto by 44 percent, compared to 8 percent for San Mateo County. Overall, home prices depreciated since 2005, except in Palo Alto and Menlo Park where the average annual growth rate in home prices was 9.2 percent and 7.8 percent, respectively (Table 2-38).

Chart 2 - 3: Median Home Price, 2005-2008.



Source: RealQuest, 2009; EDAW, 2009.

Table 2-37 Home Sale Prices, 2005, 2007, 2008 (2008 Dollars)

Year	<u>East Palo Alto</u>					<u>San Mateo County</u>				
	Sales	Median Price	Average Annual Growth in Price (2005–2008)	Price per Square Foot	Average Annual Growth in Price per Sq. Ft. (2005–2008)	Sales	Median Price	Average Annual Growth in Price (2005–2008)	Price per Square Foot	Average Annual Growth in Price per Sq. Ft. (2005–2008)
2005	38	\$596,200	-	\$505	-	951	\$781,000	-	\$550	-
2007	33	\$637,780	3.4%	\$515	1.0%	933	\$806,000	1.6%	\$580	2.7%
2008	53	\$360,000	- 15.5%	\$287	- 17.2%	1,891	\$739,000	- 1.8%	\$521	- 5.2%

Source: RealQuest, 2008; EDAW, 2009.

Table 2-38 Home Sale Prices, 2005, 2007, 2008 (2008 Dollars)

Year	<u>Menlo Park</u>					<u>Palo Alto</u>				
	Sales	Median Price	Average Annual Growth in Price (2005–2008)	Price per Square Foot	Average Annual Growth in Price per Sq. Ft. (2005–2008)	Sales	Median Price	Average Annual Growth in Price (2005–2008)	Price per Square Foot	Average Annual Growth in Price per Sq. Ft. (2005–2008)
2005	87	\$1,001,825	-	\$671	-	384	\$1,066,725	-	\$696	-
2007	70	\$1,050,400	2.4%	\$752	5.8%	304	\$1,218,880	6.9%	\$797	7.0%
2008	162	\$1,255,000	7.8%	\$735	3.1%	479	\$1,388,000	9.2%	\$877	8.0%

Source: RealQuest, 2008; EDAW, 2009.

FORECLOSURES

Subprime mortgages (granted to borrowers with weak or subprime credit histories) played a major role in the hyper inflation of housing prices and increase in foreclosures in San Mateo County and the rest of the United States as initial “teaser” lending terms began to expire and housing prices began to decrease, or re-adjust.² While some homebuyers and speculators were able to make mortgage payments under initial loan terms and trusted the continued appreciation of their homes to insulate them from future rate increases, many homeowners struggled to make ends meet when their mortgage payments doubled or tripled and the housing market began to slow. As a result, many homeowners found themselves unable to pay rising mortgage payments and were forced to begin the foreclosure process, flooding the market with homes for sale at below market rate prices. Furthermore, lenders began adjusting their lending practices, making credit less available to those with blemished credit or little down payment. Due to the deflation of home prices and the decline in available credit, the median home sale price dropped dramatically throughout the United States, including East Palo Alto. Especially vulnerable were low-income communities with high homeownership rates as lenders had marketed home-equity loans to homeowners based on the appreciated value of their unit. Their ability to afford these new loans were limited and based on the continued appreciation of the house. Many of these loans have and will reset at higher interest rates, forcing a portion of low-income owners (those unable to afford the higher monthly payments and having no ability to refinance because their loan is near or even more than the value of the house) into foreclosure.

The result has been a spike in foreclosures. As of December 31, 2008, there were 751 homes in East Palo experiencing one of the three stages of foreclosure (pre - foreclosure, auction, bank owned), accounting for approximately 10 percent of the overall East Palo Alto housing stock (Table 2-39).³ In contrast, only two percent of Menlo Park’s and three percent of San Mateo County’s housing stock are going through a stage of foreclosure; Palo Alto’s incidence is less than one percent. This indicates a concentration of homes in foreclosure in East Palo Alto compared to surrounding areas.

² Some “teaser” terms included little or no down payment, and/or low interest rates. Often these low interest rates would expire and become adjustable rates, resulting in a doubling or tripling of initial mortgage payments.

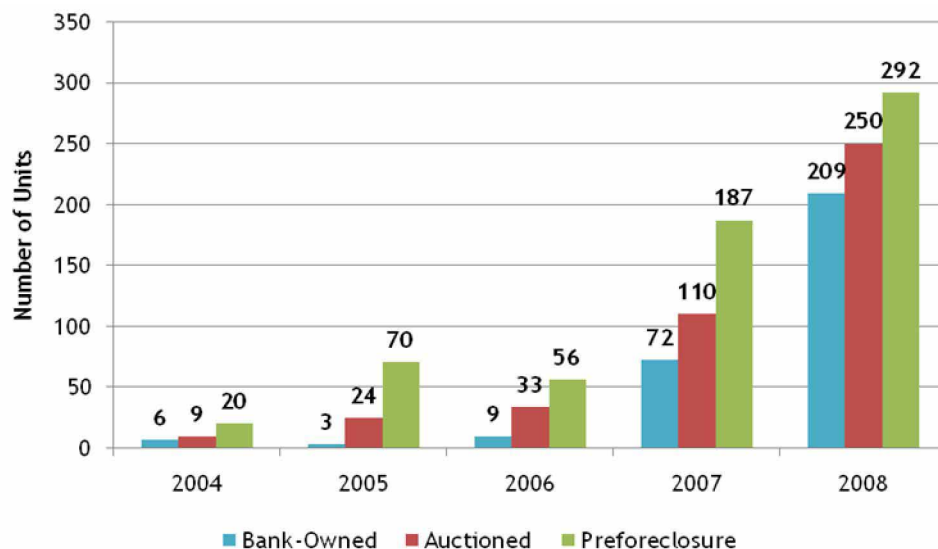
³ Pre - foreclosure refers to a property that has had a Lis Pendens for Mortgage Default filed against it but has not yet been scheduled for auction. If the default isn’t corrected within three months, a foreclosure sale date (auction date) is established. At auction, an opening bid on the property is set by the foreclosing lender. This opening bid is usually equal to the outstanding loan balance, interest accrued, and any additional fees and attorney fees associated with the Trustee Sale. If there are no bids higher than the opening bid or the opening bid is not met, the property is deemed Real Estate Owned or Bank Owned.

Table 2-39 Foreclosure, 2008

<i>Geography</i>	<i>Pre - Foreclosure</i>	<i>Percentage of Total Housing Units</i>	<i>Auction</i>	<i>Percentage of Total Housing Units</i>	<i>Bank Owned</i>	<i>Percentage of Total Housing Units</i>	<i>Total</i>	<i>Percentage of Total Housing Units</i>
East Palo Alto	292	4%	250	3%	209	3%	751	10%
Palo Alto	38	0%	21	0%	5	0%	64	0%
Menlo Park	120	1%	82	1%	51	0%	253	2%
San Mateo County	3,000	1%	2,565	1%	1,534	1%	7,099	3%

Source: *www.foreclosures.com, 2009; EDAW, 2009.*

Chart 2-4 demonstrates the dramatic increase in foreclosed homes in East Palo Alto between 2004 and 2008. Compared to 2004 to 2006, pre - foreclosures spiked significantly in 2007, leading in part to the subsequent jump in bank - owned and auctioned homes in 2008. Between 2007 and 2008 the number of auctioned homes increased 2.5 times and the number of bank-owned homes increased three times.

Chart 2-4: Foreclosure in East Palo Alto, 2004-2008.

Source: *www.foreclosures.com, 2009; EDAW, 2009.*

Rental housing in the City of East Palo Alto remains relatively affordable compared to the neighboring cities of Palo Alto and Menlo Park. Table 2-40 shows that median monthly rents in Palo Alto and Menlo Park were 1.7 and 1.5 times as much as median monthly rents in East Palo Alto, as of February 2009. The maximum and minimum rental prices are very telling of each city's relative affordability. The lowest rent in East Palo Alto (\$600) is approximately 50 percent of the lowest rents in Menlo Park (\$1,225) and Palo Alto (\$1,300). Additionally, the highest rent in East Palo Alto (\$4,000) is 62 percent of the highest rent in Menlo Park (\$7,800) and 51 percent of the highest rent in Palo Alto (\$6,500).

Table 2-40 Rental Price Summary, 2009

	<i>Median Rent</i>	<i>Range</i>		
East Palo Alto	\$ 1,750	\$ 600	to	\$ 4,000
Palo Alto	\$ 3,000	\$ 1,195	to	\$ 6,500
Menlo Park	\$ 2,700	\$ 1,225	to	\$ 7,800

Source: Apartment Manager Survey, 2009; EDAW, 2009.

Table 2-41 provides an average rental price breakdown according to the unit size. In East Palo Alto, average rents for one-bedrooms were approximately \$1,100 per month. Average rents in Palo Alto, Menlo Park, and San Mateo County were significantly more at \$1,966, \$2,111, and \$1,576, respectively. Disparities in rental rates are also evident for units with more bedrooms. Average rents in East Palo Alto for two- and three-bedroom units ranged from \$1,663 to \$2,156 per month, whereas average rents in Palo Alto, Menlo Park, and San Mateo County ranged from \$2,217 to \$3,073, \$2,388 to \$2,596, and \$1,999 to \$2,767, respectively.

Marcus and Millichap forecast asking rents for apartments to further increase 2.3 percent in the South Bay (San Jose area) and 3.5 percent in San Francisco in 2009.

Table 2-41 Average Rental Prices, 4th Quarter 2008 & 2009¹

<i>Size</i>	<i>East Palo Alto</i>	<i>Palo Alto</i>	<i>Menlo Park</i>	<i>San Mateo County</i>
1 BR	\$1,055	\$1,966	\$2,111	\$1,576
2 BR	\$1,663	\$2,217	\$2,388	\$1,999
3 BR	\$2,156	\$3,073	\$3,596	\$2,767
All	\$1,598	\$2,178	\$2,596	\$1,772

¹ Data for Palo Alto, Menlo Park, and San Mateo County was provided by RealFacts for the 4th quarter of 2008. However, RealFacts data was unavailable for East Palo Alto. An apartment manager survey was conducted in February 2009 for East Palo Alto rentals.

Source: Apartment Manager Survey, 2009; RealFacts, 2009; EDAW, 2009.

2.7 HOUSING AFFORDABILITY

A community's housing affordability can be measured by evaluating market rate prices for homes compared to the number of residents that are able to afford market rate housing. For purposes of the Housing Element, a home is affordable if it is suitably sized and costs the household 30 percent or less of its gross monthly income. In other words, suitable affordable housing should not result in a cost burden, paying more than 30 percent of a household's gross monthly income, nor overcrowding, requiring more than one person per room.⁴ It is also important to keep in mind that the level of home affordability discussed in the paragraphs below does not include the cost of utilities or home maintenance, while the level of rent affordability does account for utility costs and maintenance costs typically covered by landlords. Therefore, homeownership can be inherently viewed as less affordable than rental housing, as utilities and maintenance can be considerable. Clearly, levels of housing affordability vary by income group, with extremely low-income households having greater challenges in accessing housing affordable to their incomes, versus above moderate-income households who are able to spend significantly more on housing. This analysis evaluates housing affordability by HCD income group (i.e., extremely low, very low, lower, median, and moderate).

Family median household income levels are estimated annually by HUD to provide updated income limits that are used to set rents and to qualify households for income-restricted housing. The median income levels are then adopted by HCD. From the median household income estimates, HCD

⁴ Rooms include living rooms, dining rooms, bedrooms, and other rooms but do not include kitchens, hallways, or bathrooms.

calculates income limits for extremely low-, very low-, low-, median-, and moderate-income households. These income limits form the basis for evaluating housing affordability by income group.

To evaluate the affordability of the housing stock in East Palo Alto, housing costs information collected in 2008 (described in the previous section) was compared to household income limits for the same year. Table 2-42 presents the maximum amount that a household can pay for housing each month (e.g., rent, mortgage, utilities) without exceeding the 30 percent income-housing cost threshold. Calculation of affordable home sales prices are based on an annual interest rate of six percent for a standard mortgage and a five percent down payment for all income levels except for households with median and moderate incomes. Affordable home sale prices for households in the median and moderate income category are based on an annual interest rate of six percent for a standard mortgage and a 20 percent down payment; annual mortgage insurance (1.2 percent of the home value) is excluded for the down payments over 20 percent⁵

This amount can be compared to average market prices for single-family homes or condominiums and to apartment rents to determine what types of housing opportunities a household can afford. As previously discussed, from June to December of 2008, median priced 2-, 3-, and 4-bedroom homes in East Palo Alto sold for \$315,000, \$316,500, and \$379,000, respectively, and average rents ranged from \$1,100 for a one-bedroom to \$1,950 for a three-bedroom.

In general, extremely low- and very low-income households cannot afford market rental or owner-occupied housing. Based on prevailing rents in East Palo Alto, lower-income households and above can afford market rate rents. Although East Palo Alto is more affordable than Menlo Park and Palo Alto as a whole, only some low-income households can afford the typical median price for a home in East Palo Alto. See Table 2-42 for a summary of affordable rents and home prices by income category.

⁵ The six percent interest rate is relatively high compared to current market conditions. Estimated at 4.98 percent for those able to access home financing, the current rate for a 30-year fixed interest loan is well below historic averages. Therefore, the Housing Element assumes a more conservative six percent.

Table 2-42 East Palo Alto Affordable Home Prices and Rental Rates, 2008

Household Type/Size	Minimum Unit Size	Home Price			Rental Rate	
		Income	Down Payment	Affordable Home Price	Utility Allowance ¹	Affordable Rent
Extremely Low Income: 30% of AMI						
1 - Person	Studio	\$23,750	\$3,742	\$74,836	\$101	\$493
2 - Persons	One Bedroom	\$27,150	\$4,277	\$85,544	\$114	\$565
3 - Persons	Two Bedroom	\$30,550	\$4,813	\$96,253	\$126	\$638
4 - Persons	Three Bedroom	\$33,950	\$5,348	\$106,962	\$137	\$712
Very Low Income:50% of AMI						
1 - Person	Studio	\$39,600	\$6,847	\$136,947	\$101	\$889
2 - Persons	One Bedroom	\$45,250	\$7,823	\$156,452	\$114	\$1,017
3 - Persons	Two Bedroom	\$50,900	\$8,805	\$176,095	\$126	\$1,147
4 - Persons	Three Bedroom	\$56,550	\$9,780	\$195,599	\$137	\$1,277
Low Income: 80% of AMI						
1 - Person	Studio	\$63,350	\$10,956	\$219,116	\$101	\$1,483
2 - Persons	One Bedroom	\$72,400	\$12,519	\$250,378	\$114	\$1,696
3 - Persons	Two Bedroom	\$81,450	\$14,082	\$281,641	\$126	\$1,910
4 - Persons	Three Bedroom	\$90,500	\$15,652	\$313,042	\$137	\$2,126
Moderate Income: 120% of AMI						
1 - Person	Studio	\$79,800	\$74,167	\$370,836	\$101	\$1,894
2 - Persons	One Bedroom	\$91,200	\$84,762	\$423,812	\$114	\$2,166
3 - Persons	Two Bedroom	\$102,600	\$95,358	\$476,789	\$126	\$2,439
4 - Persons	Three Bedroom	\$114,000	\$105,953	\$529,766	\$137	\$2,713

¹ Assumes electric heating, cooking, and water heating.

Income figures are based on the 2008 HUD area median income figure for San Mateo County (AMI) of \$95,000 for a family of four.

Source: Housing Authority of San Mateo County, 2008; U.S. Department of Housing and Urban Development, 2008; EDAW, 2009.

AFFORDABILITY BY HOUSEHOLD INCOME

This section provides more detail on housing affordability by income group. As previously discussed, the median sales price for a home was \$317,500 between June and December 2008, and the median monthly rent (February 2009) was \$1,750. These prices are compared to affordable home prices and rents for each income segment in Table 2-42. Essential to these assumptions is the ability of extremely low-, very low-, low-, and median-income households' ability to secure home financing, which has become increasingly difficult in the current financial climate. Households with poor credit histories or unsteady employment will struggle to secure home financing, regardless of whether they can afford to make payments on the home. It is assumed that financial markets will stabilize and supply reasonable home loans, akin to lending practices in the late 1990s, in the near future.

Area Median Income (AMI), referred to in the discussions below, is based on the 2008 HUD area median income figure for San Mateo County is \$95,000 for a family of four. As mentioned, East Palo Alto's median household income is significantly lower than that of the San Mateo County, Menlo Park, and Palo Alto. Currently, 79 percent of East Palo Alto residents fall within the lower-income categories (low, very low, or extremely low) or have incomes below 81 percent of AMI (Table 2-43).

Table 2-43 Household Income Distribution by Income Category, 2008 Estimates

<i>Income Group</i>	<i>Percent of Area Median Income</i>	<i>HUD Income Threshold (4 - Person Household)</i>	<i>Percentage Households by Approximate Income Threshold</i>	
			<i>East Palo Alto</i>	<i>San Mateo County</i>
Extremely Low	<30%	\$33,950	32.0%	18.4%
Very Low	31–50%	\$56,550	24.1%	15.1%
Low	51–80%	\$90,500	22.9%	21.0%
Moderate	81%–120%	\$114,000	7.8%	10.3%
Above	120%+	Above \$114,000	13.2%	35.2%

Income limits are 2008 HCD Income Limits but income distribution are based on 2007 ACS data. The estimates do not adjust for household size and assume income distribution has remained constant since 2007.

Source: ACS, 2005 –2007; HCD Income Limits, 2008; EDAW, 2008.

Extremely Low-Income Households. Extremely low-income households in East Palo Alto have incomes of 30 percent or less of AMI. Based on calculating the qualifying home prices with a five percent down payment and six percent interest mortgage, the maximum affordable home price for an

extremely low-income household ranges from \$74,800 for a one-person household to \$107,000 for a four-person household (Table 2-42). With two-, three-, and four-bedroom homes in East Palo Alto selling for median prices of \$315,000, \$316,500 and \$379,000, respectively, extremely low-income households cannot afford homeownership in East Palo Alto, regardless of household size.

In addition, market rents exceed the affordable housing payment for an extremely low-income household that can afford \$493–\$712 in rent per month (after accounting for utilities). In practical terms, this means that a one-person household cannot afford a median priced studio or one-bedroom without assuming a cost burden or doubling up. The problem is exacerbated for larger extremely low-income households.

Very Low-Income Households. Very low-income households in the city have incomes between 31–50 percent of AMI. Assuming loan terms of six percent interest and a five percent down payment, the maximum qualifying home price for a very low-income household ranges from \$137,000 for a one-person household to \$195,600 for a four-person household. Thus, similar to extremely low-income households, market rate homes in East Palo Alto are not attainable for very low-income households.

A very low-income household can afford to pay \$889 to \$1,277 in monthly rent, depending on the household size. With median rents in East Palo Alto ranging from \$1,100 for a one-bedroom to \$1,950 for a three-bedroom, the average very low-income household cannot afford to pay the median rental price for a home. However, rental prices for one-bedrooms in East Palo Alto were found to range from \$600 to \$1,350, indicating that an average two-person very low-income household may be able to find a lower priced one-bedroom under current market conditions (as of February 2009).

Low-Income Households. Low-income households have incomes between 51 and 80 percent of AMI. Based on a six percent interest rate and a five percent down payment, the maximum qualifying home price for a low-income household ranges from \$219,100 for a one-person household to \$313,000 for a four-person household. As with extremely low- and very low-income households, these prices are below prevailing median market prices in East Palo Alto; however, given that the range of home prices in East Palo Alto (prices as low as \$200,000 for a three bedroom home), some households may in fact be able to find a home within their income threshold.

A low-income household can afford to pay \$1,483 to \$2,126 in monthly rent, depending on the household size. With median rents in East Palo Alto ranging from \$1,100 for a studio to \$1,950 for a three-bedroom, most low-income households can afford to pay the median rental price for a rental in the city.

Moderate-Income Households. Moderate-income households have incomes between 81 and 120 percent of AMI. Assuming a down payment of 20 percent and an interest rate of six percent, the maximum qualifying home price for a moderate-income household ranges from \$370,800 for a one-person household to \$529,700 for a four-person household. With two-, three- and four-bedroom homes in East Palo Alto selling for median prices of \$315,000, \$316,500 and \$379,000, respectively, most moderate income households should be able to find a home they can afford assuming they are able to contribute a 20 percent down payment to the home purchase. This considerable down payment (over \$74,000 for a one-bedroom household) may prevent many moderate-income households, particularly first-time homebuyers, from purchasing a home.

A moderate - income household can afford to pay \$1,894 to \$2,713 in monthly rent, adjusting for household size. With the median rents in East Palo Alto ranging from \$1,100 for a one-bedroom to \$1,950 for a three-bedroom, moderate-income households can afford to pay the median rental price for a home in East Palo Alto regardless of household size.

OVERCROWDING

A limited supply of affordable housing affects low-income households in such a way that many need to "double-up" (having more than one family live together to share the cost of housing) in order to devote income to other non-rental or non-mortgage related expenses. This can cause overcrowding, which is often associated with other externalities: a decrease in available parking, increased traffic, and accelerated housing deterioration. Overcrowding varies with income, size, and type of household, but large families and low-income households usually have the highest incidence of overcrowding. As mentioned earlier in this needs assessment, East Palo Alto has a high proportion of large families, accounting for 38 percent of family households.

HCD defines overcrowding as more than 1.01 occupants per room, and severe overcrowding as more than 1.51 occupants per room. In renter-occupied households in East Palo Alto, approximately 25 percent had 1.01 to 1.5 occupants per room and 10 percent had more than 1.51 occupants per room (Table 2-44). San Mateo County had significantly lower percentages for renter occupied housing with roughly 7 percent of renter - occupied households having 1.01 to 1.5 occupants per room and 4.5 percent of households having more than 1.51 occupants per room.

In owner-occupied units, the incidence of overcrowding is lower, with only nine percent having between 1.01 and 1.5 occupants per room and 1.5 percent having more than 1.51 occupants per room. Nevertheless, the incidence of overcrowding within owner-occupied units in East Palo Alto is still

greater than in San Mateo County, with 2.5 percent having more between 1.01 and 1.5 occupants per room and 0.60 percent having more than 1.51 occupants per room.

Table 2-44 Tenure by Occupants per Room, 2007

	<i>East Palo Alto</i>		<i>Palo Alto</i>		<i>Menlo Park</i>		<i>San Mateo County</i>	
	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>	<i>Estimate</i>	<i>Percent</i>
Owner occupied:	3,352	50.42%	15,326	60.13%	7,603	63.85%	158,998	62.93%
1.00 or Less Occupants per Room	3,001	89.53%	15,195	99.15%	7,289	95.87%	154,017	96.87%
1.01 to 1.50 occupants per room	300	8.95%	131	0.85%	108	1.42%	3,957	2.49%
> 1.51 Occupants per Room	51	1.52%	0	0.00%	206	2.71%	1,024	0.64%
Renter occupied:	3,296	49.58%	10,160	39.87%	4,305	36.15%	93,650	37.07%
1.00 or Less Occupants per Room	2,132	64.68%	9,783	96.29%	4,141	96.19%	83,044	88.67%
1.01 to 1.50 occupants per room	835	25.33%	342	3.37%	71	1.65%	6,379	6.81%
> 1.51 Occupants per Room	329	9.98%	35	0.34%	93	2.16%	4,227	4.51%
Total:	6,648	100.00%	25,486	100.00%	11,908	100.00%	252,648	100.00%
1.00 or Less Occupants per Room	5,133	77.21%	24,978	98.01%	11,430	95.99%	237,061	93.83%
1.01 to 1.50 occupants per room	1,135	17.07%	473	1.86%	179	1.50%	10,336	4.09%
> 1.51 Occupants per Room	380	5.72%	35	0.14%	299	2.51%	5,251	2.08%

Source: ACS, 2007; EDAW, 2009.

COST BURDEN

Though housing affordability by household income has already been discussed, another way to evaluate housing need is reviewing the incidence of cost burden. Housing cost burden is defined as a household paying more than 30 percent of their gross monthly income towards housing. Further,

severely cost burdened is defined as a household spending more than 50 percent of its gross monthly income on housing.

HUD uses 2000 U.S. Census data to evaluate housing cost burden by income group and special need population. According to HUD data from 2000, renters in the City of East Palo Alto were slightly more cost burdened than owners, with 43 percent of renters and 38 percent of owners paying more than 30 percent of their income on housing (Table 2-45). As previously discussed, elderly renters experienced the highest percentages of housing burden amongst examined groups, 64 percent of senior renters were cost burdened and 39 percent severely cost burdened. This data was not available for 2008.

Table 2-45 Cost Burden by Income Classification and Household Type for East Palo Alto, 2000

Household by Type, Income, & Housing Challenge	<u>Renters</u>					<u>Owners</u>					Total Households
	Elderly (1 & 2 member households)	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Renters	Elderly (1 & 2 member households)	Small Related (2 to 4)	Large Related (5 or more)	All Other Households	Total Owners	
<=30% MFI	159	430	323	275	1,187	151	117	95	29	392	1,579
% Cost Burden >30%	69%	81%	85%	80%	81%	54%	93%	100%	100%	80%	80%
% Cost Burden >50%	54%	74%	51%	55%	61%	35%	90%	100%	100%	72%	64%
>30% to <=50% MFI	30	399	328	175	932	61	106	180	49	396	1,328
% Cost Burden >30%	67%	56%	41%	83%	56%	30%	79%	78%	61%	69%	60%
% Cost Burden >50%	0%	19%	8%	33%	17%	23%	51%	50%	61%	48%	26%
>50 to <=80% MFI	55	274	373	204	906	98	314	345	65	822	1,728
% Cost Burden >30%	46%	5%	13%	42%	19%	45%	55%	48%	39%	50%	34%
% Cost Burden >50%	18%	4%	0%	0%	2%	31%	17%	6%	23%	15%	8%
>80% MFI	0	265	270	335	870	115	610	550	95	1,370	2,240
% Cost Burden >30%	0%	6%	0%	3%	3%	13%	12%	10%	0%	10%	7%
% Cost Burden >50%	0%	0%	0%	0%	0%	0%	0%	2%	0%	1%	0%
Total Households	244	1,368	1,294	989	3,895	425	1,147	1,170	238	2,980	6,875
% Cost Burden >30	64%	44%	35%	47%	43%	37%	38%	39%	35%	38%	41%
% Cost Burden >50	39%	30%	15%	21%	23%	23%	19%	18%	31%	20%	22%

Sources: State of Cities Database System, HUD, 2000; EDAW, 2009.

2.8 REGIONAL HOUSING NEEDS

By State law, all regional councils of governments are required to determine their existing and projected housing needs and allocate a portion of these needs to each jurisdiction. The Association of Bay Area Governments (ABAG) is the regional council responsible for determining the City of East Palo Alto's Regional Housing Need Allocation (RHNA). This section presents the RHNA allocation for the East Palo Alto for the current housing element period (January 2007–2014).

Table 2-46 Regional Housing Need Allocation by Income Group, January 2007-2014

<i>Income Group</i>	<i>Percent of Area Median Income</i>	<i>Income Threshold¹</i>	<i>East Palo Alto</i>	<i>San Mateo County</i>
Very Low	0–50%	\$56,550	144	3,588
Low	51–80%	\$90,500	103	2,581
Moderate	81–120%	\$114,000	122	3,038
Above Moderate	120%+		261	6,531
Total			630	15,738

¹Based on state income limits for 4-person household in San Mateo County.

Source: ABAG, 2008.

As shown in Table 2-46, based on ABAG's allocation for San Mateo County and then distributed to cities and unincorporated areas of the county, the City of East Palo Alto should plan for 630 new housing units between January 2007 and 2014. Approximately 23 percent of these units should be for very low-income households, 16 percent for low-income households, 19 percent for moderate-income households, and 42 percent for above moderate-income households.

2.9 AFFORDABLE HOUSING

Existing housing that receives governmental assistance or is generated through governmental policies is often a significant source of affordable housing in many communities. This section identifies the affordable housing in East Palo Alto and evaluates the potential for conversion to market rate between 2007 and 2017. Resources for preservation/replacement of these units are described in Chapter 4, and housing programs to address preservation are described in Chapter 5.

INVENTORY OF AFFORDABLE HOUSING

East Palo Alto has a large supply of affordable housing developed through the use of federal, State, and local policies and assistance programs. Table 2-47 presents East Palo Alto's supply of affordable rental units, most which receive Section 8 funding. Currently, there are also over 80 below market rate homeownership units in the City of East Palo Alto.

Table 2-47 Affordable Rental Housing in East Palo Alto for Low and Moderate Income Households					
<i>Project</i>	<i>Project Address</i>	<i>Number of Units</i>	<i>Number of Affordable Units</i>	<i>Unit Type</i>	<i>Resident Eligibility</i>
Bay Oaks	2400 Gloria Way East Palo Alto, CA 94303	38	38	2, 3, 4 bedroom	All
Courtyard at Bay Road	1730 Bay Road East Palo Alto, CA 94303	77	77	1, 2, 3, 4 bedroom	Family
Newell Avenue Apartments	44 - 48 Newell Avenue East Palo Alto, CA 94303	26	26	0, 1, 2 bedroom	All
Nugent Square	2369 University Avenue East Palo Alto, CA 94303	32	32	2 and 3 bedroom	Family
Peninsula Park Apartments	1977 Tate Street East Palo Alto, CA 94303	129	65	1, 2, 3 bedroom	Family
Runnymede Gardens	2301 Cooley Avenue East Palo Alto, CA 94303	78	78	1 and 2 bedroom	Seniors
The Woodlands	1767 Woodland Avenue East Palo Alto, CA 94303	23	23	2, 3 4 bedroom	Family
Woodland Apartments	1721 Woodland Ave East Palo Alto, CA 94303	90	14	1 2 bedroom	Family
Light Tree Apartments	1900 Clarke Avenue #100	94	94	0, 1, 2, 3 bedroom	All
Total		587	447		

Source: Housing Leadership Council of San Mateo County, 2009.

AT-RISK RENTAL HOUSING

Affordable housing options for most lower-income households are limited primarily to rental housing. Therefore, preserving the existing affordable rental housing stock is an important goal for East Palo Alto. Most affordable rental housing units are achieved through subsidy contracts and deed restrictions/affordability covenants in exchange for construction and mortgage assistance. From time to time, restricted units lose their affordability controls and revert to non low-income uses. For instance, affordable development projects are typically considered at-risk due to: (1) the prepayment provisions of HUD-insured mortgage loans; (2) expiration of Section 8 and Section 236 contracts; and (3) expiration of restrictions on mortgage revenue bonds. The following describes in detail these conditions.

- *Prepayment of HUD loans:* In the mid-1960s, the federal government provided low-interest financing or mortgage insurance to housing developers in return for guaranteeing that rents remain affordable to lower-income households. After 20 years, the owners could prepay the mortgages and lift their rent restrictions, or maintain the affordability controls until their mortgages were paid off.
- *Section 8 Program:* In the mid-1970s, the federal government provided two approaches to encouraging the production of affordable rental housing. Under the Section 8 program, HUD provided a 15- or 20-year agreement on rental subsidies to property owners in return for making the units affordable to very low-income households. The income is typically the difference between 30 percent of the household's income and a negotiated fair market rent for the area. Due to expiring Section 8 contracts and the uncertainty of future Section 8 funds, the future of an affordable complex receiving Section 8 funding is inherently uncertain.
- *Section 236 Program:* This program provided rent subsidies, in the form of interest reduction, through which multi-family housing could be produced. Two rent schedules were utilized: market rent, based on a market-rate mortgage; and basic rent, based on a one-percent mortgage. Tenants were required to pay the basic rent or 25 percent of their income, whichever was greater, with rent payments never to exceed market rents. Units were restricted to households that met the low- and moderate-income limits established for the program. The subsidized housing moratorium imposed by President Nixon in January 1973 brought an end to additional Section 236 construction.
- *Bond Financed Projects:* State, county, and local governments have the authority to issue tax-exempt mortgage revenue bonds to provide below market rate financing for rental housing

construction. State and federal law require that multi-family projects built with tax-exempt bond proceeds set-aside a portion of units as affordable to lower-income households for a specified period of time. The typical contractual period is 10 to 15 years. After the term expires, the property owners may rent the units at market rates.

In many communities, bond-financed projects typically convert to market rates. Over time, rent levels increase in the community and the differential in market versus restricted rents increases to the point that unless additional financial benefits are offered, property owners have no incentive to maintain the units as affordable.

AFFORDABLE RENTAL UNITS AT-RISK BETWEEN JULY 1, 2007 AND JUNE 30, 2017

State law requires that the City assess the risk of losing affordable rental housing over a ten-year planning period. For this Housing Element Update, the at-risk analysis covers the ten-year period from July 1, 2007 through June 30, 2017. According to the California Housing Partnership Coalition and the City of East Palo Alto, there are no affordable rental units with affordability contracts expiring over the ten-year planning period.

Though the City of East Palo Alto does not have any affordable rental units with contracts expiring between July 1, 2007 and June 30, 2017, the City is faced with a unique situation concerning the affordability of a significant share of its rental housing stock. Since late 2006, a Palo Alto-based real estate investment firm has assumed management of over 1,800 rental units in the Woodland Park neighborhood of East Palo Alto. The property management group purchased the units at market value with the intent to rehabilitate many of the units with deferred maintenance issues. In order to pay for the improvements, including new roofs, gates, seismic upgrades, night security, and surveillance cameras, many tenants' rents were increased twice in 2008, an average of 9 percent in the first rent change and an average of 7.7 percent in the second increase.⁶ Some tenants' rents were raised considerably more than others; an article in the San Mateo County Times reports that, while most rent increases were below 10 percent, some exceeded 15 percent and one was 47 percent.⁷ East Palo Alto's Rent Control Ordinance states that rents can be increased annually at 100 percent of the Consumer Price Index (CPI) published by the United States Department of Labor for the San Francisco/Oakland Metropolitan Area (approximately 2.9 percent in 2008). However, as the previous property owner did not annually increase rents, the property manager claimed to be able to legally recapture the unused

⁶ Dremann, Sue. "New rent increases to hit Page Mill tenants." Palo Alto Online News, 16 June 2008.

⁷ Albach, Banks. "Judge rejects East Palo Alto rent freeze." San Mateo County Times, 26 February 2008.

annual rent increases. Despite the City of East Palo Alto's efforts to place a six-month moratorium on rent increases and to declare the rent change unlawful, the San Mateo County Superior Court ruled in favor of the property manager. As presented earlier in this chapter, rental prices in the surrounding communities are considerably higher than those in East Palo Alto. Consequently, residents unable to afford the rent increase may be forced to leave the community, and the City of East Palo Alto could lose a significant share of its affordable rental units.

MODERATE INCOME HOMEOWNERSHIP

Fifteen units in the City of East Palo Alto are income-restricted to moderate income households (90 percent of AMI), as they were purchased through the City's Below Market Rate (BMR) Housing Program. Due to the current decline in home prices, moderate-income BMR units may be at-risk of losing their continued affordability. If home prices in the city fall below a BMR homeowner's purchase price, a homeowner may have difficulty reselling the unit due to the resale restriction. The City's resale restrictions state that the maximum sales price permitted of a BMR unit must be the lowest of the following amounts:

- the amount which would result in the maximum permitted affordable housing cost at the time of resale for a household of the maximum income level permitted to purchase that unit when initially sold
- the seller's lawful purchase price, increased at one - third the rate of increase in the consumer price index for the period the seller has owned the unit
- fair market value, provided that in no event shall the seller be required to sell the home at a price lower than the seller's lawful purchase price plus the seller's reasonable cost of sales and the value of any capital improvements

As resale restrictions limit a homebuyer's ability to benefit financially from home appreciation, homebuyers may not be interested in purchasing a unit with restrictions if they are able to purchase other units in the City at the same price or lower without restrictions. Resale restrictions authorize the City to purchase any affordable owner-occupancy unit at the maximum price which could be charged to a purchaser household at the time the owner proposes sale. If a BMR homeowner is unable to find a buyer for his or her unit, he or she may seek assistance from the City to either remove the resale restriction or purchase the unit.

When faced with a home that is both difficult to sell and has a value lower than the borrower's outstanding mortgage debt, some moderate-income, below market rate homeowners may choose to default on their mortgage and enter foreclosure. As the City's resale restrictions do not indicate whether the restrictions survive foreclosure, BMR units of all income levels may be at - risk of losing their continued affordability in the event of foreclosure.

ENTITIES QUALIFIED TO PRESERVE AT-RISK UNITS

There are several organizations in the region that have the capacity to own and manage affordable rental projects. These organizations include EDEN Housing, Mid-Peninsula, BRIDGE, and Citizens Housing. The City can also directly purchase at - risk units, although the management, processing, and maintenance of these units may be cost prohibitive for the city.

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3 HOUSING CONSTRAINTS

To facilitate the development, maintenance, and improvement of housing (especially affordable housing), the Housing Element must assess the potential constraints imposed by both City regulations and policies, and by market conditions (governmental and non-governmental constraints). This assessment must address housing for all income levels, including housing for persons with disabilities.

Therefore, this element analyzes the potential impacts of governmental regulations and policies on housing, including land use controls, fees and exactions, building codes, processing and permit procedures, codes and enforcement, and on/off-site improvement standards. Likewise, it also assesses potential market impacts, including land costs, construction costs, and the availability of financing. The findings of the analysis are outlined below. For any constraints to housing found within this section (via regulatory and/or market conditions), a program has been included in the Housing Plan (Chapter 5) to address and mitigate the constraint.



3.1 MARKET CONSTRAINTS

Land costs, construction costs, and market financing contribute to the cost of housing reinvestment and can sometimes hinder the production of new affordable housing. Although many constraints are driven by market conditions, jurisdictions have some leverage in instituting policies and programs to address potential constraints.

LAND COST

A key component of residential development costs is the price of raw land. The diminishing supply of residential land, combined with fairly high demand, generally keeps land cost relatively high in the Bay Area. However, given the recent downturn in the financial and housing markets, land sales and land development declined significantly over the past year. According to a telephone interview with CB Richard Ellis, the land transaction prices in East Palo Alto varied between \$20 and \$25 per square foot in 2008 and 2009, respectively.

SITE DEVELOPMENT COSTS

The costs to develop new housing involve both land improvement costs, the expenses to prepare the site for housing construction, as well as the actual cost to construct the housing itself. A portion of the total cost to develop new housing is also associated with government fees that mitigate the impact of new development on local infrastructure and services; these costs are discussed later in this chapter.

As shown in Table 3-1, based on the listed assumptions, a typical single-family unit on a 5,000 square foot lot would cost approximately \$378,700 to build, including land.¹ A 25-unit, multifamily apartment complex would cost approximately \$4.8 million to build, with each 900 square foot unit costing approximately \$240,600. These estimates reflect the cost to build a basic home or unit in East Palo Alto and may not reflect the actual cost to build new homes currently for sale, as home prices also depend on the home finishes, amenities, and location-specific costs (such as environmental mitigation), among other factors.

While developer profit must also be considered in the final sale/rental cost to the consumer, it is not included in Table 3-1 because of its variability and volatility. Normally, developers assess the potential profit that could be generated from a project before moving forward, and in general, target those that yield a profit of at least 10 percent above total development costs.

¹ This analysis assumes that a single developer would purchase raw land, provide the necessary infrastructure and improvements for home construction, and build the homes. In many cases, the development process is performed by two separate entities: the land developer who purchases, entitles, and makes site improvements, and the homebuilder who purchases the lots and builds the homes. In this scenario, overall costs may increase, as both the land developer and the homebuilder expect to achieve profits.

Table 3-1 Residential Development Costs Summary for a Typical Home

<i>Assumptions/Costs</i>	<i>Single Family Home¹</i>	<i>Multifamily (25 Units)²</i>
Development Program Assumptions		
Lot Area (sq. ft.)	5,000	42,000
Unit Size (sq. ft.)	1,500	900
Building Area (sq. ft.)		21,000
Costs		
Improved Land Costs (\$23 per sq. ft.) ³	\$115,000	\$966,000
Average Government Fees per Unit ⁴	\$23,177	\$16,441
Building Costs ⁵	\$184,997	\$2,946,342
Soft Costs ⁶	\$55,499	\$883,903
Total Development Costs	\$378,673	\$4,812,686
Total Development Costs (Per Unit)	\$378,673	\$240,634

¹ Assumes one-story wood frame stucco construction of average quality and a two car attached garage.

² Assumes three-story wood frame stucco construction and surface parking.

³ Assumes \$23 per square foot for vacant residential land with improvements (i.e. utilities, etc).

⁴ Government fees include planning, engineering and building permitting, and plan check fees (see Table 3-7).

⁵ Applies a location factor of 1.18 (provided by RSMeans), assuming Palo Alto is a comparable construction market.

⁶ Assumes soft costs are 30 percent of hard construction costs. Soft costs include architecture and engineering costs, financing costs, developer overhead, legal and accounting, and contingencies.

Source: RS Means Square Foot Costs, 28th Edition, 2007; EDAW, 2009.

MORTGAGE AND REHABILITATION FINANCING

The availability of financing affects a person's ability to purchase or improve a home. In the early 2000s, mortgage interest rates reached new lows and access to mortgage financing expanded significantly. Many new homebuyers were able to purchase homes with little money down, lower credit scores, and/or with low initial monthly payments, primarily as a result of adjustable rate

mortgage financing options. In 2005, the average 30-year fixed mortgage was approximately 5.8 percent compared to 7.2 percent in 2001; in March of 2009, the average 30-year fixed loan was at a 5.7 percent annual interest for all loans (approximately 5 percent for conventional loans) for a borrower with a credit score of at least 660.²

As a result of more lenient lending practices during the early to mid-2000s, changing economic conditions in the late 2000s, and falling home prices, many homeowners face difficulties in making their monthly mortgage payments and are unable to refinance their home loans or sell their homes to pay off their mortgages. In response, lenders have tightened loan standards, returning to practices that prevailed prior to 2000. More stringent underwriting and tighter loan standards have led to an increase in loan denials as lenders more closely scrutinize household income, credit history, and the overall risk of the loan. Furthermore, the City has observed a change in lenders regarding homebuyers receiving down payment assistance; as down payment assistance is not part of the borrower's earned income, some lenders have required the homebuyer to provide a significant percentage down in addition to the assistance received from the City.

Thus, while interest rates have fallen since 2008, access to home financing has reduced the pool of buyers able to purchase a home. The lack of credit not only affects home buyers and homeowners but also developers and rental property owners who want to improve their properties. Conversely, lower housing prices have increased the pool of options for potential first-time homebuyers with good credit and cash for a down payment.

Home Loans

Mortgages backed by the Federal Housing Administration (FHA) have increased in recent months as a result of the shoring up of available credit and more stringent loan requirements. Currently, in addition to meeting income and credit history requirements, many lending institutions require a 20 percent down payment; this significant down payment prohibits many potential homebuyers—particularly first time homebuyers—from achieving homeownership. FHA-backed mortgages typically require a lower down payment (recent figures cite as little as 3.5 percent)³, increasing homeownership opportunities for homeowners with limited liquidity. However, FHA-backed mortgages require the

² HSH National Monthly Mortgage Statistics, accessed April 2009. HSH Fixed-Rate Mortgage Indicator includes jumbo loans and second mortgages. This provides a combined average mortgage interest rate, which is often higher than conventional loans that are under \$417,000.

³ <http://www.hud.gov/buying/loans.cfm>. Housing & Communities, U.S. Department of Housing and Urban Development. Retrieved: April 23, 2009.

home purchase price to be no more than 29 percent of the home purchaser's gross monthly income. Given the City's median home price, FHA loans do not increase the opportunity for homeownership for the City's very low- and low-income residents, but do provide ownership opportunities for moderate income households who may have been priced out of the home buying market since the early 2000s.

3.2 GOVERNMENTAL CONSTRAINTS

Governmental policies and regulations can result in both positive and negative effects on the availability and affordability of housing. This section describes City policies and regulations that could potentially constrain the City's ability to achieve its housing objectives. Potential constraints to housing include land use controls (General Plan policies and zoning regulations), development standards, infrastructure requirements, residential development fees, and the development approval processes. While government policies and regulations are intended to meet legitimate public purposes and further the public good, it is possible that they indirectly constrain the availability and affordability of housing to meet the community's future needs.

Many of the non-governmental constraints described in the previous section can be further exacerbated through unintentional actions by a jurisdiction. For example, the cost of land is partially a function of the amount of land zoned for development, intensity of zoning, and the availability of infrastructure and services provided by local government.

The governmental constraints analysis focuses on factors the City can control and does not include State, federal, or other governmental policies or regulations that East Palo Alto cannot affect or modify. These City policies and regulations typically affect the City's ability to meet future housing needs and secure adequate funding for the construction of affordable housing.

LAND USE CONTROLS

General Plan

East Palo Alto's General Plan, especially its Land Use Element adopted in 1999, includes policies that lay the foundation for all other land use regulations in the city. Residential uses are allowed in six general plan designations that correlate to five zoning categories. Table 3-2 shows the densities associated with each land use designation that allows residential uses.

Table 3-2 General Plan Land Use Compatibility with Zoning		
<i>General Plan Designation</i>	<i>Density</i>	<i>Compatible Zones</i>
Low/Medium Density	18 units per acre	R-1, R-2
Medium/High Density Residential	917 units per acre	R-1, R-2
High Density Residential	1840 units per acre	R-1, R-2, R-M
General Commercial	Up to 16 units per acre	OR, PUD
Neighborhood Commercial	Up to 16 units per acre	OR, PUD
Office	Up to 16 units per acre	OR, PUD

The General Plan established goals and policies to encourage mixed-use development. Under the General Plan, three commercial designations (General, Neighborhood, and Office) allow for mixed-use residential development of up to 16 units per acre, along with commercial uses.

Residential Development Standards

The East Palo Alto Zoning Ordinance designates the land uses, height, bulk, density, and parking standards throughout the city. Table 3-3 shows the zoning categories that allow residential uses and the development standards for each zone.

Table 3-3 Residential Development Standards								
<i>Standards</i>	<i>R-1-5000</i>	<i>R-2</i>	<i>R-M-500</i>	<i>RM-1000</i>	<i>RM-2000</i>	<i>RM-3000</i>	<i>OR</i>	<i>PUD</i>
Maximum Density (per acre)	8.7	17.4	40	40	21.78	14.52	16	16
Front Yard (feet)	20	20	50	40	30	20	None	50 ft setback from street centerline
Side Yard (feet)	5	10	20	10	10	10	5	
Rear Yard (feet)	20	20 (30 for multi-story)	30	30	25	20	5	
Site Frontage (feet)	50/60	50	50	50	55	60		
Lot Coverage (percent)	50	50	40	40	40	40	70	75
Minimum Lot Size (square feet)	5,000/6,000	5,000	40,000	20,000	15,000	12,000		
Minimum Site Area / Dwelling Unit			500	1,000	2,000	3,000	1,250	
Height Maximum (feet)	26 (2-stories)	26 (2-stories)	75	60	30 (2-stories)	30 (2-stories)	36 (3-stories)	225

Density

Density ranges are established through the Land Use Element of the General Plan; the Zoning Ordinance dictates the minimum lot size but does not contain density ranges separately from the Land Use Element. The maximum density allowed under the Land Use Element is 40 dwelling units per acre. The default density established under Government Code Section 65583.2(c)(3)(B), deems zoning allowing 30 dwelling units per acre as adequate for accommodating lower-income housing. East Palo Alto's multifamily zone, R-M, allows for up to 40 units per acre.

Building Heights

Building heights vary within East Palo Alto, depending on the zoning district. Single-family residential districts have the lowest limit, with a maximum height of 26 feet. The tallest possible development (up to 225 feet) would be achieved with a PUD permit. Height limits in the densest residential zone (R-M) allow up to 75 feet, with no limits on the number of stories. This height limit can easily accommodate the maximum allowed density of 40 units per acre, as 75 feet is sufficient for at least a six-story building.

Parking Requirements

The Zoning Ordinance also establishes parking requirements for residential uses (See Table 3-4). East Palo Alto's parking requirements are graduated based on the number of bedrooms in a dwelling unit, and further refined based on the type of unit. The graduated requirements are an appropriate method to ensure that parking does not add excessively to the cost of building higher-density housing. Parking requirements are not considered to be a constraint.

Parking facilities in R districts for more than 10 spaces must be screened from neighboring residential uses with solid masonry walls. Screen planting or wooden fences may be substituted in cases of practical difficulties or unusual hardship. Although this will add some cost to the development of multifamily housing, it is not an unusual requirement for communities of the same size and location.

Table 3-4 Parking Requirements		
<i>Use</i>	<i>Size</i>	<i>Parking Spaces Required</i>
Dwellings (Single-Family)	0 or 1 bedroom	1 space
	2 or more bedrooms	2 spaces
Apartments (Multifamily)	0 bedrooms or studio apartment	1 space
	1 bedroom	1.2 spaces
	2 bedrooms	1.5 spaces
	3 bedrooms	2 spaces
	More than 3 bedrooms	2 spaces
	Each 5 units	1 additional uncovered guest parking space

Zoning For a Variety of Housing Types

An important indicator of how well East Palo Alto can accommodate residents of all income levels and housing needs is how well it ensures a variety of housing types, including multifamily rental units, second units, and residential care homes. This section describes the City's zoning regulations as they relate to accommodating housing for diverse populations; Table 3-5 shows the zones allowing residential uses and indicates which types of residential uses are allowed in each zone.

Table 3-5 Housing Types Permitted by Zone								
<i>Housing Types Permitted by Residential Zone</i>	<i>R-1</i>	<i>R-2</i>	<i>R-M</i>	<i>OR</i>	<i>PUD</i>	<i>O</i>	<i>C-1</i>	<i>C-2</i>
Residential Uses								
Single-Family dwellings ¹	✓	✓	✓	✓	✓		✓	C
Duplex dwellings		✓	✓	✓	✓		✓	C
Multifamily Units			✓	✓	✓	✓	✓	C
Second Units	✓*							C
Special Needs Housing								
Residential care facility: 6 or fewer persons	✓	✓	✓	✓	✓	✓		
Residential care facility: 7+ persons	C	C	C	C	C	C		
Emergency Shelters and Transitional Housing								
Single-Room Occupancy/Boarding Houses/Supportive Housing								
Other								
Day Care (Up to 12 children)	✓	✓	✓		✓	✓		
Day Care (More than 12 children)	C	✓	✓		✓	✓		
Family Day Care Homes (14 and fewer children or adults)		C	C			C		
<i>Notes:</i> ✓ = permitted C = conditional use * With administrative permit on lots greater than 6,500 sf ¹ Mobile homes are included in the definition of a single-family dwelling								

Second Units

State legislation requires jurisdictions to allow second units in any single-family or multifamily residential zone through ministerial review without discretionary review or a hearing. According to Government Code Section 65852.2 (a), a city may provide for the creation of second units through an ordinance. This ordinance may direct where second units could be located, impose standards, and provide that second units do not exceed the allowable density for the lot on which they are situated. East Palo Alto has a Second Dwelling Unit Ordinance which directs second units into the R-1 district, requires an application for a second unit permit, imposes development standards, and allows for modification of development standards if the restrictions will result in extreme hardship for the owner or occupant of the property.

East Palo Alto's Second Dwelling Ordinance substantially complies with State law with one exception: it restricts second units to the R-1 district. According to State law, the City must allow second units in all single-family and multifamily districts. Therefore, an action is included in the Housing Element stating that the City will amend the ordinance to allow second units in R-2 and R-M zones by June 2010.

The process to permit second units is accomplished by applying to the Planning Director for a second unit permit. The permit process directs the density, lot size, unit size, parking standards, sewer requirements, access, and entrance requirements for second units. Second units must abide by the following standards:

- Must comply with the density allowed in the General Plan Land Use Element Map
- (Second units attached to main units) must be at least 6,500 square feet (unattached second units) must be 7,500 square feet (sq. ft.)
- May be up to 700 sq. ft. in size; up to 1,000 sq. ft. on lots larger than 6,500 sq. ft.
- Must comply with applicable Uniform Building, Health and Fire codes
- Must include at least one off-street parking space
- Must be served by sanitary sewer
- Must be served by the same driveway access to the street as the main dwelling
- Must use the same entrance as the main dwelling, or be located on the side or rear of the main dwelling.

These standards allow for an appropriate level of review and do not cause a constraint to the development of second units. If the applicant feels that some of these standards should not apply to their application, the applicant may apply for a use permit to modify any of these standards (requires review by the Planning Commission). Typical exceptions asked for and granted include a reduction of the lot size requirement.

As this administrative review is only required if an applicant desires to modify the standards, this process is not considered a constraint. Additionally, occupancy standards (main dwellings must be occupied by the owner and second units may be occupied by up to three people) do not constitute a constraint as second units are not intended by State law for family housing. Three persons is an adequate number of residents for a second dwelling.

Mobile Homes

Mobile homes are an inexpensive alternative for providing affordable housing for low- and moderate-income households. Within East Palo Alto, mobile homes are included in the definition of a single-family dwelling and therefore allowed in all districts allowing these dwelling units.

Residential Care Facilities

Residential care facilities with six or fewer persons are allowed by right in all residential zones, while those facilities serving more than six persons must have a use permit. The City does not constrain the development of these facilities; there are currently five in East Palo Alto. Residential care facilities serving more than six persons must comply with the following standards:

- Must meet applicable requirements of the Uniform Building, Housing, and Fire codes
- May not post a sign that calls attention to the fact that the property is a residential care facility
- May not locate within 500 feet of another residential care facility
- (For facilities with ten or more residents) may not locate within 1,000 feet of another such facility, nor within 500 feet of a residential care facility of more than six residents
- (Applicant) must submit a statement with the application indicating they have read the provisions of the ordinance, and either agree with the distance requirements or are requesting a waiver of the requirements.

Transitional Housing and Emergency Shelters

Facilities serving the homeless are not currently mentioned in the Zoning Ordinance. According to State law, cities must identify at least one zone that permits emergency shelters without a conditional use permit or other discretionary action. Additionally, the zone must have sufficient capacity to accommodate at least one year-round shelter. Therefore, the Zoning Ordinance must be amended to meet these requirements; Action 5.6 of this Update (See Chapter 5) addresses this.

The City does not have a permanent homeless shelter, but in late March 2009, the first homeless warming shelter opened in East Palo Alto. The Lord's Gym Community Center, located in the General Industrial General Plan designation and zone M-1 (Light Industrial), serves as an athletic facility for East Palo Alto's at-risk youths during the day. In case of rain or cold weather, the gym functions as a warming shelter for 30 homeless individuals.

Transitional and supportive housing must be considered a residential use of property, and may be subject only to those restrictions that apply to other residential dwellings of the same type in the same zone. The current Zoning Ordinance does not include the definitions of transitional and supportive housing as a residential use, nor does it state that both transitional and supportive housing are permitted in any zone that allows residential uses. In order to clarify that these uses are allowed, East Palo Alto will amend the Zoning Ordinance to either define these uses as Residential uses or describe them as permitted uses in zones that allow Residential; Action 5.7 (See Chapter 5) addresses this.

Constraints for Persons with Disabilities

Housing Element law requires it to analyze potential governmental constraints to the development, improvement, and maintenance of housing for persons with disabilities. Persons with disabilities may have special housing needs that can be constrained by regulations in the City's Zoning Ordinance. For example, disabled persons may need to modify their dwelling units by adding ramps to accommodate wheelchairs or allow easy access for those with limited mobility. Other modifications may also be needed to comply with current ADA requirements.

An important consideration in the definition of family is how it is applied to the number and type of people allowed in a dwelling unit. The City of East Palo Alto defines family as "one or more persons occupying a premise and living as a single non-profit housekeeping unit as distinguished from persons occupying a hotel, club, fraternity, or sorority house. A family shall be deemed to include necessary servants." This definition allows for group homes that may serve the disabled and is not a constraint.

Reasonable Accommodations for Persons with Disabilities

The City complies with all provisions of the Fair Housing Act; all fair housing laws are appropriately followed and Planning Division staff makes exceptions to the Zoning Code when appropriate. Although East Palo Alto does not have a specific Reasonable Accommodations Ordinance, the City does provide appropriate accommodations to persons with disabilities. A recent development proposal included a residential care facility with ramps along the perimeter of the property to help disabled persons with ingress/egress out of the building. The ramps encroached into the side yard setback, but utilizing the provisions of the Fair Housing Act of 1988, City staff worked with the applicant to allow the ramps as a reasonable accommodation to help disabled persons. Because the City does not have an adopted process for accommodating disabled persons, this is considered a potential constraint that the City will address through Action 5.3 (See Chapter 5) of this Housing Element Update.

On- and Off-Site Improvements

Several City requirements for providing on- and off-site improvements apply to housing development, such as:

- Street right-of-way dedications
- Street frontage improvement (e.g., curb, gutter, sidewalks and street lights)
- Water line improvement, including the water main installation along the property frontage and lateral service line with meter boxes and fire hydrants
- Sanitary sewer main installation along property frontage and later service lines; each parcel must be served by sanitary sewer or an individual sewage disposal system
- Storm water drainage lines along property line street frontage
- Street trees
- Regulated street widths for public urban residential roads, varying from 18 feet for a residential one-way loop to 40 feet for a residential collector
- (New subdivisions and large development projects) require sidewalks, curbs, and gutter on both sides of the street, unless the street one-way; not required for infill projects or design review projects where a concrete drainage swale along each side of the road at the pavement edge carries surface storm drainage and protects the edge of the asphalt paving.

- (Private urban roads) require berms to direct the flow of storm runoff
- (Rural roads) require less width and no curbs.
- Water, provided through a connection to a water supply system or through establishing a new water system; if neither is feasible, the Planning Director may allow the subdivider to provide water through an on-site well.

Street frontage improvement costs per residential unit vary depending upon the developed or undeveloped nature of the area. When vacant land is developed, full street improvements are required with right-of-way dedication and utility improvements. In urban infill situations, where streets are already improved to their ultimate right-of-way, minor street frontage improvement or the payment of in-lieu fees is required.

East Palo Alto has adopted the Subdivision Ordinance of San Mateo County, which contains similar requirements and standards to other cities. Therefore, East Palo Alto does not consider its on- and off-site improvement requirements as constraints to residential development.

Codes and Enforcement

Building codes establish minimum standards for the structural safety of buildings. State law (California Code of Regulations, Title 24) requires cities to adopt minimum residential construction standards based on industry uniform codes.

East Palo Alto enforces the most recently approved edition of the Uniform Building Code (UBC). The City Building Division sees that new residences, additions, auxiliary structures, etc., meet all of the latest construction and safety standards. The division enforces building, plumbing, mechanical, electrical installations, accessibility, and energy compliance; building permits are required for any construction work. As the City has not adopted building standards beyond those specified in the UBC, its enforcement is not considered a constraint to housing development or affordability.

Building permits must be secured before commencement of any construction, reconstruction, addition, conversion, or alteration. Approval of permit applications is based on conformity with the Zoning Ordinance, although the City has the power to grant variances from the terms of the Ordinance within the limitations in the Ordinance.

Potential Constraints through City Policies

Density Bonus

As East Palo Alto is currently in the process of drafting and adopting a Density Bonus Ordinance, an action has been included in Chapter 5 stating that the City will adopt it by June 2010. The draft Ordinance contains guidance for providing density bonuses and other incentives or concessions for child care facilities and affordable housing; once adopted, the Ordinance will be consistent with State law. Currently, the City's 2008 draft Ordinance states that it will grant a density bonus to applicants proposing housing developments if:

- **At least 5 percent of the units are affordable to very low-income households;** the density bonus for very-low-income units ranges from 20 to 35 percent, depending on the provided percent of affordable units:
 - If at least 5 percent of the units are affordable to very low-income households, the developer is granted a bonus of 20 percent
 - If at least 11 percent of the units are affordable to very-low-income households, then the developer is granted a bonus of 35 percent.
- **At least 10 percent of the units are affordable to low-income households;** the density bonus for low-income units ranges from 20 to 35 percent, depending on the provided percent of affordable units.
 - If at least 10 percent of the units are affordable to low-income households, the developer is granted a bonus of 20 percent.
 - If at least 20 percent of the units are affordable to low-income, the City would grant a 35 percent density bonus.
- **The development is restricted to senior citizens;** the density bonus for senior housing is 20 percent.
- **At least 10 percent of the units of a newly constructed common interest development project are affordable to moderate-income households;** the density bonus ranges from 5 percent for providing at least 10 percent of the units to 35 percent for providing at least 40 units affordable to moderate income households.

- **The development includes a child day care facility larger than the minimum required;** projects containing child care facilities receive a density bonus equal to the greater of the square footage of said facility.

Condominium conversion projects are granted a 25 percent density bonus or other financial incentives if the applicant agrees to make 33 percent of the units affordable to low- or moderate-income households, or 15 percent of the units affordable to very low-income households.

If an applicant donates land to be used for affordable housing construction, the applicant is entitled to a 15 to 35 percent increase in density. The land must be sufficient to permit construction for very low-income households for units equal to 10 to 30 percent of the units in the development—land sufficient to allow for 10 percent will result in a 15 percent density bonus, while land sufficient to allow for 30 percent will result in a 35 percent increase.

Rent Stabilization and Eviction for Good Cause Ordinance

The purpose of residential rent control in the City of East Palo Alto is to protect tenants from unwarranted or unreasonable rent increases and from arbitrary, discriminatory, or retaliatory evictions. The Rent Stabilization and Eviction for Good Cause Ordinance was codified in 1986 and amended in 1988 in response to steadily increasing rents and a shortage of housing, resulting in the displacement of low- and moderate-income tenants. Under this Ordinance, landlords are permitted to increase rents once each year by up to 100 percent of the percent change in the consumer price index for the San Francisco/Oakland Metropolitan Area. The City also recognizes that landlords have a right to a fair return on their investment and need sufficient income to properly operate and maintain their properties. Therefore, landlords can petition to adjust the rent ceiling of individual controlled rental units if, for example, their operating and maintenance expenses were particularly high in comparison with other years.

The Rent Stabilization and Eviction for Good Cause Ordinance is implemented by the Rent Stabilization Board. The Board is empowered to: require landlords to register covered units, set and collect registration fees from landlords, set rent ceilings, make annual general adjustments and individual adjustments in the rent ceilings, issue orders and make rules and regulations, hold public hearings, conduct necessary surveys and investigations, seek injunctive relief and pursue civil remedies. Rent Board members are appointed by the City Council, and the City Manager has ultimate authority for hiring Rent Stabilization Program staff and preparing the budget. The Rent Stabilization and Eviction for Good Cause Ordinance requires the Board to issue a Certificate of Maximum Legal Rent each year, within 30 days of a landlord's annual registration.

The City is currently reviewing the Rent Stabilization and Eviction for Good Cause Ordinance and will be proposing an amendment to the voters of East Palo Alto during the period of this Housing Element. The Ordinance has not changed since 1988, despite changes in State law relevant to rent control. The Costa-Hawkins Rental Housing Act (Civil Code 1954.50 et seq., “Costa-Hawkins”) was enacted and became effective in 1996, allowing landlords to set initial rents at market rate when a vacancy occurred on or after January 1, 1999. Prior to Costa-Hawkins, upon vacancy, rents remained tied to the rent ceiling established according to the Ordinance. This Housing Element includes a program to modify the Rent Stabilization and Eviction for Good Cause Ordinance to be in compliance with Costa-Hawkins. As Costa-Hawkins exempts housing constructed after 1995 from local rent controls, the East Palo Alto Rent Stabilization and Eviction for Good Cause Ordinance will not be a constraint to new housing development. Furthermore, as landlords can petition to adjust the rent of a unit above the rent ceiling for significant improvements to the units, the Ordinance does not discourage the maintenance of rental housing.

Below Market Rate Housing Program

The City’s Comprehensive Zoning Ordinance was amended in 2000 to add a new chapter regarding the Below Market Rate (BMR) Housing Program, providing incentives to balance the development of affordable housing requirements with market rate housing development. This program requires at least 20 percent of all new residential units in residential projects constructed in the City to be affordable to households with incomes between 35 and 60 percent of area median income (AMI) for multifamily housing, between 60 and 90 percent of AMI for single-family detached housing, and between 50 and 70 percent of AMI for single-family attached housing. Affordable units must be comparable to market rate units in the same residential project in terms of size, number of bedrooms, exterior appearance, interior features, and overall quality of construction, unless the market rate units are detached single-family housing. In this case, the affordable units need not be comparable in size or exterior appearance.

Developers of projects containing four or fewer units are also permitted to pay a fee in-lieu of building affordable units. This fee, as of May 2009, is \$13.27 per square foot of aggregate building area of all market rate homes under development plus additional square footage provided by additional stories and a porch/deck minus any garage or other parking area. A copy of the form used to calculate the in-lieu fee is included in the Appendix.

The Ordinance assures the affordability of the BMR units by requiring a minimum deed restriction of 55 years for owner housing and 99 years for rental housing. The maximum resale price of affordable ownership units constructed through the BMR Housing Program is established as the lowest of the following amounts:

- The maximum permitted affordable housing cost at the time of resale for a household of the maximum income level permitted to purchase the unit when initially sold
- The seller's lawful purchase price, increased at one-third the rate of increase in the consumer price index for the period the seller has owned the unit
- Fair market value

However, the Ordinance does not require a BMR sales price lower than the seller's lawful original purchase price plus the seller's reasonable cost of sales (brokerage and transaction costs) and the value of capital improvements. Furthermore, the program allows persons to sell BMR units at market rates (if the price is lower than the affordable home price), which may make the inclusionary unit (with resale restrictions) difficult to sell if a market rate unit without resale restrictions were the same price. The City may need to re-evaluate this provision in light of current market conditions.

Condominium Conversion Code

The City's Subdivision Regulations require a vacancy rate of 4.15 percent before an application for condominium conversion can be accepted. This criterion (vacancy rate) is the only factor considered for the acceptance of a condominium conversion application. The Code does not give policy guidance or criteria to guide the processing of a condominium conversion application. The only development converted to condominiums during the last Housing Element period was Woodland Creek Apartments; sixty-six units were converted.

The City is currently in the process of reviewing its regulations regarding condominium conversions. This Housing Element includes a program to adopt a Condominium Conversion Ordinance that indicates what criteria should be used when a conversion is approved. In order to prevent the displacement of lower income renters, City staff also recommends the Condominium Conversion Code contain the following provisions:

- Exclude units in the Rent Stabilization Program from condominium conversions
- Require the same 20 percent set aside for affordable housing be mandatory for condominium conversions, as required under the City's BMR Program for new development

- Charge an Affordable Housing Fee for approved conversions, set at 10 percent of the sales price of the condominium unit
- Include a feature for review and approval of relocation assistance for affected tenants who need to move because of the conversion
- Take the purchase of units by senior and/or disabled persons as a positive criteria in the evaluation of whether or not to support the approval of a condominium conversion
- Allow tenants of any existing BMR rental units to continue renting the units; however, if the tenants leave voluntarily, the BMR rental units may be sold as condominium units and would convert to BMR ownership units

The City will also ensure that the Condominium Conversion Ordinance will not bar the redevelopment and reconstruction of Rent Stabilization Program units, as provided for in State law (Ellis Act).

DEVELOPMENT PERMIT PROCEDURES

The development review and permit process allows the City to ensure that residential development is accomplished in an orderly manner and complies with adopted building standards. This process can potentially act as a constraint to development if the associated time delays or costs place an undue burden on the developer. Figure 3-1 illustrates the typical process an applicant must follow if they are submitting an application for a development in East Palo Alto.

The typical process varies depending on whether the process is administrative or discretionary; the main difference is the addition of a review and decision by the Planning Commission. If an applicant is submitting an application for a second unit, the process is administrative: City staff reviews the application, works with the applicant to address comments, and approves the application if the comments are addressed.

If the applicant desires to modify any of the standards for second units, a discretionary permit review is required. Discretionary permits are required prior to issuance of variances for second units, building permits for new residential development, and all substantial modifications of residential buildings (e.g. second-story additions). A public hearing with the Planning Commission is required for all discretionary permits. The hearing must be advertised in a local newspaper with separate notices sent to property owners within 300 feet of the property subject to the permit.

Figure 3-1: Development Review Process Flow Chart

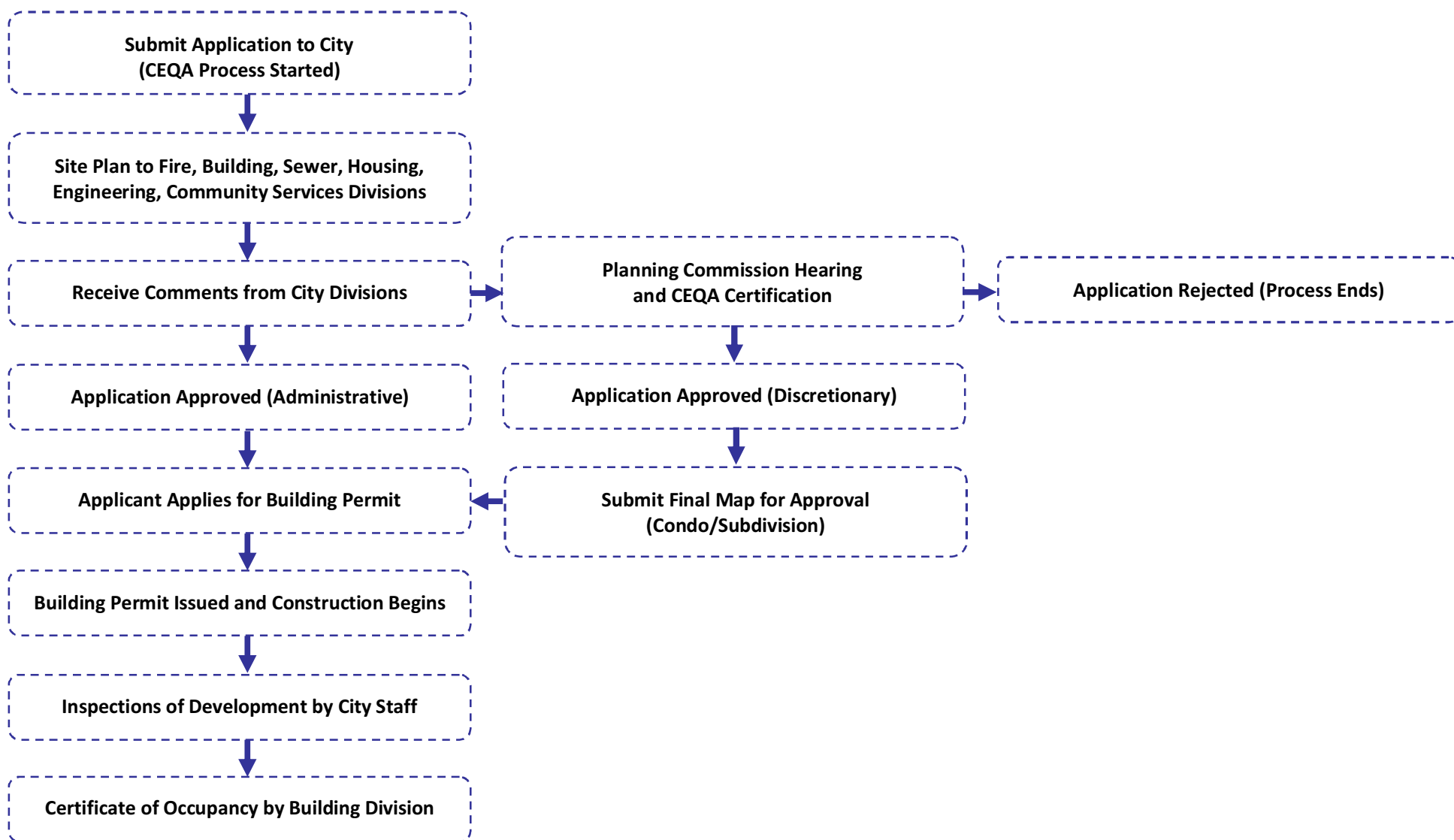


Table 3-6 shows the average time it takes to process various applications. The average subdivision takes four to six months to move through the process, while most second unit applications are approved within two months. Multifamily developments require the longest time of any type, taking up to 18 months to process.

Table 3-6 Application Processing Times		
<i>Permit/Procedure</i>	<i>Typical Processing Time (straight-forward proposal)</i>	<i>Typical Processing Time (complicated proposal)</i>
Conditional Use Permit	24 months	46 months
Zone Change	612 months	1218 months
General Plan Amendment	612 months	1218 months
Site Plan Review	24 months	68 months
Architectural/Design Review	24 months	68 months
Tract Maps	46 months	68 months
Parcel Maps	46 months	68 months
Initial Environmental Study	46 months	68 months
Environmental Impact Report	612 months	1216 months
Single Family Unit	24 months	46 months
Second Unit	12 months	24 months
Subdivision	46 months	68 months
Multifamily, less than 20 units	612 months	1218 months
Multifamily, more than 20 units	1218 months	1218 months

FEES AND EXACTIONS

Developers are required to pay several types of fees as part of the development process. As shown in Table 3-7 below, fees range from planning and application fees to development impact fees. Planning and application fees offset the costs the City incurs in the development review process. Current planning and permit fees were adopted by City Council in 2005 and were last updated in 2008.

Impact fees help to distribute the City's cost of providing development with services and facilities. These fees are determined by the various agencies; school impact fees are set by local school districts and the State, while other impact fees are based on the estimated cost to construct improvements. This allows the City to cover costs while not unduly burdening development. As was shown in Table 3-1, the typical costs for developing a single-family home are over \$378,600, including an average of \$23,177 per unit in permitting and impact fees (six percent of the total development cost of the unit). Typical fees for multifamily units average \$16,441 per unit, also six percent of their total average cost of over \$240,600.

Table 3-7 Fees and Exactions	
<i>Fee Category</i>	<i>Fee Amount</i>
<i>Planning and Application Fees</i>	
Variance	\$3,862 / \$1,972 (owner-occupied SFD)
General Plan Amendment	\$10,618
Zone Change	\$10,618
Administrative Design Review	\$595
Architectural Supervision	\$3,862
Planned Unit Development	\$10,618
Second Unit Permit	\$589 / \$666 / \$3,862

Note: table continued on the next page.

Table 3-7 continued		
<i>Fee Category</i>	<i>Fee Amount</i>	
<i>Subdivision</i>		
Certificate of Compliance	\$975	
Lot Line Adjustment	\$909	
Tentative Parcel Map (4 or less lots)	\$6,888	
Tentative Tract Map (5 or more lots)	\$13,920	
Final Parcel Map	\$7,070	
<i>Environmental</i>		
Categorical Exemption	\$77	
Environmental Impact Report	\$25,750	
Negative Declaration	\$4,596	
<i>Impact (based on sample projects)</i>	<i>Single Family</i>	<i>Multifamily</i>
Parks	\$10,710	\$10,710
Water	\$6,056	\$6,056
Sewer	\$3,625	\$3,625
Stormwater	\$2,149	\$840
Street	\$4,481	\$2,987
School	\$5,154	\$2,685
Impact Fee Total	\$17,340	\$11,550
Other Fees Subtotal	\$5,837	\$4,891
Total per Unit Fees	\$23,177	\$16,441

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4 HOUSING RESOURCES

This chapter analyzes the physical, administrative, and financial resources available for the development, rehabilitation, and preservation of housing in East Palo Alto. Sections 4.1 and 4.2 evaluate the availability of residential land (vacant and underdeveloped) within the city, as well as the City's progress to date in meeting its share of the Regional Housing Need Allocation (RHNA) for new housing unit production in the Bay Area through mid-2014 (units built, in-progress, or approved). Sections 4.3 and 4.4 discuss the financial and administrative resources available to support housing activities, programs, and construction, and to assist in implementing the Housing Plan outlined in Chapter 5 of this Housing Element Update. Section 4.5 discusses housing construction and energy conservation techniques.



4.1 AVAILABILITY OF SITES FOR HOUSING

The Association of Bay Area Governments (ABAG) is responsible for developing the Regional Housing Needs Allocation (RHNA). The RHNA assigns a share of the region's projected future housing unit production need to each community in the ABAG region. The current RHNA is planned within a 7.5-year planning period, from January 1, 2007 through June 30, 2014. For this period, ABAG determined the RHNA for San Mateo County and then, the County's jurisdictions worked together to allocate each city's share. East Palo Alto's RHNA share for the current period is 630 of the 15,738 new housing units needed in San Mateo County (Table 4-1).

Table 4-1 East Palo Alto's RHNA, 20072014

<i>Income Group</i>	<i>Housing Units</i>	<i>Percent of Total</i>
Very Low (<50%)	144	23%
Low (<80%)	103	16%
Moderate (<120%)	122	19%
Above Moderate	261	42%
Total	630	100%

State law requires communities to demonstrate that an adequate amount of developable land is available to accommodate their share of the RHNA. Housing units permitted, built, or that have received Certificates of Occupancy since January 1, 2007 can also count toward the City's RHNA. This section outlines the City's accomplishments to date toward meeting the RHNA, as well as potentially developable land available to accommodate the balance by 2014.

PROGRESS TOWARD MEETING HOUSING NEEDS

Table 4-2 summarizes the City's progress toward meeting its RHNA with housing units that have been permitted or built since 2007. Between January 2007 and March 2009, a total of 77 housing units were permitted or constructed within the city, based on City of East Palo Alto building permit data. This comprises approximately 12 percent of the total RHNA to be accommodated during the current planning period (2007-2014). The incomes of the units were verified through an evaluation of the sale prices of the homes built during this time period and the covenants recorded against the affordable units. In instances where home sale prices were unavailable, the units were assumed to have sold to above moderate-income households.

Table 4-2 Housing Units Built or Approved Since January 1, 2007

	<i>Extremely Low /Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total</i>
1060 Weeks/Maple Lane		2		2	4
Cummings Park	1	5	24		30
421 Oakdale			1		1
1201 Runnymede Street			6		6
2396 University Avenue			6		6
965 Weeks Street			6		6
437 Runnymede Street			1		1
431 Runnymede Street				1	1
401 Runnymede Street				1	1
2106 Ralmar Avenue				1	1
907 Newbridge			3		3
65 Buchanan Court				1	1
872 Runnymede Street		1		6	7
363 Garden Street				1	1
2657 Illinois				1	1
1249 Westminister				1	1
Secondary Units				6	6
Total	1	8	47	21	77
RHNA (20072014)	144	103	122	261	630
Remainder	143	95	75	240	553

EXAMPLE HOUSING UNITS BUILT SINCE 2007

1060 Weeks Street / Maple Lane Subdivision

Located at 1058 Weeks Street between University Avenue and the San Francisco Bay, this project consists of 29 single-family homes (including 6 BMR homes) on a 2.4-acre former nursery site, achieving a density of approximately 12 dwelling units per acre. The development is located on the Medium/High land use designation. The developer started construction on the second phase of 13 housing units in April 2006. There are 4 housing units in the final phase, which will include 2 BMR units. Twenty-five of the houses are detached and the other four will be attached as duets. The detached units are three stories, ranging between 2,191 and 2,247 square feet on lots that average 3,300 square feet. The homes are arranged around a central landscaped area called Maple Park.

The National Association of Realtors lists homes currently for sale in the Maple Lane Subdivision at between \$570,000 and \$598,000 for a four-bedroom house. These sales prices may be affordable to some moderate-income households with a significant down payment. However, given that these prices are likely out of reach of many moderate-income homeowners, the two market rate units approved in 2007 have been placed in the above market rate category and the two BMR units approved are restricted to low-income households.



Cummings Park Lofts

Located on the northeastern corner of the Ravenswood 101 Retail Center, Cummings Park Lofts are a 30-unit live/work condominium development that includes 6 BMR condominiums completed in early 2008. The project consists of one- and two-bedroom townhomes and includes approximately 16,000 square feet of storefront retail, including a 1,400-square foot non-profit small business incubator/advisor. The greater shopping center also contains large-footprint retail uses, including IKEA and Home Depot. The developer, Hunter & Associates Development Ventures, purchased the 1-acre site from the Cummings Episcopal Church. Twenty-three of the 30 units were sold during an auction on June 29th, 2008; the price range (\$325,000-\$480,000) was affordable to moderate-income households.



This development has a density of 30 dwelling units per acre and is designated as General Commercial. Although the maximum density permitted in the General Commercial designation is 16 dwelling units per acre, the City frequently works with developers to build higher density mixed-use projects in this land use designation.

UNITS WITH ENTITLEMENT

Table 4-3 includes sites or parcels that are vacant, designated for residential use, and/or have development entitlements in place that allow them to proceed with building permits and construction. A total of 154 units have received entitlements from the City. Income levels for each development's units are based on the required allocations through the BMR Program, which the developer is informed of and agrees to at entitlement. In East Palo Alto, providing affordable housing is required for developments containing more than four units. Furthermore, an analysis of the City's recorded home sales since 2007 determined that most new homes in East Palo Alto sold for between \$280,000 and \$440,000, currently affordable to moderate income households. Therefore, though sales prices have not been set for the entitled units, it is assumed that the new units listed in Table 4-3 will also be affordable to moderate income households. As the remaining RHNA for moderate-income households was satisfied by the units proposed in the 2485 Pulgas development and the Olson Property (first two projects listed in Table 4-3), the remaining entitled market rate units were placed in the above moderate income category.

University Corner

On July 2008, the City of East Palo Alto Redevelopment Agency (the Agency) entered into an Option to Purchase Agreement with the County of San Mateo (the County) to acquire the "Post Office" corner site, as part of the final parcel assembly process for the University Corner project. Within the specified 180 days of the Option, Clarum Four Corners LLC (the Developer) paid for the costs of conducting a Phase II environmental assessment of the site and the Agency conducted the Phase II study. On September 3, 2008, the Agency signed an Owner Participation, Disposition, and Development Agreement (OPA) with the Developer to create a mixed-use development containing 115 residential units and 16,000 square feet of retail space at the corner of Bay Road and University Avenue. According to the agreement, at least 5 units will be sold to households with incomes below 35 percent of AMI, 13 units will be sold to households with incomes below 50 percent of AMI, and 5 units will be sold to households with incomes below 60 percent of AMI. In May of 2009, the Developer provided the Agency the necessary funding (\$66,000) to extend the purchase option, and the Agency Executive Director extended the Option to the County. The project will be presented before the Planning Commission for review and entitlement approvals in August 2009. Prior to the expiration of the option terms, including extensions, the Agency may exercise the Option at any time after the project receives the necessary land use approvals.

A total of 269 units are provided by entitled projects and the University Corner development (Table 4-3). As will be discussed in the next section, the City needs to ensure land is available to accommodate the 284 units of housing still needed to meet the RHNA by 2014.

Table 4-3 Entitled Projects and Projects with OPA					
	<i>Extremely Low/Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total</i>
<i>Entitled Projects</i>					
2485 Pulgas	7	3	41		51
965 Weeks (Olson Property)	8	3	34	10	55
992 Runnymede		1		4	5
2896 University		1		5	6
725 Runnymede		1		5	6
791 Weeks Street		1		6	7
952 Beech St				1	1
763 Green		1		7	8
1225 Westminister				1	1
805 Runnymede		1		5	6
1010 Runnymede		1		7	8
Total	15	13	75	51	154
<i>Projects with OPA</i>					
University Corner	5	18		92	115
Grand Total	20	31	75	143	269
Remainder from Table 4-2	143	95	75	240	553
Remainder to meet RHNA	123	64	0	97	284

RESIDENTIAL SITES INVENTORY

The City's evaluation of adequate housing sites contains a list of individual sites/parcels by zone and General Plan designation. The site suitability analysis demonstrates that these sites are currently available and unconstrained in order to provide realistic development opportunities prior to June 30, 2014 (end of the planning period). To demonstrate the viability of the sites, the analysis also took into account (1) whether appropriate zoning is in place, (2) the applicable development standards and their impact on projected development capacity and affordability, (3) existing constraints, including any known environmental issues, (4) the availability of existing and planned public service capacity levels, and (5) historic unit yield within identified land use categories.

Map 4.1 illustrates housing opportunity sites within East Palo Alto's city limits for the timeframe 2007-2014. These opportunity sites represent vacant or underutilized land, designated as Residential or General Commercial (allows mixed-use) that is available for new development, as well as sites that will need to be re-zoned for residential use (these sites are discussed in more detail on page 4-12). As noted later in this chapter and in Chapter 5, three sites (Sites 1, 2, and 3 on Map 4.1) targeted for re-zoning, as well as one General Commercial site (Site 4 on Map 4.1), will be up-zoned to a minimum of 30 dwelling units per acre in order to meet the City's RHNA for extremely low-, very low-, and low-income housing. Additional maps of the land inventory are included in the Appendix.

Parcel Data

State Housing Element law requires that cities provide detailed information regarding their inventory of land suitable for residential redevelopment (See Appendix), including:

- A listing of identified properties by parcel number
- The size, general plan designation, and zoning of each property
- (Non-vacant sites) a description of the existing use of each property
- A general description of existing or planned infrastructure improvements, and any environmental constraints*

* All sites with environmental constraints were removed from the land inventory and were not considered for development.

Map 4.1: Housing Opportunity Sites 2007-2014

Land Use
larger parcels

- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.

Density and Affordability Assumptions for Vacant Parcels

For purposes of determining the additional residential development potential on vacant and underdeveloped parcels based on existing General Plan land use designations, existing projects were examined to determine the actual densities achieved. The average density achieved for each General Plan land use designation was then calculated (Table 4-4). Many of the densities achieved exceed the allowed density. For example, while the allowed density in the General Commercial zone is 16 dwelling units per acre, the developments built at 2896 University Avenue and 1761 East Bayshore Road achieved densities of 25 and 30 dwelling units per acre, respectively. In the calculations for development capacity on vacant sites, both the maximum allowed density and the average achieved density were considered; the lower of the two was used to provide a conservative estimate of the capacity for development. The development capacity by land use designation and density used (defined as “realistic density”) to achieve the estimate of capacity is provided in Table 4-5.

Table 4-4 Typical Residential Projects by General Plan Category

<i>Project</i>	<i>Acres</i>	<i>Land Use Designation</i>	<i>Density Permitted</i>	<i>Zoning</i>	<i>Units</i>	<i>Density Achieved (du/acre)</i>
2477 Pulgas	8.0	General Commercial	16 du/acre	PUD	51	6
2896 University	0.2	General Commercial	16 du/acre	C-1/S-3	6	25
1761 E Bayshore Rd	1.0	General Commercial	16 du/acre	PUD	30	30
General Commercial: Average Density Achieved¹						20
992 Runnymede	0.7	Low/Medium Density Residential	1-8 du/acre	R-1-5,000	5	7
725 Runnymede	0.3	Low/Medium Density Residential	1-8 du/acre	R-1-5,000	6	18
1010 Runnymede	1.0	Low/Medium Density Residential	1-8 du/acre	R-1-5,000	8	8
1063 Garden Street	1.0	Low/Medium Density Residential	1-8 du/acre	R-1-5,000	5	5
872 Runnymede	0.9	Low/Medium Density Residential	1-8 du/acre	R-1-5,000	7	8
Low/Medium Density Residential: Average Density Achieved¹						9
1060 Weeks	2.4	Medium/High Density Residential	9-17 du/acre		29	12
829 Donohoe Street	0.8	Medium/High Density Residential	9-17 du/acre		7	9
2400 Gloria Way	2.0	Medium/High Density Residential	9-17 du/acre	R-M-1,000	38	19
907 Newbridge	0.2	Medium/High Density Residential	9-17 du/acre	C-1/S-3	3	14
Medium/High Density Residential: Average Density Achieved						14
965 Weeks (Olson Property)	2.6	High Density Residential	18-40 du/acre	R-M-500	55	21
1740 Bay Road	1.6	High Density Residential	18-40 du/acre	R-M-1,000	74	46
High Density Residential: Average Density Achieved						34

¹ The average density achieved exceeded the density permitted for both the General Commercial and the Low/Medium Density Land Use Designations, as the City often works with developers to achieve a higher density on a project by project basis given a site's unique characteristics.

Table 4-5 Summary of Housing Opportunity Sites

<i>Land Use</i>	<i>Acres</i>	<i>Maximum Allowed Density</i>	<i>Realistic Density</i>	<i>Number of Units</i>
Commercial/Office	4.44	16 du/acre	16 du/acre	71
Low/Medium Density Residential	9.87	8 du/acre	8 du/acre	79
Medium/High Density Residential	1.32	17 du/acre	14 du/acre	18
High Density Residential	0.81	40 du/acre	34 du/acre	28
Total	16.44			196

Consistent with State Housing provisions, areas that allow a minimum density of 30 dwelling units per acre are considered adequate for meeting the low-, very low-, and extremely low-income need level. In East Palo Alto, only three parcels are designated High Density Residential and have an adequate density for extremely low-, very low-, and low-income units. Though the parcels are small (less than half an acre), the City's development standards allow for the development of housing at 34 dwelling units per acre on each site. Furthermore, the City has recently developed residential projects on small sites and is adept at improving the feasibility of small sites for residential development. Small-site projects include the mixed-use project at 907 Newbridge and the seven single-family residences developed at 872 Runnymede. Through a General Plan Amendment and a Planned Community Permit, the 907 Newbridge site was given a variance to reduce the front yard setback, enabling the development of three residential units above office space on a 9,240 square foot site. At 872 Runnymede, the floor area ratio for the site was increased with a variance, allowing two additional lots to be developed on this 38,000 square foot site. The individual lot sizes for the single-family residences vary from 3,300 to 4,045 square feet.

This Housing Element Update includes numerous policies and actions to facilitate small parcel development, including a program to reduce the development standards (set-backs, minimum lot size) on parcels less than one-half acre in size and a program to develop pre-approved small lot house plan packages (floor plans, elevations, sections, building materials, details, and landscape/irrigation plans).

Table 4-6 Housing Opportunity Sites by Income Level

<i>Land Use Category</i>	<i>Extremely Low/Very Low</i>	<i>Low</i>	<i>Moderate</i>	<i>Above Moderate</i>	<i>Total Units</i>
Low/Medium Density Residential				79	79
Medium/High Density Residential				18	18
High Density Residential	28				28
Commercial/Office				71	71
Total	28	0	0	168	196
Remainder from Table 4-3	123	64	0	97	284
Remainder to meet RHNA	95	64	0	0	159

As is shown in Table 4-6, the City's inventory of vacant land designated for residential or mixed-use (Commercial/Office land use designations) development provides more than enough sites to accommodate the City's above moderate-income RHNA. However, East Palo Alto currently does not have enough sites to accommodate its extremely low-, very low-, and low-income need. In order to accommodate the remaining 95 units of extremely low- and very-low income housing, and the 64 units of low-income housing, the City will re-zone (or up-zone in the case of the 1675 Bay Road) four parcels to high-density residential or mixed-use commercial by June 2010 and will ensure that they are developed at a minimum of 30 dwelling units per acre (see Policy 3.2, Actions 3.2, and 3.3 in Chapter 5). The Appendix includes aerials of these parcels, and Table 4-7 provides key information on each site. At 30 dwelling units per acre, the four parcels together can accommodate 375 units, providing more than enough acreage to meet the very low- and low-income requirement.

Table 4-7 Parcels Targeted to Meet the Remaining RHNA

<i>Map 3 ID</i>	<i>APN</i>	<i>Acres</i>	<i>Address</i>	<i>Zone</i>	<i>Land Use Designation</i>	<i>Density</i>	<i>Unit Capacity</i>
1	063-121-020	4.71	2565 Pulgas Avenue	M-1	General Industrial	30 du/acre	141
2	063-121-210	0.92	Pulgas Avenue (no street number)	M-1	General Industrial	30 du/acre	28
3	063-121-200	0.89	2560 Pulgas Avenue	M-1	General Industrial	30 du/acre	27
4	063-111-250	5.96	1675 Bay Road	C-1/S-3	General Commercial	30 du/acre	179
Total							375

Sites 1 through 3 will likely be developed together, as they are neighboring sites and owned by the same individual. Together, these sites make up a total of 6.5-acres and are located in the northeast portion of the city within the Ravenswood Industrial Area. The sites are largely vacant, with the exception of former industrial buildings on the western edge of sites 1 and 2. In 2000, the East Palo Alto Revitalization Plan identified the area to be transformed into the Ravenswood Business District (RBD) and accommodate a mix of commercial, industrial, and residential uses. Last year, an applicant submitted a proposal for an 80-live/work unit development on these three sites, but has since withdrawn the application due to the current economic climate. Site 4 is entirely vacant and located at a prominent corner of two major roads in the city, University Avenue and Bay Road.

Secondary Dwelling Units

Secondary dwelling units are an important affordable housing opportunity for East Palo Alto. Between 2002-2006, the City approved an average of five secondary dwelling units per year (Table 4-8). Although there has been a slowdown in applications during the last three years, the City still anticipates producing an average of five or more secondary dwelling units per year based upon this past record. These expected units are not included in the City's land inventory.

Table 4-8 Approved Secondary Dwelling Units	
<i>Year</i>	<i>Number Approved</i>
2002	7
2003	5
2004	7
2005	5
2006	7
2007	1
2008	2
2009	3
Average per Year	5

Infrastructure Availability

Most of the sites in the land inventory are infill sites and have access to appropriate services. The City's 2005 Urban Watershed Management Plan (UWMP) states that the City has a very reliable water supply for the next 25 years. The UWMP projects a balanced supply and demand of water in 2010 of 3,136 acre-feet per year and 3,876 in 2015. The demand projections take into account the City's General Plan build out, which includes the housing to be developed in the land inventory, population growth, and the development of the RBD. All wastewater for the city is conveyed outside the city limits and treated by the wastewater treatment facilities serving the Palo Alto and Redwood City. According to the UWMP, the City's wastewater treatment facilities will be able to handle the projected growth in demand until 2030.

In October of 2008, an Engineering Plan was drafted for the RBD (which includes parcel 093-590-060 that has been targeted for re-zoning in the Housing Element). This Plan includes detailed information on the design and cost of improving existing infrastructure and providing additional infrastructure within this area. It also outlines the coordination between the proposed development of the RBD with the San Francisco Public Utilities Commission for its water supply and the East Palo Alto Sanitary District for wastewater collection and treatment. A new drainage system is being proposed for the RBD whereby discharge will enter the Runnymede system at its existing channel (end of Runnymede Street).

4.2 FINANCIAL RESOURCES

The City has limited local financial resources that can be used to facilitate affordable housing development. Resources available as of the writing of this Update include the Below Market Rate Inclusionary Housing In-Lieu Fee, Low and Moderate Income Housing Set-Aside Fund, and Developer Investment Funds through the City Redevelopment Agency.

BELOW MARKET RATE INCLUSIONARY HOUSING IN-LIEU FEE

As previously mentioned, under the BMR Ordinance, developers of residential projects of less than 5 units, and those where the basic requirement is a fractional number, may elect to pay an in-lieu fee rather than develop affordable units on site. Under the BMR Ordinance, these funds are deposited into a separate account called the City Affordable Housing Fund to be used for the development of BMR housing in the City. While the BMR Ordinance is structured to minimize in-lieu fee payments and instead maximize the delivery of affordable units, the City currently has \$384,511 in the Affordable Housing Fund.

LOW AND MODERATE INCOME HOUSING SET ASIDE FUND

The City of East Palo Alto's combined Redevelopment Project Area includes the University Circle, Gateway/101, and Ravenswood areas. One of the most powerful tools for redevelopment is tax increment financing. When a redevelopment project is established, the project area's property tax base going to the local government is frozen, allowing only for the annual increase permitted by Proposition 13. As redevelopment activities occur and property values increase within the project area, the property tax increment over the tax base is transferred to the redevelopment agency to finance other redevelopment projects.

This combined redevelopment area generates tax increment funds and, by law, a minimum of 20 percent of these funds must be spent on developing low- and moderate-income housing. In East Palo Alto, these funds are known as the Low and Moderate Income Housing Set Aside Fund. Between 2008 and 2011, approximately \$4,891,000 will be available in this fund to assist with affordable housing, including the replacement of units lost due to Redevelopment Agency activity. On average, \$14,100 in assistance is given per affordable unit; therefore, if this average subsidy continues, the Housing Set Aside Fund could assist 347 new households by 2014.

The City is in the process of fiscally merging three redevelopment areas and extending the duration of activities, collection of tax increment, and repayment of debt by ten years from April 5, 2014 to April 5, 2021. Extending the deadlines triggers two changes to the affordable housing set aside in the RBD. The first change is that the percentage of the affordable housing set aside from only the RBD project area will increase from 20 percent of the gross tax increment to 30 percent of the gross tax increment. These funds, as well as the affordable housing funds from the other two redevelopment project areas, can be used on affordable housing activities throughout the city. The second change is that the affordability targets for the RBD housing funds will change. After the adoption of the ten-year extensions, the Low and Moderate Housing Funds must primarily be spent on very low- and low-income housing, rather than moderate-income housing. The additional affordable housing funds can be used for affordable housing and mixed-use projects in the RBD and through the city, provided they meet California Community Redevelopment Law's required income targets.

DEVELOPER INVESTMENT FUNDS

From time to time, developers in Redevelopment Projects Areas may be required to establish investment funds with the City. In the past, such funds have been used to finance down payment assistance loans to low- and moderate-income families. Currently, the Redevelopment Agency has resolved to spend up to \$250,000 in such funds to match the City's financing application to the San Mateo County HOME Consortium.

FINANCING FOR AFFORDABLE HOUSING OPPORTUNITIES

One of the major constraints facing the City is the lack of affordable housing funds to acquire properties, finance construction and long-term below market rate mortgages, provide affordable ownership opportunities, among others. The City has been actively pursuing a variety of resources to overcome these financing constraints, as outlined below. Table 4-9 provides a summary of other federal, State, local, private, and non-profit financial resources available to support housing activities in the City of East Palo Alto.

California Housing Finance Agency

In 2003, the City approved a \$504,000 loan for site acquisition and predevelopment for 77 low-income tax credit apartments, referred to as The Courtyard at Bay Road. Remaining funds from the CHFA HELP program are available to provide for predevelopment costs and assist in property

acquisition. The City's Housing Services Department continues to explore opportunities to submit proposals to the Housing Finance Agency to address specific housing needs in East Palo Alto.

County of San Mateo HOME Funds

In 2003, the City was awarded \$126,300 from the County HOME Consortium to provide down payment assistance for first-time, low-income homebuyers. Starting in March of 2004, all of the funds were loaned to first-time homebuyers in the City's BMR program. The City did not receive any HOME funds in 2008.

Housing Endowment and Regional Trust (HEART)

The City has been supporting the efforts of the Housing Endowment and Regional Trust (HEART) efforts to raise \$100 million over ten years for affordable housing in San Mateo County. HEART is focused on providing financing for affordable housing development throughout San Mateo County.

Section 8 Rental Assistance

The Section 8 Housing Choice Voucher Program is a federal program that provides rental assistance to very-low income persons in need of affordable housing. Section 8 vouchers pay the difference between the payment standard and what a tenant can afford to pay (e.g. 30 percent of gross monthly income). A voucher allows a tenant to choose housing that may cost above fair market rent, with the tenant paying the extra cost. The Housing Authority of the County of San Mateo applies to HUD for Section 8 vouchers and administers this program directly; in 2008, it provided housing vouchers to 470 households in East Palo Alto.

Table 4-9 Financial Resources for Housing Activities		
<i>Program Name</i>	<i>Description</i>	<i>Eligible Activities</i>
Federal Programs		
American Dream Down Payment Assistance Program (ADDI)	Downpayment assistance and homebuyer counseling program for low- to moderate-income homebuyers. Maximum loan amounts up to twenty percent the jurisdiction's total allocation.	Home Buyer Assistance Rehabilitation
Community Development Block Grant (CDBG)	Grants awarded to the City on a formula basis for housing and community development activities.	Acquisition Rehabilitation Home Buyer Assistance Economic Development Homeless Assistance Public Services
Capital Funds (Formerly CIAP funds)	Funds for Public Housing Agencies (PHAs) to develop, finance, and modernize public housing developments, and for management improvements.	Housing Construction Rehabilitation Modernization
Emergency Shelter Grant (ESP)	Basic shelter and essential supportive services for homeless persons. Assistance with the operational costs of the shelter facility and for the administration of the grant. Short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction, foreclosure, or utility shutoffs.	Support Services Rental Assistance Homeless Assistance
HOME Investment Partnership Act Program (HOME)	Flexible grant program allocated to East Palo Alto through the San Mateo County HOME Consortium.	Acquisition Rehabilitation Home Buyer Assistance Rental Assistance

Table 4-9, continued Financial Resources for Housing Activities		
<i>Program Name</i>	<i>Description</i>	<i>Eligible Activities</i>
Housing Opportunities for Persons with AIDS (HOPWA)	Grants to local communities, States, and non-profit organizations for projects that benefit low-income persons medically diagnosed with HIV/AIDS and their families.	Acquisition Rehabilitation Housing Construction Rental Assistance Support Services
HUD Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants.	Rental Assistance
Low-Income Housing Tax Credit (LIHTC)	Tax credits available to persons and corporations that invest in low-income rental housing; proceeds from the sale are typically used to create housing.	Housing Construction
Supportive Housing Program (SHP)	Grants for development of supportive housing and support services to assist homeless persons in the transition from homelessness; competitive program authorized under the McKinney/Vento Act.	Transitional Housing Housing for the Disabled Supportive Housing Support Services
Section 202	Grants to non-profit developers of supportive housing for the elderly.	Acquisition Rehabilitation New Construction
Section 811	Grants to non-profit developers of supportive housing for persons with disabilities, including group homes, independent living facilities, and intermediate care facilities.	Acquisition Rehabilitation New Construction Rental Assistance

Table 4-9, continued Financial Resources for Housing Activities		
<i>Program Name</i>	<i>Description</i>	<i>Eligible Activities</i>
Section 108 Loan Guarantee	Loan guarantees to CDBG entitlement jurisdictions for capital improvement projects; maximum loan amount can be up to five times the jurisdiction's recent annual allocation, with terms up to 20 years.	Acquisition Rehabilitation Home Buyer Assistance Economic Development Homeless Assistance Public Services
State Programs		
Building Equity and Growth in Neighborhoods Program (BEGIN)	Grants to cities, counties, or both to make deferred-payment second mortgage loans to qualified buyers of new homes, including manufactured homes on permanent foundations, in projects with affordability enhanced by local regulatory incentives or barrier reductions.	Home Buyer Assistance
Housing Enabled by Local Partnerships (HELP) Program	Low-interest rate loans administered by Cal HFA to local government entities for their locally determined affordable housing activities and priorities.	Acquisition New Construction Rehabilitation
Local Housing Trust Fund Matching Grant Program – Proposition 46	Matching grants for local housing trust funds that are funded on an ongoing basis from private contributions or public sources that are not otherwise restricted in use for housing programs.	New Construction Home Buyer Assistance
Mobile Home Park Resident Ownership Program (MPROP)	Finance for the preservation of affordable mobile home parks by conversion to ownership or control by resident organizations, non-profit housing sponsors, or local public agencies.	Acquisition
Mortgage Revenue Bonds (MRBs)	Tax-exempt bonds that state and local governments issue through housing finance agencies (HFAs) to help fund below-market-interest-rate mortgages for first-time qualifying homebuyers.	Home Buyer Assistance
Mortgage Credit Certificates (MCC)	Federal income tax credits for qualified first time homebuyers to reduce the borrower's federal tax liability; provides additional income that can be used for mortgage payments.	Home Buyer Assistance

Table 4-9, continued Financial Resources for Housing Activities		
<i>Program Name</i>	<i>Description</i>	<i>Eligible Activities</i>
Multifamily Housing Program (MHP)	Assistance the new construction, rehabilitation, and preservation of permanent and transitional rental housing for low-income households.	New Construction Rehabilitation Acquisition
Local Programs		
General Funds	Funds to subsidize rents and operations	Support Services
Housing Set Aside Funds	Funds provided by the Redevelopment Agency for the development and rehabilitation of rental and homeowner housing.	Acquisition New Construction
In-lieu Low Income Housing Fund (Housing Trust Fund)	A per-unit fee for residential developments that do not provide affordable housing, generated from the Inclusionary Housing ordinance.	Acquisition Homeless Assistance New Construction Rehabilitation Support Services
Social Opportunity Endowment	Funds that provide a long-term, stable funding source for the delivery of quality human services to low-income city residents.	Acquisition Economic Development Home Buyer Assistance Homeless Assistance New Construction Rehabilitation Support Services Public Services
Private Resources		
Housing Incentives for the Recruitment and Retention of Employees (HIRE)	Assistance to individuals who do not currently own a home and do not qualify for traditional down payment assistance; households have incomes up to 140% of median.	Home Buyer Assistance

Table 4-9 Continued Financial Resources for Housing Activities		
<i>Program Name</i>	<i>Description</i>	<i>Eligible Activities</i>
Non-Profit Institutions		
Bay Area Local Initiatives Support Corporation (LISC)	Recoverable grants and debt financing on favorable terms to support a variety of community development activities, including affordable housing.	Acquisition New Construction
EPA CAN DO Community Lending Company	Loans to single- and multifamily unit owners to finance new constructions, home improvements, and home ownership in underserved areas.	Rehabilitation New Construction Home Buyer Assistance
Low-Income Housing Fund (LIHF)	Loan financing for all phases of affordable housing development and/or rehabilitation.	Acquisition Rehabilitation New Construction

Source: City of East Palo Alto, San Mateo County HOME Consortium: East Palo Alto Action Plan, FY2006-2007; EDAW; 2008.

4.3 ADMINISTRATIVE RESOURCES

GOVERNMENTAL RESOURCES

Housing Authority of the County of San Mateo

The Housing Authority of the County of San Mateo (SMHA) is responsible for managing 8 low-income housing developments within East Palo Alto, as well as rental assistance programs (Section 8 certificates and vouchers). As of 2008, SMHA provides 470 tenant-based vouchers to low-income households in East Palo Alto, including project-based vouchers for the disabled and households with social service needs. SMHA also provides appropriate support services to transitional unit residents.

The Housing Services Department

The East Palo Alto Housing Services department is comprised of three divisions: Housing Development, Rent Stabilization, and Code Enforcement. The mission of the Housing Services Department (HSD) is to advance and support policies and programs to ensure that East Palo Alto is a sustainable and economically vital city of culturally and vocationally diverse residents of all ages. The HSD specifically works to maintain and expand affordable housing opportunities for low- and moderate-income households throughout the city and to support the revitalization and preservation of residential neighborhoods. The HSD is the principal City agency responsible for analyzing housing policies, developing the City's response to the housing challenges faced by East Palo Altans, and administering and implementing housing related programs.

Non-Profit Resources

There are a number of non-profit organizations whose activities are related to the provision of affordable housing and human service programs in East Palo Alto. The City currently works with each of the groups listed below:

- Adults Toward Independent Living
- Bay Area Home Buyer Agency
- Bayshore Community Resources Center
- BRIDGE
- Catholic Charities of San Mateo County
- Citizens Housing
- Clara-Mateo Alliance
- Community Association for Rehabilitation, Inc.
- Community Housing Developers
- East Palo Alto Community Legal Services
- East Palo Alto Community Alliance
- EDEN Housing
- ECHO Housing
- El Concilio Emergency Services Partnership
- Elder Care Locator
- Emergency Housing Consortium
- EPA CAN DO
- Family Housing and Adult Resources
- Habitat for Humanity
- Kainos Home and Training Center for the Developmentally Disabled
- Human Investment Project
- Mid-Peninsula Citizens for Fair Housing
- Mid-Peninsula Housing Coalition
- Project Sentinel Inc.
- Rebuilding Together, Mid-Peninsula
- Salvation Army of San Mateo County
- San Mateo County Home Buyer Program
- Shelter Network
- Spring St. Shelter / Mental Health Association
- St. Vincent de Paul Society
- Stanford Community Law Clinic
- Support Network for Battered Women
- Urban Ministry of Palo Alto
- Women and Their Children's Housing (WATCH)
- Valley Support Center of the Mid-Peninsula
- Veteran's Guarantee Home Loan Program

The following are nonprofit organizations with recent projects in East Palo Alto:

Community Housing Developers Inc.

Established in 1979 as the first community based, not-for-profit developer of affordable housing in Santa Clara County, Community Housing Developers, Inc., has created over 2000 units of affordable rental and for-sale housing during its 30-year history. Community Housing Developers recently developed the Courtyard at Bay Road, a 77-unit affordable housing development located at 1730 Bay Road in East Palo Alto. A distinctive feature of Courtyard at Bay Road is the solar energy system by Eco-Energies of Sunnyvale, CA (now known as REC Solar), which installed 125 photovoltaic roof panels to supply the development with all of its non-residential energy requirements.

BRIDGE

Based in San Francisco, the non-profit BRIDGE is one of the leading affordable housing developers in California. BRIDGE builds a variety of affordable housing types that ideally act as a catalyst for revitalizing and strengthening neighborhoods. The organization prides itself on creating high-quality, affordable homes for working families and seniors. As part of a major redevelopment effort by the City, the non-profit completed Peninsula Park Apartments in East Palo Alto in 2000. Peninsula Park resulted from a master plan created by BRIDGE, local partner East Palo Alto Community Alliance, and Neighborhood Development Organization (EPA CAN DO). The project is a mix of 200 single-family homes and 129 rental apartments, 87 of which are affordable units.

EDEN Housing

Based in Hayward, EDEN Housing assists communities through an array of affordable housing development and management services, as well as social services that meet the needs of lower income households. The agency serves low- and moderate-income families, seniors, people living with physical, and developmental disabilities or mental illness, the formerly homeless, and existing homeowners. Along with EPA CAN DO, the nonprofit completed Nugent Square Apartments in 2005, a 32-unit below market rate apartment complex.

EPA CAN DO

EPA CAN DO's portfolio includes the development of over 336 affordable housing units. Over the next five years EPA CAN DO expects to produce between 200300 units of new housing, and acquire and rehabilitate between 150200 units of existing housing. Both will be affordable to low- and moderate-income families and individuals. EPA CAN DO is currently planning to develop a transitional housing project for at-risk youth and post-foster care individuals. The City anticipates the group will be requesting financial assistance once planning entitlements are received.

Habitat for Humanity

Habitat for Humanity is a national non-profit agency, with local chapters, dedicated to building affordable housing and rehabilitating homes for low-income families. Habitat builds and repairs homes with the help of volunteers and partner families. Habitat homes are sold to partner families at no profit, with affordable or no-interest loans, and a commitment of sweat equity from the family. Volunteers, churches, businesses, and other groups work with Habitat and the partner families to provide significant portions of the labor for the homes; land is often donated by government agencies or individuals.

4.4 OPPORTUNITIES FOR ENERGY CONSERVATION

According to the U.S. Department of Energy, the residential sector accounts for 21 percent of the country's annual energy use.¹ Within the home, 43 percent of residential energy is used for space heating and cooling, 12 percent for water heating; and 11 percent for lighting.² Energy conservation provides the dual benefits of promoting environmental sustainability and reducing monthly energy costs, which is a component of long-term housing affordability.

Opportunities for residential energy conservation exist at all scales, from individual home appliances to city design. Building design, construction techniques, street layouts, and zoning patterns all effect energy consumption and can therefore support its reduction. Constructing new homes with energy-conserving features, in addition to retrofitting existing energy-inefficient structures, can result in lower monthly utility costs. Additional energy conservation may be achieved through the following pursuits:

- Sealing building envelopes (doors, windows, walls, foundation, roof, and insulation) to prevent energy leaks that increase heating and cooling costs
- Installing energy efficient appliances, lighting, and mechanical systems (heating, ventilation, and air conditioning)
- Installing a “cool roof” that reflects solar radiation to lower heating costs and reduce the urban heat island effect
- Designing and orienting buildings to take advantage of natural systems such as sun, shade, and wind, which provides heating, cooling, and energy generation opportunities
- Supporting attached housing design, which reduces the number of exterior walls per unit and results in lower per-unit heating and cooling costs
- Promoting infill development, especially along transportation corridors, to use existing infrastructure and services, and minimize automobile trips.

¹ Source: U.S. Department of Energy at http://www.eia.doe.gov/emeu/aer/pdf/pages/sec2_4.pdf

² Source: U.S. Department of Energy at <http://buildingsdatabook.eren.doe.gov/docs/1.2.3.pdf>.

In California, State law (Government Code Section 65583 [a][7]) requires local governments to address energy conservation issues when updating a Housing Element. According to the California Department of Housing and Community Development (HCD), these elements should contain an analysis of opportunities for residential energy conservation. It is the intent of this requirement to promote energy efficient housing systems and building design, as well as the use of energy saving features and materials during construction.

FEDERAL

Energy Efficiency and Conservation Block Grant Program

Signed into law in 2007, Title V of the Energy Independence and Security Act (H.R. 6) established an Energy and Environment Block Grant program. These grants are intended to reduce total energy use, as well as improve energy efficiency and conservation in the transportation and building sectors. The grants can be used for a variety of purposes, from planning and building, to providing incentives for efficient energy use. Allowable housing-related activities include: developing and implementing efficient energy and conservation strategies; updating building codes and inspection procedures (energy audits); conservation programs; retrofitting to increase energy efficiency; and smart-growth planning and zoning. While East Palo Alto falls below the size threshold of 35,000 residents to qualify for the program, San Mateo County is eligible to receive some of the additional funds designated in the February 2009 Federal Economic Stimulus Legislation.

Energy Efficiency in Publicly-Assisted Housing

The Federal Economic Stimulus Legislation also identified \$8.75 billion for investments in various types of publicly assisted housing, (including Section 8, HOME, and Public Housing) with \$4 billion directed toward building repair and modernization, including critical safety repairs and energy efficiency upgrades, and \$250 million for financing new green construction. The legislation also identified \$2.25 billion for a new program to upgrade HUD-sponsored low-income housing to increase energy efficiency, including new insulation, windows, and furnaces, and allocated \$2.25 billion to the HOME Program to help local communities build and rehabilitate low-income housing using green technologies.

U.S. Department of Energy's Weatherization Assistance Program

The U.S. Department of Energy's Weatherization Assistance Program reduces energy costs for low-income families by increasing the energy efficiency of their homes. This program has been in existence since 1976; however, funding was greatly increased under the 2009 American Recovery and Reinvestment Act to help achieve the President's goal of weatherizing 1 million homes per year. To date, California has been granted \$185,811,061 under this program.

STATE OF CALIFORNIA

Two major State initiatives focus on energy conservation, and directly relate to housing issues: energy efficient building code standards and greenhouse gas reduction. These are described below.

State Energy Efficiency Requirements for New Construction (Title 24)

All new construction in East Palo Alto is subject to the requirements of the California Energy Commission's Title 24 energy efficiency standards. Each city and county in the State must enforce these standards as part of its review of building plans and issuance of building permits. These standards apply to building components, such as wall and ceiling insulation, thermal mass, and window to floor area ratios, and are designed to reduce heat loss and energy consumption. The Title 24 requirements also apply to major remodeling projects, such as home additions.

Greenhouse Gas Emissions Reduction (Assembly Bill 32)

The threat global warming poses to California's public health, and economic and environmental well-being prompted the California Legislature to adopt the California Global Warming Solutions Act (Assembly Bill [AB] 32) in 2006. The legislature has found human activity to be one of the leading contributors to increasing levels of greenhouse gases (GHG), including carbon dioxide and methane. The State has declared that GHGs contribute to increasing average global temperatures and worldwide climate change. The purpose of the Act is to reduce GHG emissions to 1990 levels by 2020 (25 percent reduction over current levels) and then to further reduce GHG emissions to 80 percent below 1990 levels by 2050.

The California Air Pollution Control Officers Association (CAPCOA), which represents local air districts, produced a report on methods to reduce GHGs at the local level, including steps that cities

and counties can take to contribute to the goals of AB 32. At the local level, CAPCOA recommended the adoption of General Plan policies and implementation measures that encourage energy conservation through community layout and design. Many of the recommendations are relevant for residential energy conservation, including:

- Promote walkability through a highly-connected street system with small blocks
- Promote mixed-use neighborhood centers and transit-oriented development
- Promote the use of fuel-efficient heating and cooling equipment and other appliances
- Encourage green building designs in both new construction and building renovation, including reflective roofing and energy-efficient building materials.
- Encourage building orientation and landscaping to enhance natural lighting and sun exposure.
- Encourage the expansion of neighborhood-level retail and services, as well as public transit opportunities, throughout the area to reduce automobile use.
- Encourage the development of affordable housing throughout the community, including development of housing for elderly and low- and moderate-income households near public transportation services.

ENERGY ASSISTANCE PROGRAMS

The Pacific Gas and Electric Company (PG&E) offers several programs to promote energy conservation and assist lower income residential customers with their home energy costs. PG&E offers incentives for energy conservation, including rebate programs for old appliances and free energy audits. It also provides public education and outreach programs that teach energy saving tips. The PG&E customer assistance programs for lower income households are listed below:

- California Alternate Rates for Energy (CARE) is PG&E's discount program for low-income households and housing facilities. CARE provides a 20 percent discount on monthly energy bills and waives recent surcharges for low-income households. The program applies to single-family homeowners, tenants who are metered or billed by landlords, and group-living facilities.

- Family Electric Rate Assistance (FERA) is a discount program for low- to moderate-income families of three or more persons. It is available to both single-family and multifamily residential customers.
- Energy Partners Program is a financial assistance program that provides qualified low-income customers free weatherization measures and energy-efficient appliances to reduce gas and electricity usage. The work usually involves attic insulation, door replacement, door weather-stripping, and minor home repair.
- Relief for Energy Assistance for Community Help (REACH) is a one-time energy assistance program for low-income homeowners who cannot pay their utility bill because of a sudden financial hardship. The program is targeted to the elderly, disabled, sick, working poor, and unemployed. Eligibility is determined by the Salvation Army and requires a household income that does not exceed 200 percent of the federal poverty level.
- Reduced rates for residential customers dependent on life support equipment, or with special heating and cooling needs caused by certain medical conditions. The utility also offers a balanced payment plan for customers who experience higher heating or cooling costs during the extreme weather months.

In addition to the programs above, the California Department of Community Services and Development has a Low-Income Home Energy Assistance Program (LIHEAP) to assist low-income homeowners with weatherization and energy bills. The LIHEAP Weatherization Program provides free weatherization services such as attic insulation, caulking, water heater blanket, heating/cooling system repair, and other conservation measures. LIHEAP also provides payments for weather-related or energy-related emergencies and financial assistance to eligible households.

THE CITY OF EAST PALO ALTO POLICIES AND PROGRAMS

This Housing Element Update includes one goal, one policy, and two actions to promote energy efficiency in existing and new housing development as a means of reducing housing costs. Furthermore, through the planning and development of the Dumbarton Rail Station and the increase of mixed-uses along University Avenue, the City is promoting new and intensified development near transit resources in order to decrease the use of personal automobiles.

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5 HOUSING PLAN

The Housing Plan is a statement of East Palo Alto's commitment to maintaining, preserving, improving, and developing housing opportunities for all segments of the community. The Plan contains the goals and policies, as well as the implementing actions to achieve a high-quality, balanced housing stock that accommodates the needs of existing and future East Palo Alto residents.

5.1 ACCOMPLISHMENTS UNDER THE 2001-2006 HOUSING ELEMENT

A critical part of the City's housing strategy is to evaluate the program achievements of the current 2001–2006 Housing Element in relation to its stated goals, policies, and actions. The purpose of this assessment is to determine the effectiveness of current housing policies and programs, how successful these programs have been in achieving stated objectives and addressing local needs, and whether modifications are appropriate.

To devise a new housing plan that will effectively address the current and projected needs of the community, the City must evaluate the following:

- Appropriateness of the existing housing goals, objectives, and policies in contributing to local, regional, and statewide housing goals
- Effectiveness of the 2001-2006 Housing Element in attainment of East Palo Alto's specific housing goals and objectives
- Progress of the City in implementation of the 2001-2006 Housing Element

The 2001–2006 Housing Element has four main housing concentration areas:

1. Increase the Availability of Housing
2. Mitigate the Cost of Housing
3. Minimize Resident Displacement
4. Implement Administrative Remedies

The following discussion summarizes the City's major accomplishments under each concentration to date; the Appendix contains a more detailed review of these accomplishments under each Housing Plan policy.



INCREASE THE AVAILABILITY OF HOUSING

In order to increase the availability of housing within East Palo Alto, the City accomplished the following during the 2001–2006 Housing Element period:

- The construction of the Courtyard at Bay Road, a 9 percent tax credit project that contains 77 affordable rental units, and Nugent Square, a 9 percent tax credit project with 32 affordable units. Over 20 below market rate homes were also sold during this time period.
- The City purchased a foreclosed BMR home from a bank in April 2005, which was then renovated and sold to a first-time homebuyer in 2006.
- Thirty-one second units were permitted between 2001- 2006. Planning Division staff actively encourages the development of secondary dwelling units for qualifying parcels; a mechanism by which low-income residents and seniors can obtain housing at an affordable rate.
- The City collected over \$170,000 in in-lieu fees from developers that will be used to support new affordable housing.
- The City Council accepted a \$400,000 grant from the Environmental Protection Agency for Phase I environmental assessment of sites in the Bay-Clarke-Weeks-Pulgas neighborhoods. Property owners and developers have volunteered four sites to receive free soil testing.
- EPA CAN DO is developing a transitional housing project for at-risk youth and post-foster care individuals. Located at 855 Runnymede Street, this facility will contain 12 efficiency residential apartments for transitional youth.

MITIGATING THE COST OF HOUSING

In order to meet the goal of providing both financial and policy assistance to low- and moderate-income households, the City accomplished the following between 2001 and 2006:

- The Rent Stabilization Program contracted with the East Palo Alto Community Legal Services to conduct over 12 tenant informational workshops on the Rent Stabilization and Just Cause Eviction Ordinance.
- The City assisted numerous homeowners with down payment assistance: executed a \$126,300 down-payment grant with San Mateo County's Office of Housing; implemented CHAMP and

closed on three down payment assistance loans; and \$213,456 of down-payment assistance loans utilizing University Circle Investors.

- The City contracted with EPA CAN DO to serve as the central wait list manager and coordinator of homebuyer education through December of 2004; since then, the City has managed the list itself.
- The Housing Services Department hosted five informational housing opportunity meetings.

MINIMIZE RESIDENT DISPLACEMENT

In order to ensure that existing residents and workers in East Palo Alto have access to housing programs and protections that allow them to remain its residents, the City accomplished the following:

- The San Mateo County Housing Department provided funds for six owner-occupied housing rehabilitation loans in the City between 2002 and 2006.
- The City continued to support, publicize, and make appropriate referrals to fair housing and legal assistance programs that provide counseling and investigation services concerning alleged discrimination incidents; the City Council continued to support fair lending initiatives.
- The City conducted a landlord/tenant outreach workshop in June 2007 to review the Rent Stabilization Program and to discuss landlord/tenant issues, including illegal evictions, rental unit deterioration, and code enforcement.

IMPLEMENT ADMINISTRATIVE REMEDIES

In order to hold itself accountable for the implementation of the Housing Element, the City accomplished the following:

- The City prepared detailed progress reports on the Housing Element for review by City Council, stakeholders, and the general public.
- The City held public meetings and study sessions to discuss various housing issues and policies.
- The Rent Stabilization Program published the Common Ground newsletter quarterly between 2001 and 2004.

5.2 HOUSING GOALS, POLICIES, AND ACTIONS

The goals, policies, and actions in this Housing Plan Update are built upon the 1999–2006 Housing Element and modified to reflect the current and projected housing needs, existing and potential constraints and opportunities, as well as the effectiveness and relevancy of existing programs. This Update also reflects input generated from the City’s community outreach process, during which the community voiced opinions about housing priorities and policy adjustments to reflect its changing needs. The 2007/2014 goals, policies, and actions are outlined below by concentration area and summarized in Table 5 at the end of this chapter with quantifiable objectives for the next period.

INCREASING THE AVAILABILITY OF HOUSING

In general, the increase of housing units in East Palo Alto is lagging behind the increase in population, resulting in overcrowding, and housing affordable to lower income households is particularly limited.

<i>Goal 1.0</i>

Sufficient numbers and varieties of housing units (houses, townhomes, condominiums, and apartments) needed to: meet the State’s mandate to replace affordable units/bedrooms demolished due to Redevelopment Agency action; address the City’s Regional Housing Needs Determination; and facilitate housing development for all incomes segments within East Palo Alto, including extremely low-, very low-, low-, moderate-, and above-moderate income housing.

Policy 1.1: Work collaboratively with the development community to facilitate the development of a range of housing choices (by type, size, and price range) that meet the City’s needs.

Action 1.1: Meet with local non-profit and for-profit developers to promote the affordable housing goals outlined in this Housing Element.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division, Planning Division, and Redevelopment Agency

Action 1.2: Support the formation of a consortium of non-profit affordable housing developers to acquire and maintain property as affordable housing.

Time Frame: Ongoing

Resources: Staff time, HEART of San Mateo County

Responsible Agencies: Housing Development Division and Planning Division

Action 1.3: Make loans, as feasible, to developers using the Low and Moderate Income Housing Set-Aside Fund (check Ch 4) to create affordable units.

Time Frame: Ongoing

Resources: Low and Moderate Income Housing Set-Aside Fund, staff time to evaluate and recommend projects, contracted legal assistance to prepare and execute documents

Responsible Agencies: Housing Development Division and Redevelopment Agency

Potential Partner: HEART of San Mateo County

Action 1.4: Encourage the production of second units as an affordable housing alternative and achieve an average of eight new secondary units annually.

Time Frame: Annually

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 1.5: Amend the Second Unit Ordinance to allow second units in R-2 and R-M zones.

Time Frame: June 2010

Resources: Staff time

Responsible Agencies: Planning Division and Planning Commission

Action 1.6: Secure at least \$300,000 for housing development, and seek loan and grant funds from private, County, State, and federal sources. Funding will provide gap financing and/or infrastructure improvements, as necessary and appropriate for affordable housing projects.

Time Frame: Ongoing, securing \$300,000 by 2014

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 1.7: Continue to acquire potential development sites for affordable housing, particularly for large family households.

Time Frame: Ongoing

Resources: Low and Moderate Income Housing Set-Aside Fund

Responsible Agencies: Housing Development Division, Planning Division, and Redevelopment Agency

Action 1.8: Modify the BMR Housing Program to allow developers to pay a fee in-lieu of providing affordable units for 50 percent of the inclusionary housing requirement. With the current 20 percent requirement, at least 10 percent of all new residential units will be affordable units and developers will have the option of paying an in-lieu fee for the remaining 10 percent. The fee would be set based on the estimated difference between the market rate unit value and the affordable unit price for the lowest income group in each category (e.g., 60 to 90 percent = 60 percent).

Time Frame: Annually

Resources: Staff time

Responsible Agencies: Housing Development Division

Policy 1.2: Recognize mobile homes and manufactured homes as a source of affordable housing.

Action 1.9: Continue to support development opportunities that allow for or incorporate mobile homes and manufactured homes within the City as a low cost housing option.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

Action 1.10: Continue to permit manufactured housing on permanent foundations in single-family neighborhoods, and treat them the same as traditional single-family housing during the design review process.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Planning Division

Action 1.11: Explore the viability of adopting affordable housing overlay zone/s that would permit increased density on condition that half of the applicant's units are affordable to households with incomes of 80 percent of Area Median Income or lower.

Time Frame: June 2010

Resources: Staff time

Responsible Agencies: Planning Division

Goal 2.0

Balanced development that links housing to jobs

Policy 2.1: Promote the concept of smart growth whereby housing is concentrated around job centers and along transportation corridors in order to reduce traffic, improve air quality, conserve energy, and increase efficient land use.

Action 2.1: Develop a specific plan for the Dumbarton Rail Station Area to guide the conversion of the existing light and heavy industrial uses into higher density residential, commercial, and mixed-use uses that will support a future potential transit station.

Time Frame: June 2010

Resources: Metropolitan Transportation Commission and an outside consultant; the City is currently in the process of selecting the team to develop the Dumbarton Rail Station Area Specific Plan

Responsible Agencies: Redevelopment Agency and Planning Division

Policy 2.2: Encourage mixed-use and high-density residential development in the Ravenswood and University Corner/Bay Road areas to ensure that a minimum of 25 percent of these areas are devoted to residential uses.

Action 2.2: Evaluate development standards and identify rezoning opportunities in along University Avenue's commercial nodes to increase mixed-use development along the corridor.

Time Frame: June 2010

Resources: Housing Set-Aside funds; the City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element Update

Responsible Agencies: Planning Division and Redevelopment Agency

Action 2.3: As a result of the fiscal merger, the affordable housing set aside will increase from 20 to 30 percent in the Ravenswood Industrial Area. Consider, as appropriate, setting aside more than 20 percent of the redevelopment tax increment funds for housing in all redevelopment areas.

Time Frame: Explore the financial feasibility of setting aside more than 20 percent of tax increment funds for housing in all redevelopment areas in 2012

Resources: Staff time

Responsible Agencies: Redevelopment Agency and Housing Development Division

Goal 3.0

Available residential sites for the development of a range of housing types and prices

Policy 3.1: Ensure adequate residential sites are zoned at appropriate densities and available for development in order to accommodate the range of housing types and prices needed to meet the City's Regional Housing Needs Determination.

Action 3.1: On a regular basis, review City ordinances and programs regulating residential uses and construction practices to ensure consistency with the General Plan and identify/correct any provisions that: (a) unnecessarily increase the cost of housing; (b) extend the time required for processing applications; or (c) preclude provision of housing to meet special needs.

Time Frame: Annual review of City ordinances and programs

Resources: Staff time

Responsible Agencies: Planning Division

Action 3.2: Re-zone the 5.96 acre parcel (APN: 063-111-250), located at 1675 Bay Road, to High Density Residential or General Commercial (mixed-use) and achieve a minimum density of 30 dwelling units per acre. Rezoning will include a review of development standards to ensure the feasibility of development for low- and very low-income housing.

Time Frame: June 2010

Resources: City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element Update

Responsible Agencies: Planning Division and Redevelopment Agency

Action 3.3 Re-zone the 4.71 acre parcel (APN: 063-121-020), the 0.92 acre parcel (APN: 063-121-210), and the 0.89 acre parcel (APN: 063-121-200) located at the north end of Pulgas Avenue to High Density Residential or General Commercial (mixed-use) and achieve a minimum density 30 dwelling units per acre. Rezoning will include a review of development standards to ensure the feasibility of development for low and very low-income housing.

Time Frame: June 2010

Resources: City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element Update

Responsible Agencies: Planning Division and Redevelopment Agency

Action 3.4: Explore the viability of rezoning identified city-owned property for mixed-use residential as a means to build affordable housing above or next to publicly owned facilities, such as the senior center.

Time Frame: June 2010

Resources: City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element Update

Responsible Agencies: Planning Division and Redevelopment Agency

See Action 2.1

See Action 2.2

REDUCE DEVELOPMENT CONSTRAINTS

Confusing, conflicting, and time-constraining City procedures and programs sometimes delay the processing of housing projects, thereby increasing development costs. Building permit and planning fees are necessary to support the operation of government functions (including safety), but if managed, need not contribute to an increased cost of housing or make it less affordable.

Goal 4.0

Reduced constraints and enhanced incentives for housing development within the city, particularly in regards to affordable housing

Policy 4.1: Improve the permit processing procedure for residential development projects from initial planning applications through local entitlement approvals, especially for affordable housing projects.

Action 4.1: Reduce permit processing times for residential development projects, providing priority review status for affordable housing to reduce holding and administration costs.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Planning Division and Building Department

Policy 4.2: Continue to require residential developers to provide affordable housing as a condition of housing development.

Action 4.2: Further the Below Market Rate (BMR) Housing Program, requiring at least 20 percent of all new residential units constructed in the City to be affordable to households with incomes between 35 and 60 percent of area median income (AMI) for multi-family housing, between 60 and 90 percent of AMI for single-family detached housing, and between 50 and 70 percent of AMI for single-family attached housing.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Policy 4.3: Provide regulatory and financial incentives to encourage affordable housing development.

Action 4.3: Explore the possibility of providing low-interest loans and/or grants to pay for housing affordable to very low- and low-income households (when built by nonprofit developer), as well as the waiving of building and planning fees for said housing.

Time Frame: Ongoing

Resources: Low and Moderate Income Housing Set Aside Fund and other funding, as available

Responsible Agencies: Housing Development Division

Action 4.4: Evaluate, improve, and promote City ordinances that facilitate affordable housing development, including: (a) secondary units; (b) off-street parking standards; (c) development standards; (d) Planned Unit Development; (e) BMR; (f) density bonus; and (g) mixed-use/high-density residential development in Ravenswood and University Corner/Bay Road areas. Provide information on these mechanisms to developers to promote their use.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Planning Division, Redevelopment Agency, Housing Development Division

Action 4.5: Adopt a density bonus ordinance to comply with current State density bonus regulations.

Time Frame: June 2010

Resources: Staff time

Responsible Agencies: Planning Division

Action 4.6: Determine the feasibility of forming a local land trust as a way to expand affordable housing opportunities.

Time Frame: 2012

Resources: Staff time, Housing Set-Aside Fund, CDBG Technical Assistance Grants

Responsible Agencies: Housing Development Division

Policy 4.4: Provide adequate and timely information to decision makers and the general public to facilitate informed decision making.

Action 4.7: Develop and disseminate newsletters, fact sheets, brochures and other mediums to communicate to the public the City's policies and programs regarding housing development in an adequate and timely manner.

Time Frame: Annual informational brochures and/or fact sheets (2)

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Policy 4.5: Encourage the development of single-family housing and small multi-family housing developments on small parcels.

Action 4.8: Reduce development standards (such as parking requirements, set-backs, and minimum lot size) on parcels less than one-half acre in size to facilitate housing development on small parcels.

Time Frame: June 2010

Resources: Staff time

Responsible Agencies: Planning Division

Action 4.9: Create an infill and small-lot development design toolkit to assist developers of small parcels. This toolkit will provide ideas and examples of techniques to develop small lots while providing usable open space, contributing to a pedestrian environment, and enhancing community character.

Time Frame: 2010-2011

Resources: Staff time

Responsible Agencies: Planning Division

Action 4.10: Develop two pre-approved affordable housing packages and two pre-approved small-lot housing packages (including floor plans, elevations, sections, building materials, details, and landscape/irrigation plans), and make them available to persons wanting to construct homes on existing vacant lots for long-term occupancy. Pre-approved small-lot plans will accommodate lots as small as 2,500 square feet with limited set-back standards.

Time Frame: 2011-2012

Resources: Staff time and Housing Set-Aside Fund

Responsible Agencies: Planning Division and Housing Development Division

SPECIAL NEEDS HOUSING

Although the City has a large number of residents with various special housing needs, the existing housing stock does not contain an adequate variety of housing types, price range, or amenities that accommodate the needs of these residents. Therefore, more housing that meets the requirements of households where members have special needs is needed.

Goal 5.0

Adequate housing for special needs groups in the city, including seniors, physically challenged, HIV positive or living with AIDS, homeless, at-risk youth (leaving the foster care system), small and large families, veterans, farm workers, and female-headed households.

Policy 5.1: Encourage the development of housing units suitable for persons with special needs, especially for seniors, veterans, and large families as needed.

Action 5.1: Meet with advocates and developers of supportive housing, group homes, licensed residential community care facilities, and assisted living facilities. Facilitate the development of at least three projects in the City to serve special needs groups, with a goal of assisting at least 30 persons with special needs.

Time Frame: Facilitate site acquisitions and/or partnerships to facilitate at least three special needs residential projects by 2014.

Resources: Staff time; acquisition and predevelopment resources, such as Supportive Housing Program, Shelter Plus Care, and Multifamily Housing Program

Responsible Agencies: Housing Development Division

Action 5.2: Reduce project costs and enhance unit affordability by revising zoning and development requirements for senior projects to allow elements such as smaller unit sizes (including condominium options), parking requirement reduction, and common dining facilities.

Time Frame: Revise the Zoning Ordinance by the end of 2010

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

Action 5.3: Adopt a reasonable accommodation ordinance to provide zoning and land-use exceptions for housing serving persons with disabilities. Design this procedure to be ministerial, with minimal or no processing fees; proposals will be subject to approval by the Planning Manager, applying following decision-making criteria:

- The request for reasonable accommodation will be used by an individual with a disability protected under fair housing laws
- The requested accommodation is necessary to make housing available to an individual with a disability protected under fair housing laws
- The requested accommodation would not impose an undue financial or administrative burden on the City
- The requested accommodation would not require a fundamental alteration in the nature of the City's land use and zoning program

Time Frame: Adopt a Reasonable Accommodation Ordinance by June 2010

Resources: General Fund

Responsible Agencies: Planning Division and Housing Development Division

Action 5.4 Provide financial assistance and priority permitting for at least one affordable housing development in East Palo Alto where the project devotes at least half of its units for large very low- and low-income families of 5 persons.

Time Frame: Provide financial assistance and priority permitting by June 2014

Resources: Housing Set-Aside Fund, MHP, LIHTC, CDBG

Responsible Agencies: Planning Division and Housing Development Division

Action 5.5: Explore the feasibility of various City policies/programs to reduce overcrowding. Policies and programs to be considered include, but are not limited to, the following:

- An “amnesty” program to legalize illegal units and potentially waive the permit fees if the landlord agrees to end overcrowding conditions.
- A reward program to encourage tenants vacating a unit to report severe overcrowding conditions.
- Incentives (e.g., fee waivers) for home owners making room additions that would be rented to lower income families/persons.
- Adjustments to the second unit ordinance that reduces the minimum lot size to 5,500 lot square feet.

Time Frame: If appropriate and feasible, establish programs and policies by 2012

Resources: Staff time

Responsible Agencies: Code Enforcement Division, Police Department, Planning Division, City Attorney

Policy 5.2: Facilitate the development of emergency shelter and transitional housing for the homeless or the formerly incarcerated.

Action 5.6: Revise the Zoning Ordinance, according to State law, to permit emergency shelters in one or more zones without a conditional use permit or other discretionary action. Each zone will have sufficient capacity to accommodate at least one year-round shelter.

Time Frame: Revise the Zoning Ordinance by the end of 2010

Resources: Staff time

Responsible Agencies: Planning Division and Building Division

Action 5.7: Amend the Zoning Ordinance to include definitions of “transitional housing” and “supportive housing” that are consistent with Health and Safety Code section 50675.14(b), and allow transitional and supportive housing “by right” in all residential and commercial districts, subject to the same limitations as multi-family development.

Time Frame: June 2010

Resources: Staff time

Responsible Agencies: Planning Division

Action 5.8: Accommodate and facilitate the development of additional transitional housing facilities that serve homeless and formerly incarcerated persons.

Time Frame: Ongoing

Resources: Emergency Shelter Grant, Supportive Housing Program, Multifamily Housing Program

Responsible Agencies: Planning Division and Housing Division

Action 5.9: Allow by right the development of Single-Room-Occupancy projects in High Density Residential Zones

Time Frame: June 2010

Resources: City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element update

Responsible Agencies: Planning Division and Redevelopment Agency

MITIGATE THE COST OF HOUSING

Many families and individuals cannot afford the housing costs in East Palo Alto; some pay more than 30 percent of their gross income on housing or are forced into house sharing arrangements in order to stay in the City.

Goal 6.0

Financial and policy assistance for low- and moderate-income households to ease housing cost burden and overcrowding

Policy 6.1: Stabilize rents in the City through the Rent Stabilization and Just Cause for Eviction Ordinance.

Action 6.1: Revise the Rent Stabilization and Eviction for Just Cause Ordinance, based on recommendations from the City of Berkeley and input from East Palo residents, and place an initiative on the ballot for voter approval.

Time Frame: Ongoing implementation of Rent Stabilization Ordinance and revision by June 2010

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 6.2: Continue sending letters to both tenants and property owners with information on the current maximum legal rents that can be charged in the city.

Time Frame: Every two years

Resources: Staff time

Responsible Agencies: Rent Stabilization Division

Action 6.3: Work with non-profit fair housing service providers to provide education on tenant rights.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Potential Partners: Mid-Peninsula Citizens for Fair Housing, East Palo Alto Community Legal Services, Project Sentinel

Policy 6.2: Increase the supply of extremely low-, very low-, and low-income housing opportunities through the acquisition of foreclosed properties.

Action 6.4: Pursue funding to acquire or assist in the acquisition of at least 20 foreclosed properties with the intent to sell to low-income families.

Time Frame: 2012

Resources: Staff time, Housing Set-Aside Fund, Housing and Economic Recovery Act Funds (Neighborhood Stabilization Program 2), HOME funds

Responsible Agencies: Housing Development Division

Policy 6.3: Implement and monitor affordable housing programs to ensure the continued availability of below market rate units in the city.

Action 6.5: Monitor housing units developed as part of the City's BMR (Inclusionary) Zoning Ordinance to ensure that affordability controls comply with the Ordinance. Monitor affordable units with deed-restrictions to ensure long-term availability of these units as affordable housing.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 6.6: Monitor the effectiveness of the BMR as a tool to facilitate affordable housing development. If necessary, make recommendations to the City Council to modify the BMR Ordinance to improve its effectiveness.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Policy 6.4: Preserve existing, conforming mobile home parks as a source of affordable housing.

Action 6.7: Discourage removal or relocation of conforming mobile home parks by enforcing the State mobile home park closure and relocation requirements.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

MINIMIZE RESIDENT DISPLACEMENT

As many East Palo Altans cannot afford to own a home in the community, long-time residents with aspirations of owning a home are often displaced to other communities. Furthermore, many lower income residents also leave the city because of the shortage of safe, habitable, and affordable rental housing.

Goal 7.0

Increased homeownership opportunities for income-qualified households (focused on existing residents and workers in East Palo Alto)

Policy 7.1: Establish new and/or participate in existing programs that utilize a variety of funding sources to assist lower and moderate-income renters in obtaining affordable homeownership.

Action 7.1: Make first-time homebuyer funds and mortgage enhancement available through as many means as possible, including:

- Participate in the San Mateo County Mortgage Credit Certificate Program (MCC), which aims to enhance the affordability of both new and existing homes for first-time low- to moderate-income homebuyers. Educate prospective buyers about the MCC (i.e., distribute materials), seeking to enroll at least 5 lower- and moderate-income East Palo Alto households annually.
- Provide first-time homebuyer assistance to lower- and moderate-income households with funding available from the County HOME program.

Time Frame: Ongoing implementation of existing programs

Resources: MCC allocation, tax-exempt bond financing, HOME funds through San Mateo County

Responsible Agencies: Housing Development Division and San Mateo County Office of Housing

Action 7.2: Work with lenders and fair-housing service providers to provide credit counseling workshops in East Palo Alto that assist residents in understanding home improvement and purchase processes and how to access financing. Inform households about opportunities to increase housing through credit repair to enhance, while educating them to recognize predatory lending and discrimination.

Time Frame: At least once a year

Resources: Staff time

Responsible Agencies: Housing Development Division

Possible Partner: EPA CAN DO

Policy 7.2: Whenever possible, give priority for affordable housing opportunities to existing residents and those who work in East Palo Alto but cannot afford to live in the city.

Action 7.3: Investigate new program possibilities that provide down payment assistance and/or low-interest loans for City employees and residents.

Time Frame: Determine program possibilities by 2011. Use new programs to provide down payment assistance and/or low-interest loans to at least five very low-, low-, or moderate-income households by 2014.

Resources: Staff time

Responsible Agencies: Housing Development Division

Potential Partner: HEART of San Mateo County

Goal 8.0

Minimized displacement of renters

Policy 8.1: Conserve the existing supply of affordable rental housing by discouraging condominium conversions and demolition, and by preserving existing high-density residential areas.

Action 8.1: Adopt a Condominium Conversion Ordinance to indicate what criteria should be used for conversion approvals. Other additions to be considered include, but are not limited to:

- Exclude units in the Rent Stabilization Program from condominium conversions
- Mandate the same 20 percent set aside for affordable housing for condominium conversions as required under the City's Below Market Rate Housing Program for new development
- Charge an Affordable Housing Fee for approved conversions, set aside at 10 percent of the sales price of the condominium unit
- Include a feature for review and approval of relocation assistance for affected tenants who need to move because of the conversion.
- Consider the purchase of units by senior and/or disabled persons a positive criteria in the evaluation of whether or not to support the approval of an application for condominium conversion

Time Frame: Ongoing implementation of the Condominium Conversion Ordinance and revision by June 2010

Resources: Staff time

Responsible Agencies: Planning Division, Housing Development Division, City Attorney

Action 8.2: Explore the feasibility of adopting a housing demolition fee for projects of four units or more to mitigate for the loss of East Palo Alto's existing affordable housing supply. Waive demolition fees if projects will be replaced with large-family units (three or more bedrooms) or units at similar or greater affordability. Set aside fees in a housing displacement fund to support displaced renters and/or finance future affordable housing projects.

Time Frame: Explore program possibilities in 2010

Resources: Staff time and CDBG Technical Assistance Grant

Responsible Agencies: Housing Development Division and Building Division

Action 8.3: Conserve units currently registered under the Rent Stabilization Program by limiting commercial redevelopment which would reduce the supply of affordable units.

Time Frame: June 2010

Resources: City has an existing contract with a planning consultant to assist with Zoning Code revisions based on findings from the Housing Element update

Responsible Agencies: Planning Division

Policy 8.2: Demolished high density residential units under the jurisdiction of the Rent Stabilization Program will be replaced with the same number of units, plus at least 20 percent more units, all of which will be made available and affordable to extremely low- (30 percent of AMI or less) and very low-income households (50 percent of AMI or less), as defined by the San Mateo County.

Action 8.4: Amend the BMR Housing Program to require all units constructed to adhere to the 20 percent inclusionary housing requirement, regardless of the previous housing units on the redeveloped site.

Time Frame: Modify program by June 2010

Resources: Staff time

Responsible Agencies: Housing Development Division

See Action 8.2

Goal 9.0

Improved housing and neighborhood conditions in East Palo Alto

Policy 9.1: Implement both proactive and reactive code enforcement to correct Housing, Health, and Safety Code violations.

Action 9.1: Distribute public literature on the health and safety risks of lead-based paint and continue to work with the San Mateo County Housing and Code Enforcement Division to explore resources and programs available to address lead-based paint in the City's housing stock.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Code Enforcement Division

Policy 9.2: Improve existing housing conditions and neighborhood quality through housing rehabilitation and neighborhood improvement efforts.

Action 9.2: Refer East Palo Alto homeowners to the San Mateo County Housing and Community Development Division's Home Repair Program and explore ways to increase homeowner participation. Disseminate information on the Home Repair Program through brochures available at public counters and the City's website.

Time Frame: Assist at least two lower income households annually

Resources: San Mateo County Office of Housing

Responsible Agencies: San Mateo County Office of Housing and East Palo Alto Housing Services Department

Action 9.3: Inform homeowners on the availability of County-funded rehabilitation assistance with County brochures and multi-lingual postings to the City of East Palo's website. Work with the County to host local workshops on rehabilitation assistance for City residents.

Time Frame: Provide information on City's website by June 2010 and hold at least one workshop annually

Resources: Staff time

Responsible Agencies: Housing Services Department

Policy 9.3: Assist very low-, low- and moderate-income households in making necessary repairs and improvements.

Action 9.4: Assist eligible very low-income and low-income homeowners in the City in pursuing Home Weatherization Assistance Program Funds to aid in the rehabilitation and renovation of their homes.

Time Frame: June 2010

Resources: Staff time, Home Weatherization Assistance Program, HUD Energy Efficiency and Green Retrofits

Responsible Agencies: Housing Development Division and San Mateo County Office of Housing

See Action 9.2

Policy 9.4: Assist homeowners faced with foreclosure and reduce the inventory of vacant foreclosed homes in the City, in part by creating programs to prevent residents from losing their homes and to enable residents to purchase foreclosed homes.

Action 9.5: Provide resources for homeowners facing foreclosure on the City's website, including links to loan servicers and agencies that can provide counseling and legal assistance.

Time Frame: Update website with foreclosure information by 2010

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 9.6: Investigate the feasibility of an ordinance that requires landlords to notify tenants of a foreclosure and protects all tenants from utility shut-offs and loss of security deposit due to a change of ownership.

Time Frame: Determine feasibility by 2010

Resources: Staff time

Responsible Agencies: Housing Development Division and City Attorney

See Action 6.4

Policy 9.5: Address negligent affordable housing property management of projects that have received financial assistance from the City through the negotiation of a change in management to a company with a satisfactory record of complying with current health, safety, and building codes.

Action 9.7: For affordable housing projects that have received financial assistance from the City, identify projects where a history of complaints and failed inspections by authorized agencies indicate continued and uncorrected mismanagement. Contact identified property managers to determine a timeline for correction or negotiate change in property management per the stipulations set forth in the financial agreement between the City and the affordable housing developer.

Time Frame: On-going

Resources: Staff time

Responsible Agencies: Housing Development Division and Building Division

Goal 10.0

Decent, safe living environments for City residents regardless of age, gender, race, color, ancestry, national origin, familial status, marital status, sexual preference, religion, disability, or any other arbitrary factor

Policy 10.1: Actively encourage fair housing choices for all residents.

Action 10.1: Support, publicize, and make referrals to fair housing and legal assistance programs that provide information, counseling, and investigation services concerning housing discrimination.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division, Mid-Peninsula Citizens for Fair Housing, East Palo Alto Community Legal Services, Project Sentinel

Policy 10.2: Facilitate the development of a variety of housing options at a range of prices to meet the various housing needs of residents.

Action 10.2: Support local, regional, State, and federal initiatives in addressing predatory lending practices to protect the most vulnerable segments of the community from falling victims.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Potential Partners: EPA CAN DO, Mid-Peninsula Citizens for Fair Housing, East Palo Alto Community Legal Services, Project Sentinel

Action 10.3: Support private and public efforts to prevent discrimination in the sale or rental of housing.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Potential Partners: Mid-Peninsula Citizens for Fair Housing, East Palo Alto Community Legal Services, Project Sentinel

IMPLEMENT ADMINISTRATIVE REMEDIES

As an element of the City's General Plan, the Housing Element must guide housing development in the East Palo Alto; the City must be held accountable for its implementation.

Goal 11.0

Implemented housing policies and broad participation in associated programs

Policy 11.1: Improve public accountability in implementing Housing Element programs, making necessary adjustments to staff and financial resources in a timely manner.

Action 11.1: Allocate financial and staff resources to maintain a monitoring system that collects information on the accomplishments of the Housing Element's objectives and programs. Prepare detailed progress report for review by the City Council, stakeholders, and the general public.

Time Frame: Annual progress reports

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 11.2: Hold public meetings and study sessions to discuss various housing policies in the city and to exchange input and information with residents and developers about housing needs, resources, and program options. To the extent possible, publish a schedule of study sessions.

Time Frame: Quarterly public meetings and study sessions

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 11.3: Update the website quarterly and explore other means to communicate important housing concerns, policies, and programs to the general public.

Time Frame: Quarterly website updates

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 11.4: Report to the City Council on the state of housing in East Palo Alto (led by the Housing Director).

Time Frame: At least twice a year

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 11.5: Create a City Council Housing Subcommittee to assist in the implementation of the Housing Element Update.

Time Frame: 2009

Resources: Staff time

Responsible Agencies: Housing Development Division and City Council

IMPROVE ENERGY EFFICIENCY

The City of East Palo Alto is committed to encouraging and promoting energy reduction and energy conservation in existing and new residential units as a means to reduce energy costs, conserve resources, and improve the overall environment.

Goal 12.0

Increased energy efficiency in existing and new housing development, in part as a means of reducing housing costs

Policy 12.1: Promote energy conservation in the design and siting of new residential units, and energy reduction programs (weatherization, use of solar equipment, et al) for existing residential units.

Action 12.1: Enforce State Energy Code for new residential construction and additions/renovations to existing structures.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Building Division

Action 12.2: Pursue funding sources for rehabilitation loans and grants to low-income homeowners to improve energy efficiencies, such as replacing existing energy inefficient appliances.

Time Frame: Ongoing

Resources: PG&E, Energy Efficiency Block Grants, HUD Energy Efficiency and Green Retrofits

Responsible Agencies: Housing Development Division

Table 5-1 Summary of Quantified Objectives: 2007-2014					
<i>Program</i>	<i>Extremely Low Income</i>	<i>Very Low Income</i>	<i>Low Income</i>	<i>Moderate Income</i>	<i>Above Moderate Income</i>
Housing Production					
Actions 2.1, 2.2, 3.2, 3.3	72	72	103	122	261
Action 1.4	64 (8 per year)				
Housing Rehabilitation					
Action 9.2	16 (2 per year)				
Housing Assistance					
Action 5.1	3 projects/30 persons				
Action 5.4	1 project				
Action 6.4	20				
Action 7.3		5			

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APPENDIX A



City of East Palo Alto Housing Services Department

BMR Unit and in-Lieu Fee Based on Ordinance 247 and Resolution 1822 May 1, 2009 to April 30, 2010

Project Owner: _____

Project Address: _____

1. **Total Dwelling Units in Residential Project**

2. **If 5 or More Total Dwelling Units** (if less than 5 go to Section 3)

(a) **Total Affordable Housing Units Required:**

(Total Dwellings (times) .2 – round down if .4 or less, up if .5 or more)

(b) **Total Fractional Units:**

(Total Dwellings (minus) 5 x 2a)

3. **If Less than 5 Total Dwelling Units**

(a) Total Dwelling Units (equals) Total Fractional Units

4. **Calculate In-Lieu Fee**

(use “Option 1” if total square footage per fractional unit is equal or less than 1,132 square foot otherwise use “Option 2”).

	(a) <i>Enter No. of units from 2(b) or 3(a)</i>	(b) <i>Enter total square footage of each fractional unit, excluding garage/patio</i>	(c) <i>Enter <u>Current</u> Fee Effective May 1-April 30</i>	(d) <i>Total fee Due</i>
	x	x	x	=
Option 1	Fractional Units	Total Unit Square Feet	Fee per square foot	Total Fee due
	.4	x 1,132 sq ft	x \$13.47*	=
Option 2	Fractional Units	na	Maximum fee per unit	Total Fee due
	x	x	x \$15,248*	=

*Note: fees increase on May 1st of each year.

The fees reflective above are effective May 1, 2009 to April 30, 2010

Invoice Prepared By : _____

Housing Services Department

Date: _____

Paid on: _____ Check No.: _____ Amount: _____ Dept 86200 Fund 207

Amount Approved By: _____

Date: _____

APPENDIX B

Summary of Land Inventory

Label	APN	Acres	Zoning	Land Use Class	Density Range	Realistic Density	Existing Use	Infrastructure Capacity	Environmental Constraints
Sites Targeted for Rezoning/Upzoning									
1	063-121-020	4.71	M-1	General Industrial	n/a	30 du/acre	Former Industrial	Upgrades conditioned as part of approval	None
2	063-121-210	0.92	M-1	General Industrial	n/a	30 du/acre	Former Industrial	Upgrades conditioned as part of approval	None
3	063-121-200	0.90	M-1	General Industrial	n/a	30 du/acre	Vacant	Upgrades conditioned as part of approval	None
4	063-111-250	5.96	C-1/S-3	General Commercial	16 du/acre	30 du/acre	Vacant	Yes	None
Total acreage		12.49	Total Units (30 du/acre)						375
General Commercial/Neighborhood Commercial/Office									
5	063-203-330	0.28	C-1/S-5	General Commercial	16 du/acre	16 du/acre	Vacant	Yes	None
43	063-515-170	0.54	C-1/S-3	Neighborhood Commercial	16 du/acre	16 du/acre	Vacant	Yes	None
44, 45	063-492-280	2.09	R-M-2000, C-1/S-5	Neighborhood Commercial	16 du/acre	16 du/acre	Construction Recycling Material; Home used for commercial purposes	Yes	None
17	063-302-340	0.42	R-1-5000	Office	16 du/acre	16 du/acre	Mostly vacant; existing residence	Yes	None
21	063-302-460	0.36	R-1-5000	Office	16 du/acre	16 du/acre	Vacant	Yes	None
40	063-292-200	0.75	O/S-2	Office	16 du/acre	16 du/acre	Vacant	Yes	None
Total acreage		4.44	Total Units (16 du/acre)						71
High Density Residential									
16	063-201-250, 063-201-260	0.47	R-1-5000	High Density Residential	18-40 du/a	34 du/acre	Vacant	Yes	None
41	063-292-190	0.34	O/S-2	High Density Residential	18-40 du/a	34 du/acre	Vacant	Yes	None
Total acreage		0.81	Total Units (34 du/acre)						28
Medium/High Density Residential									
6	063-221-270	0.14	R-1-5000	Medium/High Density Residential	9-17 du/ac	14 du/acre	Vacant	Yes	None
14	063-265-260	0.12	R-1-5000	Medium/High Density Residential	9-17 du/ac	14 du/acre	Vacant	Yes	None
42	063-492-200	0.40	R-1-5000	Medium/High Density Residential	9-17 du/ac	14 du/acre	Vacant	Yes	None
46	063-221-240	0.66	R-1-5000	Medium/High Density Residential	9-17 du/ac	14 du/acre	Vacant	Yes	None
Total acreage		1.32	Total Units (14 du/acre)						18

Low/Medium Density Residential

7	063-197-210	0.15	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
8	063-197-110	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
9	063-193-130	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
10	063-253-640	0.14	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
11, 12	063-197-340, 063-197-010	0.27	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
13	063-271-450	0.76	R-M-1000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
15	063-192-130	0.14	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
18	063-262-390	0.14	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
19	063-252-170	0.62	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
20	063-262-200	0.27	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
22	063-191-280	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
23	063-361-100	0.16	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
24	063-361-110	0.16	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
25	063-191-260	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
26	063-361-260	0.25	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
27	063-341-130	0.92	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
28	063-182-060	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
29	063-186-080	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
30	063-186-040	0.12	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
31	063-345-010	0.18	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
32, 33, 34	063-630-040, 063-630-050, 063-630-030, 063-630-020,	0.59	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None

	063-630-010								
35, 37	063-600-090, 063-600-100	0.91	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Mostly vacant; existing residence	Yes	None
36	063-185-210	0.30	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
38	063-371-490	0.20	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
39	063-373-150	0.17	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
47	063-253-320	0.47	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
48	063-253-280	0.66	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
49	063-362-580	0.22	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
50	063-344-050	0.34	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
51	063-344-070	0.20	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
52	063-351-260	0.81	R-1-5000	Low/Medium Density Residential	1-8 du/ac	8 du/acre	Vacant	Yes	None
Total acreage		9.87						Total Units (8 du/acre)	79
Grand Total acreage		28.93						Grand Total Units	571

Note: Adjacent sites with the same owner are listed together in the same row (ex. 11, 12) as the parcels will likely be developed together.

Housing Opportunity Sites

Land Use larger parcels

- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits

Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.

0 0.25 0.5 Miles
July 1, 2009

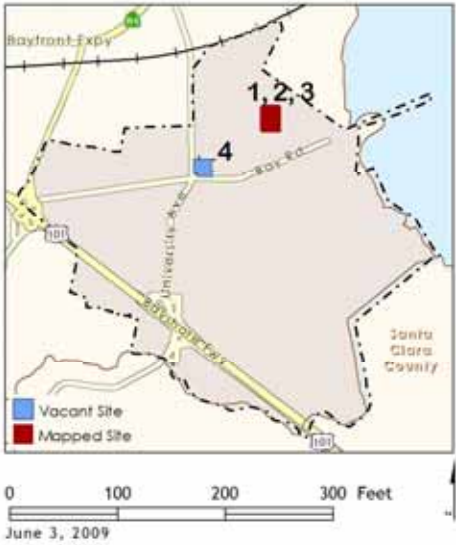


Vacant Sites: 1, 2, 3

 Vacant Site



 East Palo Alto City Limits

Source: U.S. Census, 2000; EDAW, 2009.



Map ID #	APN	Acres	Address	Zone	Land Use Designation	Density	Unit Capacity
1	063-121-020	4.71	2565 Pulgas Avenue	M-1	General Industrial	30 du/acre	141
2	063-121-210	0.92	Pulgas Avenue (no street number)	M-1	General Industrial	30 du/acre	28
3	063-121-200	0.89	2560 Pulgas Avenue	M-1	General Industrial	30 du/acre	27

Vacant Site: 4

-  Vacant Site
-  East Palo Alto City Limits

Source: U.S. Census, 2000; EDAW, 2009.



Map ID #	APN	Acres	Address	Zone	Land Use Designation	Density	Unit Capacity
4	063-111-250	5.96	1675 Bay Road	C-1/S-3	General Commercial	30 du/acre	179

Housing Opportunity Sites Zoom In 1

Land Use larger parcels

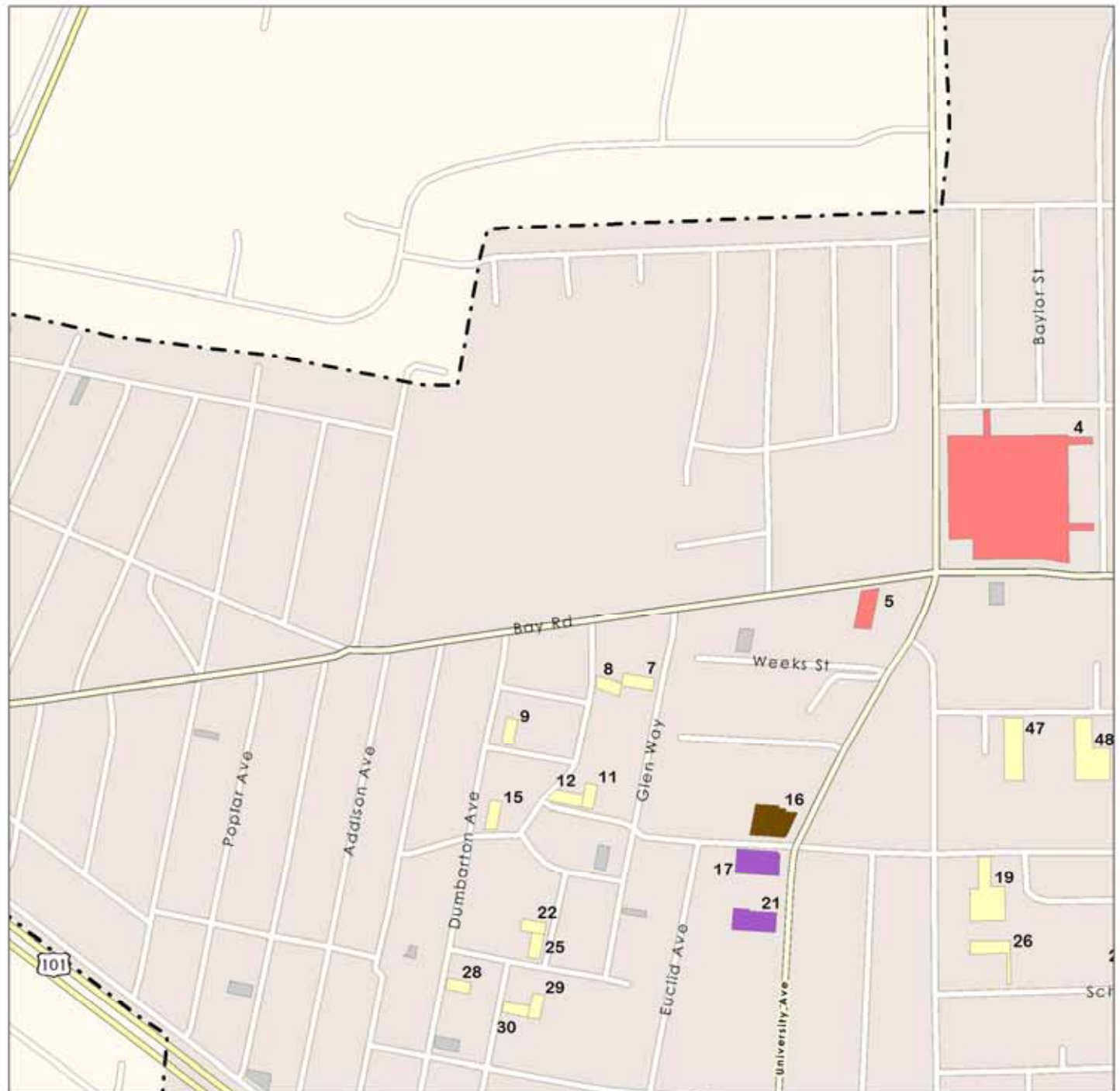
- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits











Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009

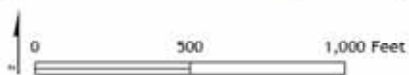


Housing Opportunity Sites Zoom In 1

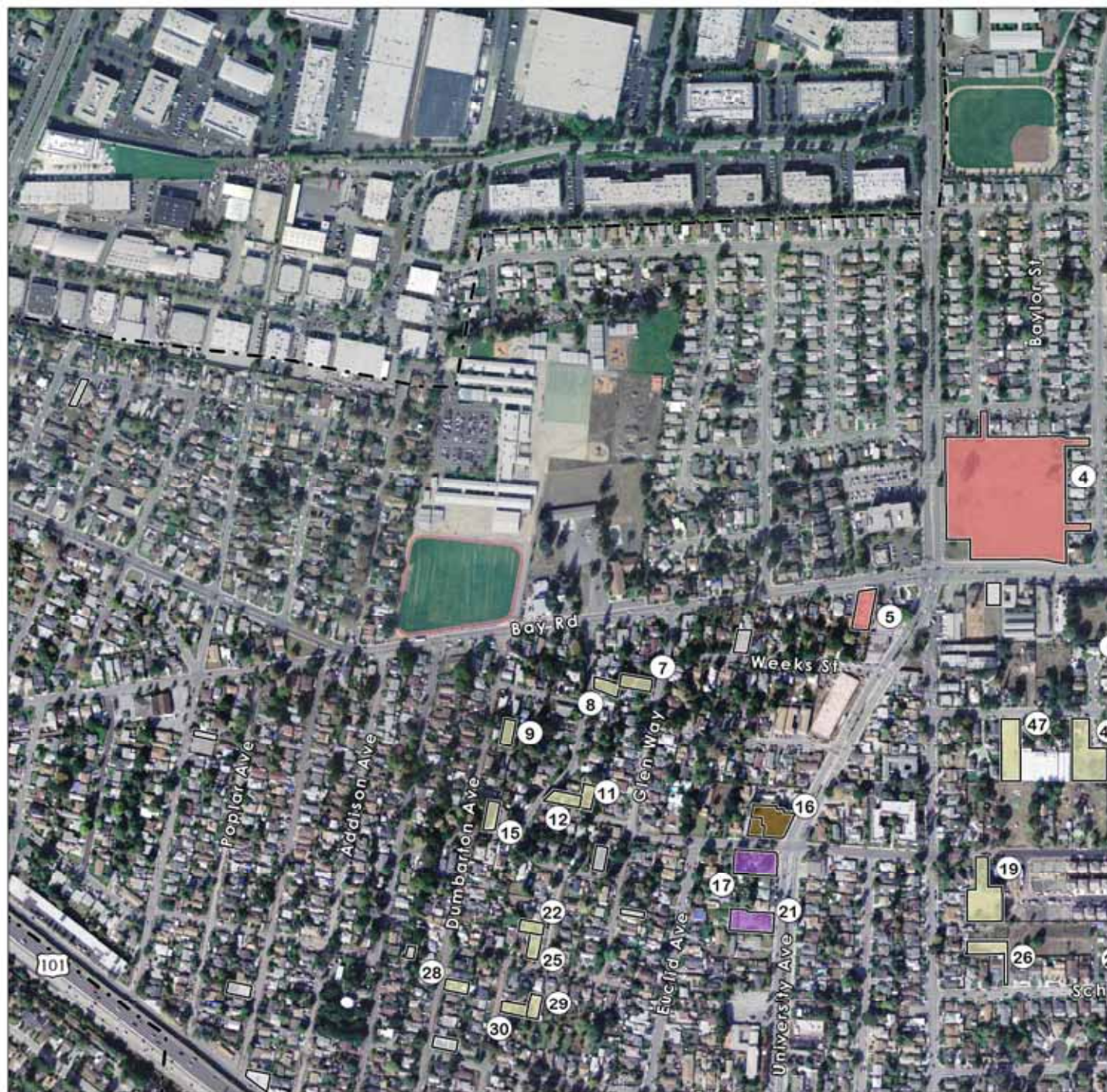
Land Use

- larger parcels
-  Low/Medium Density Residential
 -  Medium/High Density Residential
 -  High Density Residential
 -  General Commercial
(allows residential as mixed use)
 -  Neighborhood Commercial
(allows residential as mixed use)
 -  Office
(allows residential as mixed use)
 -  General Industrial
 -  Smaller Parcels

 East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 2

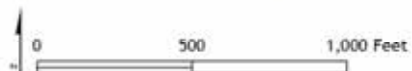
Land Use

larger parcels

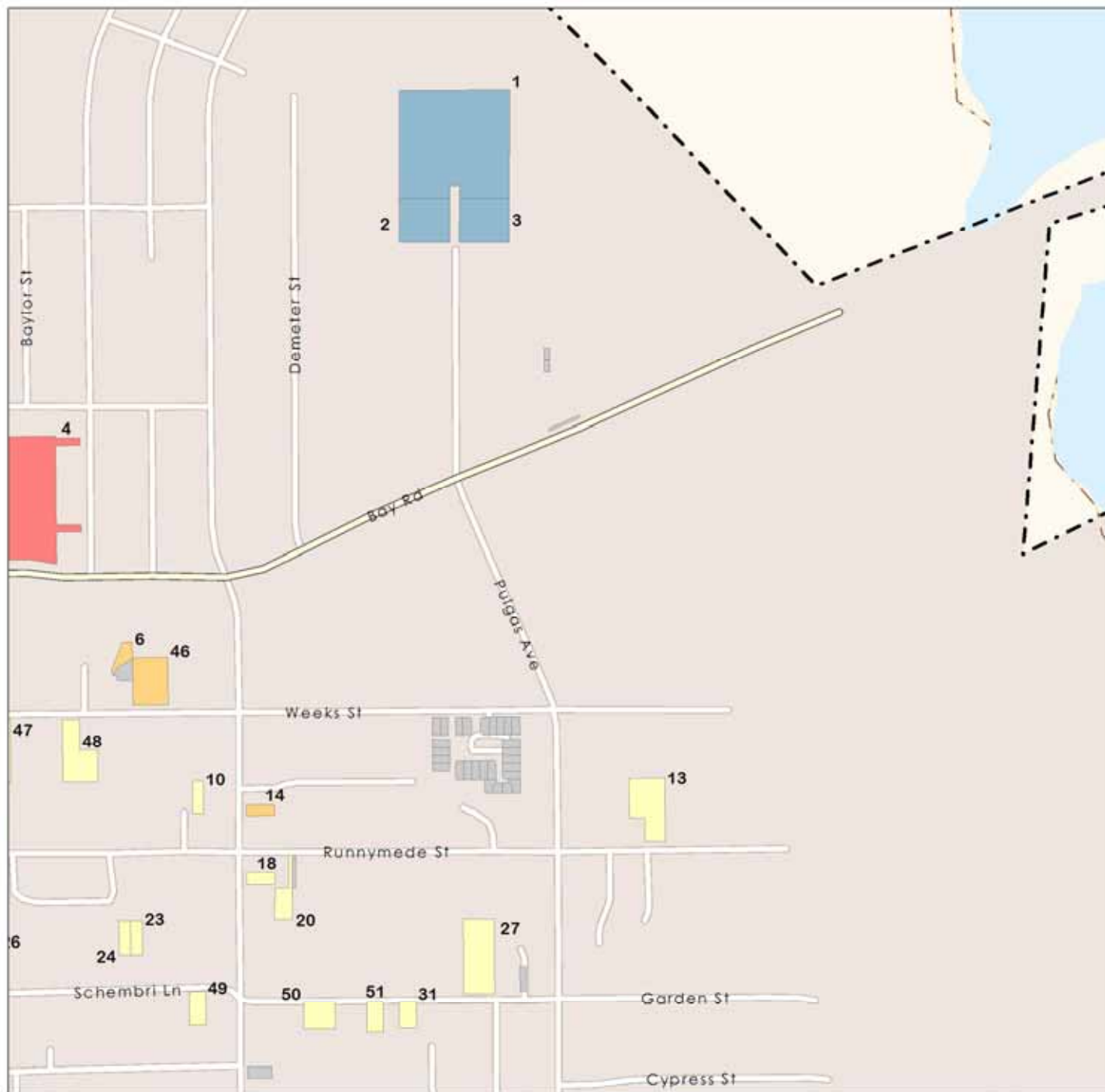
- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 2

Land Use

larger parcels

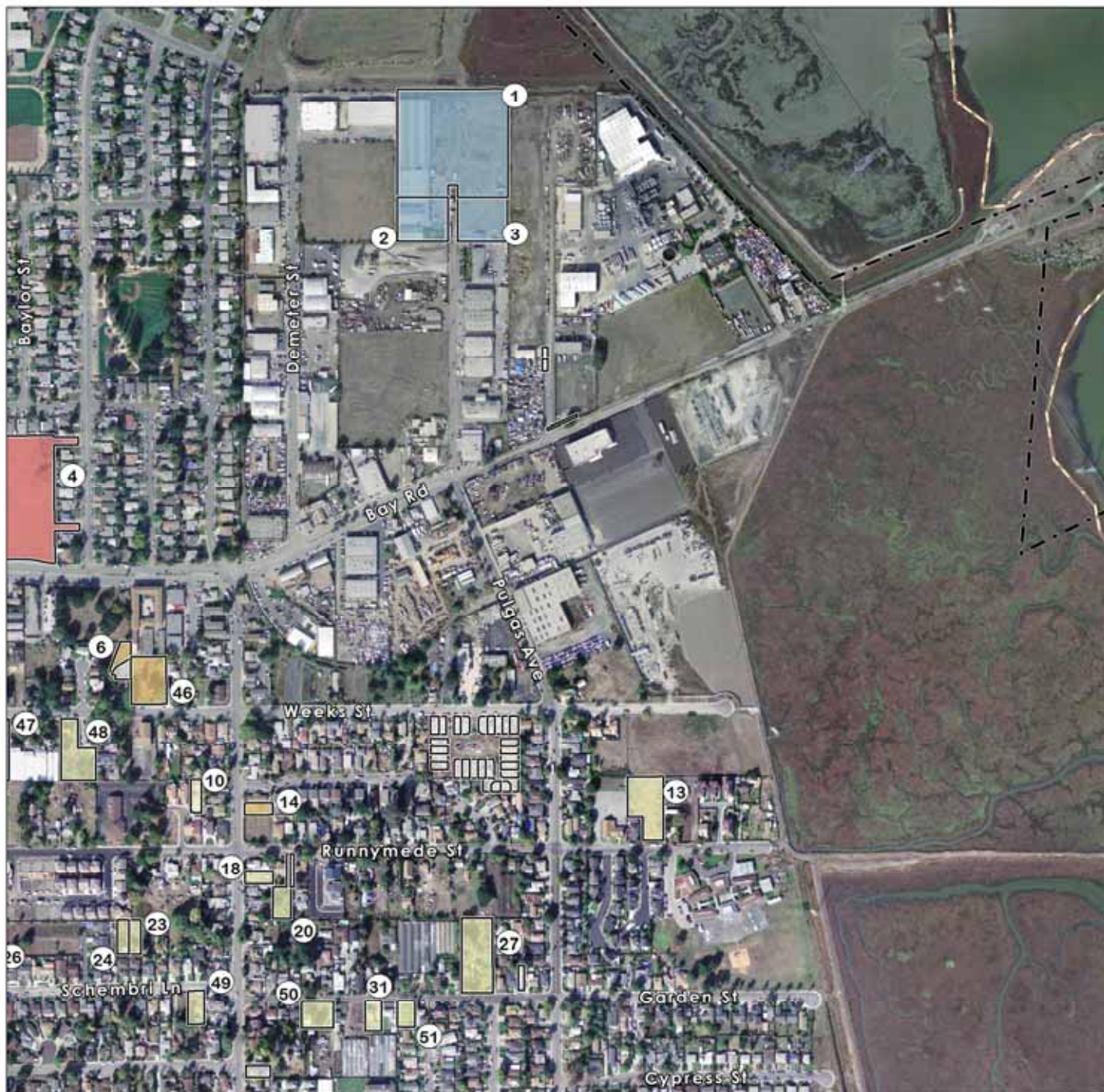
- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 3

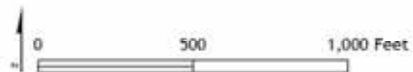
Land Use

larger parcels

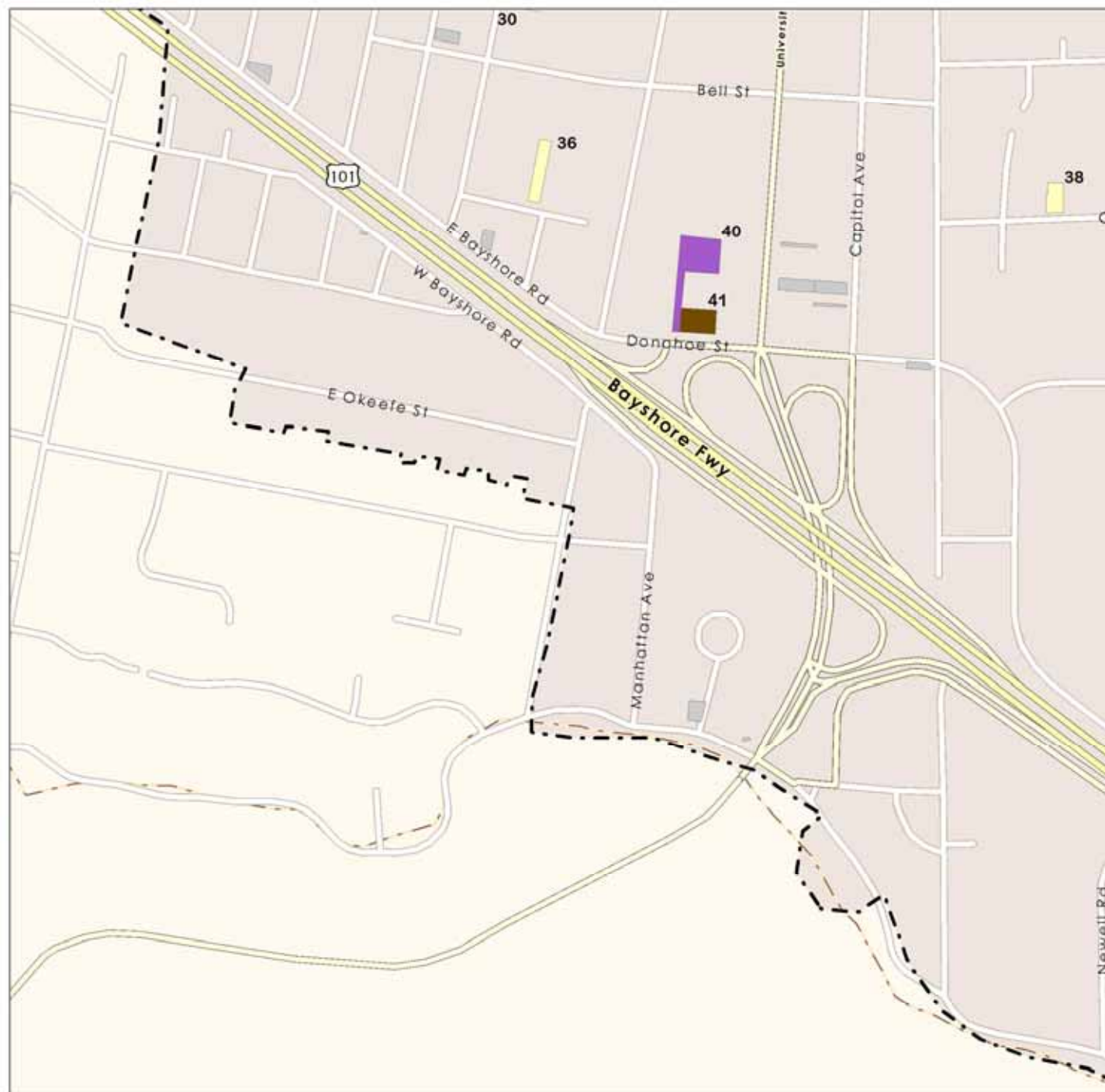
- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 3

Land Use

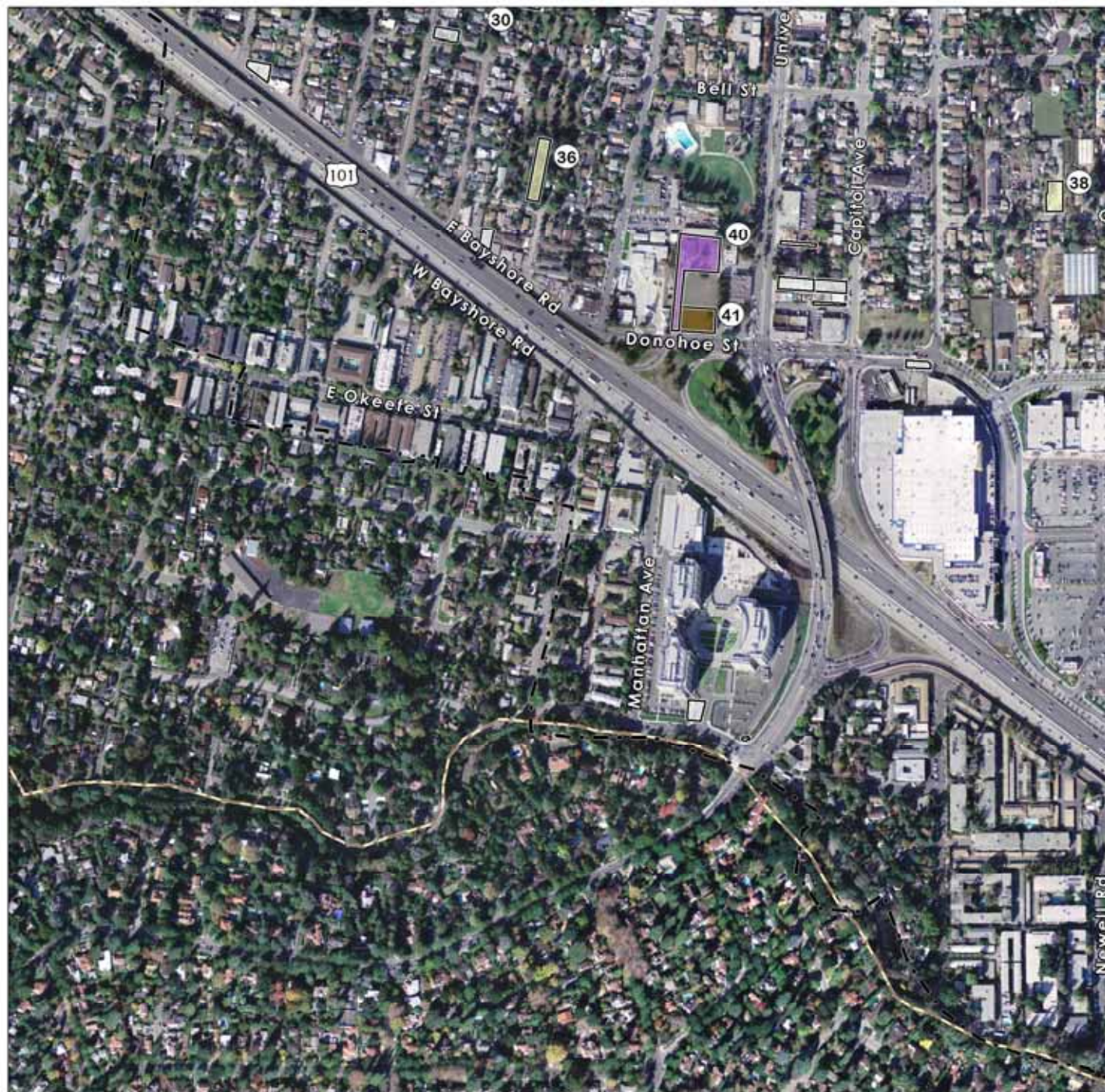
- larger parcels
-  Low/Medium Density Residential
 -  Medium/High Density Residential
 -  High Density Residential
 -  General Commercial
(allows residential as mixed use)
 -  Neighborhood Commercial
(allows residential as mixed use)
 -  Office
(allows residential as mixed use)
 -  General Industrial

 Smaller Parcels

 East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 4

Land Use

larger parcels

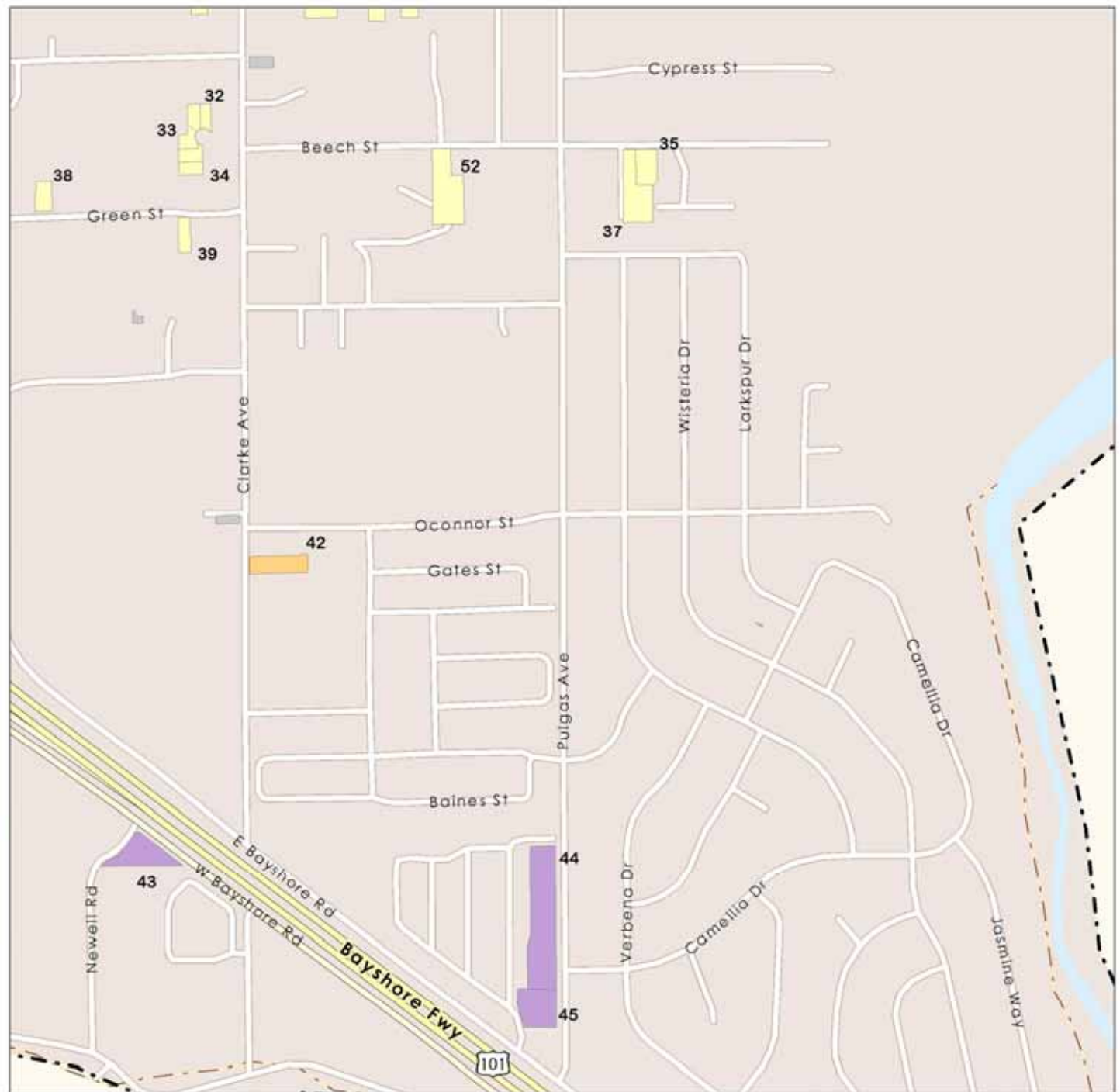
- Low/Medium Density Residential
- Medium/High Density Residential
- High Density Residential
- General Commercial
(allows residential as mixed use)
- Neighborhood Commercial
(allows residential as mixed use)
- Office
(allows residential as mixed use)
- General Industrial

Smaller Parcels

East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



Housing Opportunity Sites Zoom In 4

Land Use

larger parcels

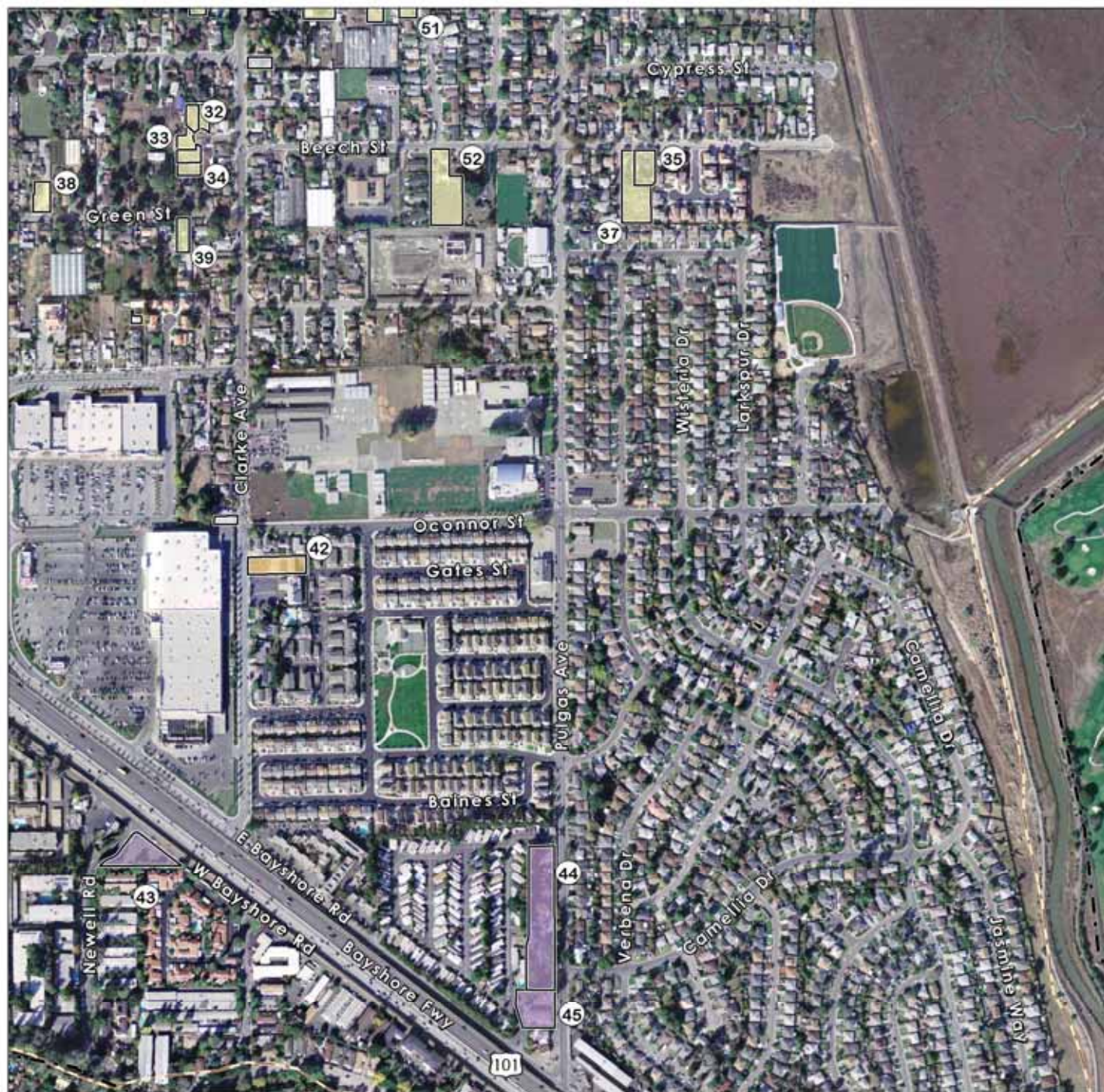
-  Low/Medium Density Residential
-  Medium/High Density Residential
-  High Density Residential
-  General Commercial
(allows residential as mixed use)
-  Neighborhood Commercial
(allows residential as mixed use)
-  Office
(allows residential as mixed use)
-  General Industrial

 Smaller Parcels

 East Palo Alto City Limits



Source: City of East Palo Alto, 2009; U.S. Census, 2000; EDAW, 2009.
July 1, 2009



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APPENDIX C

Summary of 2001 - 2006 Housing Element Accomplishments

Policy/Program Title	Objective	Achievements / Results
<i>(1.0) Build a sufficient number and variety of housing units (houses, townhomes, condominiums, and apartments) needed to meet the State's mandate to replace affordable units/bedrooms demolished due to Redevelopment Agency action and to address the City's Regional Housing Needs Determination.</i>		
(1.1) Work collaboratively with the development community and stakeholders to facilitate housing development that will suit the needs of the City.		<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - Courtyard at Bay Road: 9% tax credit project; City/Redevelopment Agency approved \$1.2 million 20-year loan. 173 rental units. - Nugent Square: 9% tax credit project. 82 rental units. - Acclaim Homes: 30 rental units (6 BMR) - Rose Garden: 6 BMR SFR homes sold (60-80% AMI) - West Palms Condos: 6 BMR condos sold (50% - 70% AMI) - 841 Donohoe: 1 BMR SFR available for purchase. <p>July 1, 2004 – June 30, 2005:</p> <ul style="list-style-type: none"> - EPACANDO and Eden Housing held an Open House celebration of Nugent Square in March 2005. - 5 BMR homes were sold. - City purchased a foreclosed BMR home from a bank in April 2005. Home will be renovated and sold to a first-time homebuyer by Jan. 2006. <p>July 1, 2005 - June 30, 2006: 6 BMR homes sold.</p> <p>July 1, 2006 - June 30, 2007:</p> <ul style="list-style-type: none"> - Courtyard at Bay Road: 173 units (77 affordable) - 5 BMR homes sold - Housing under construction: 29 SFR homes, inc. 6 BMR homes (1060 Weeks); 30 unit live/work inc. 6 BMR condos
(1.2) Promote the development of a range of housing choices (by type, size, and price range).	Objective: 8 second units annually (40 total)	<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - City approved a \$504,000 loan for site acquisition and predevelopment for 77 low income tax credit apartments (The Courtyard at Bay Road) - Housing staff is working with EPACANDO, Eden Housing, and Peninsula Habitat for Humanity on the Pulgas Panhandle Site. - City approved \$1,122,000 loan for Nugent Square. - City received an \$800,000 loan from CalHFA for Palo Mobile Estates, but returned funds because acquisition price and total development cost has not been determined. - Supported efforts to implement Housing Endowment and Trust (HEAT). <p>July 1, 2006 - June 30, 2007:</p> <ul style="list-style-type: none"> - Discussion with EPACANDO about housing for at-risk youth; org. had not received entitlements for proposed site. - Supported efforts to implement Housing Endowment and Trust (HEAT). <p>All Periods: Planning Division staff actively encourages the development of secondary dwelling units for parcels that qualify. This is a mechanism by which low income residents and seniors can obtain housing at an affordable rate while the City uses pre-existing properties. 31 second units were approved between 2001 and 2006.</p>

Summary of 2001 - 2006 Housing Element Accomplishments

Policy/Program Title	Objective	Achievements / Results
<i>(2.0) Secure below market rate funding to build more affordable housing.</i>		
(2.0) Secure below market rate funding to build more affordable housing.		<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - City submitted application for State funding for First time Homebuyer and Owner Occupied Rehabilitation Programs. - City will explore funding opportunities from HCD to finance the preservation of Palo Mobile Estates Mobile Home Park and conversion of its ownership to a non-profit entity as determined by resident members. - Housing Staff will pursue financing from Wamu Bank for affordable housing development per the Settlement Agreement. <p>July 1, 2004 – June 30, 2005: City submitted a proposal to CalHFA when the NOFA was released.</p> <p>July 1, 2005 - June 30, 2006: City continues to explore Cal HFA and HCD funding.</p> <p>July 1, 2006 - June 30, 2007: City continues to explore Cal HFA and HCD funding.</p>
(2.1) Promote the concept of smart growth whereby housing is concentrated around job centers and along transportation corridors in order to reduce traffic, improve air quality, conserve energy, and increase efficiency in the use of land.		<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - Received \$37,500 grant from the State Jobs Housing Balance Grant. Will use funds to install enclosed bus shelters on University Ave near Nugent Square Apts.
(2.2) Fight against a jobs/housing imbalance in the City by ensuring that new economic opportunities are matched with a sufficient supply of housing opportunities. Encourage employers to work with the City in providing housing for its workforce.		<p>2006 – 2007: 26 residents placed in jobs in Gateway 101 in 3rd and 4th Quarter of 2006. 8 residents placed in jobs at the YMCA.</p> <p>All Periods: RDA has a requirement that 20% of jobs in an RDA area go to EPA residents.</p>
(2.3) Encourage mixed use and high density residential development in the Ravenswood and Four Corners/Bay Road areas to ensure that a minimum of 25% in these areas is devoted to residential uses (see also Actions 3.1 through 3.5 in the HE).		<p>2006 – 2007: Redevelopment Agency is working with a developer to build a mixed-use development in the Four Corners area.</p>

Summary of 2001 - 2006 Housing Element Accomplishments

Policy/Program Title	Objective	Achievements / Results
<i>(3.0) Facilitate the development of affordable housing to fulfill the replacement housing obligations and Regional Housing Need Determination, especially in redevelopment project areas.</i>		
(3.1) Improve the permit processing procedure from the initial planning application through all local entitlement approvals for residential development projects, especially for affordable housing projects.		February 8, 2008: The Matrix Consulting Group presented a report to the City Council which identified specific measures the City could undertake to improve the development review process. City staff has already implemented some recommendations from this report, and staff is in the process of updating all development fees to ensure full cost recovery of staff time.
(3.2) Continue to require residential developers to provide affordable housing as a component of housing development.		<p>July 1, 2003 – June 30, 2004: City collected \$27,000 in Housing In-lieu fees.</p> <p>July 1, 2004 – June 30, 2005: City collected \$66,240 in housing in-lieu fees.</p> <p>July 1, 2005 - June 30, 2006: Staff collected \$79,724 in housing In-lieu fees</p> <p>July 1, 2006 - June 30, 2007: Staff collected \$53,040.71 in housing in-lieu fees from developers.</p>
(3.3) Provide regulatory and financial incentives to encourage the development of affordable housing.		All periods: Affordable housing has been provided through the BMR program.
(3.4) Provide adequate and timely information to the public and decision makers to allow informed decisions be made.	Objective: 2 informational brochures of factsheets annually	<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - City continues to upgrade website regarding City's Housing Services Dept activities. - City published 4 issues of <i>Common Ground</i> newsletter. - City facilitated bi-annual community meetings regarding Housing Element accomplishments and updates. <p>July 1, 2004 – June 30, 2005:</p> <ul style="list-style-type: none"> - City continues to upgrade website regarding City's Housing Services Dept activities. - Provided Plugged In and 1 East Palo Alto with information regarding the Housing Services Dept activities. - Published 4 issues of <i>Common Ground</i> newsletter. <p>July 1, 2005 – June 30, 2006:</p> <ul style="list-style-type: none"> - City continues to upgrade website regarding City's Housing Services Dept activities. - Provided Plugged In and 1 East Palo Alto with information regarding the Housing Services Dept activities. <p>July 1, 2006 - June 30, 2007: City website updated regarding Housing Services Dept. activities. EPA.net and 1 East Palo Alto provided with info to post.</p>
<i>(4.0) Fully implement the City's adopted policies, including the General Plan and all ordinances.</i>		
(4.1) Ensure adequate residential sites zoned at appropriate densities are available for development to accommodate need for a range of housing types and prices.		<p>July 1, 2003 – June 30, 2004: City Council accepted a \$400,000 grant from the Environmental Protection Agency for Phase I environmental assessment of sites in the Bay-Clarke-Weeks-Pulgas neighborhoods. Property owners and developers have volunteered 4 sites to receive free soil testing.</p> <p>July 1, 2004 – June 30, 2005 and July 1, 2005 – June 30, 2006:</p> <ul style="list-style-type: none"> - The Development Review Committee meets every Tuesday afternoon to review development proposals. 7 proposals

Summary of 2001 - 2006 Housing Element Accomplishments

Policy/Program Title	Objective	Achievements / Results
		<p>have advanced through the entire review process to the Planning Commission for consideration.</p> <ul style="list-style-type: none"> - The Environmental Protection Agency is continuing Phase I environmental assessment of sites in the Bay-Clarke-Weeks-Pulgas neighborhoods. <p>July 1, 2005 - June 30, 2006: Approx. 7 housing development proposals have advanced through the review process. US EPA staff continue its Phase I environmental assessment of sites in the Bay-Clarke-Weeks-Pulgas neighborhoods.</p> <p>July 1, 2006 - June 30, 2007: Staff continue to review and administer local zoning ordinances for consistency with the GP; Housing staff maintain an inventory of developable vacant sites within the City limits. Development Review Committee meet on a regular basis to review development proposals from owners and developers.</p>
<i>(5.0) Addressing the housing needs of households with members who are elderly, physically disabled, HIV positive or are living with AIDS, homeless, at-risk youth leaving the foster care system, small and large families, and female-headed households.</i>		
(5.1) Encourage the development of housing units and alternative living arrangements suitable for seniors, small and large families, and other persons with special needs.	Objective: Facilitate site acquisition or partnership with proposed residential developments for 3 special needs projects; assist 30 persons with special needs.	<p>July 1, 2003 – June 30, 2004: The Pulgas Panhandle project is in predevelopment and will include supportive housing.</p> <p>July 1, 2004 – June 30, 2005 and July 1, 2005 - June 30, 2006: Developers, EPACANDO, Eden Housing, and Habitat are still negotiating with owners to acquire the site in the Pulgas Panhandle.</p> <p>July 1, 2005 - June 30, 2006 and July 1, 2006 - June 30, 2007: EPACANDO is currently planning to develop a transitional housing project for at-risk youth and post-foster care individuals.</p>
(5.2) Facilitate the development of emergency shelter and transitional housing for the homeless.		<p>2009: A new warming shelter opened to serve the homeless in inclement weather.</p>
<i>(6.0) Provide both financial and policy assistance to low- and moderate-income households to ease housing cost burden and overcrowding.</i>		
(6.1) Stabilize rents in the City through the Rent Stabilization and Just Cause for Eviction Ordinance.		<p>July 1, 2003 – June 30, 2004: The RSP contracted with the EPA Community Legal Services to conduct 7 tenant informational workshop on the Rent Stabilization and Just Cause Eviction Ordinance.</p> <p>July 1, 2004 – June 30, 2005:</p> <ul style="list-style-type: none"> - RS staff scheduled 19 Tenant Petition Hearings for rental adjustments and 7 cases are pending resolution. - EPA Community Legal Services conducted 5 Tenant Informational Workshops on the Rent Stabilization and Just Cause Eviction Ordinance. <p>July 1, 2005 – June 30, 2006: RS staff scheduled 1 Landlord admin hearing for confirmation of the right to evict their tenant. The examiner determined the tenant was entitled to protection under the Ordinance and was precluded from unlawful eviction.</p> <p>July 1, 2006 - June 30, 2007: RS staff scheduled 3 landlord admin hearing for confirmation of the right to evict their tenant. RS staff will continue to protect tenants by implementing the RS Ordinance. The RSP contracted with Jellins & Associates to conduct an informational workshop for landlords together with the City Attorney on the Rent</p>

Summary of 2001 - 2006 Housing Element Accomplishments

Policy/Program Title	Objective	Achievements / Results
		Stabilization and Just Cause Eviction Ordinance. It was held on Thursday, June 28 th , 2007 in the City Council Chambers.
(6.2) Assist very low-income renters through rental assistance.		All periods: Section 8 rental assistance is provided through the County.
(6.3) Preserve existing, conforming mobile home parks as a source of affordable housing.		July 1, 2003 – June 30, 2004: Continue due diligence on the physical condition and financial feasibility of purchasing Palo Mobile Estates. If feasible, identify funding sources to establish a non-profit entity and purchase Palo Mobile Estates for the preservation of affordable housing.
(6.4) Conserve the existing of affordable rental housing by discouraging conversion into condominiums.		2009: The City is in the process of revising its Condominium Conversion Ordinance
(6.5) Address the affordable housing needs of lower income residents and seniors through home sharing.	Objective: Achieve 10 matches annually between those homes to share and those looking for housing.	City has decided not to pursue home sharing but rather to promote the development of second units.
(6.6) Implement programs to increase affordable housing opportunities and minimize overcrowding.	Objective: Facilitate development of 1,025 new housing units.	<p>July 1, 2003 – June 30, 2004: Maintain a Housing Development Tracking Report with quarterly updates. Started construction on 116 units, planning entitlement on 91 units, proposed projects for 4 units; formalized BMR pricing and housing in-lieu fee calculation worksheet.</p> <p>July 1, 2004 – June 30, 2005: Maintain a Housing Development Tracking Report with quarterly updates. Started construction on 55 units, planning entitlement issued on 46 units, proposed projects for 338 units.</p> <p>July 1, 2005 – June 30, 2006: Maintain a Housing Development Tracking Report with quarterly updates. Started construction on 57 units, planning entitlements issued on 101 units, proposed projects for 250 units.</p> <p>July 1, 2006 – June 30, 2007: Maintain a Housing Development Tracking Report with quarterly updates. Started construction on 47 units, planning entitlement issued on 40 units, and proposed projects for 174 units</p>
<i>(7.0) Establish new and/or participate in existing programs that utilize a variety of funding sources to provide first-time homebuyer assistance to income-qualified households, with a focus of assisting existing residents and workers in the City.</i>		
(7.1) Assist lower and moderate-income renters in obtaining affordable homeownership.	Objective: Assist 5 lower- and moderate-income households annually (total of 25) with the MCC Program; Assist 3 to 5 lower and moderate-income households annually with the Lease-Purchase	<p>July 1, 2003 – June 30, 2004:</p> <ul style="list-style-type: none"> - Executed \$126,300 downpayment grant with San Mateo County's Office of Housing. - Implemented CHAMP and closed on 3 downpayment assistance loans. - Implemented \$213,456 downpayment assistance loans utilizing University Circle Investors funds for downpayment assistance loans. - City contracted with EPACANDO to serve as the central wait list manager and coordinator of homebuyer education. EPACANDO referred 12 applicants to the developer's sales agents for processing of BMR units. 8 homes were sold and escrows opened on 4 others. <p>July 1, 2004 – June 30, 2005:</p>

Summary of 2001 - 2006 Housing Element Accomplishments

<i>Policy/Program Title</i>	<i>Objective</i>	<i>Achievements / Results</i>
	Homeownership Program between 2001 and 2002; Assist 6 households in achieving homeownership through the first-time homebuyer and HOME program.	<ul style="list-style-type: none"> - The City has access to San Mateo County Downpayment Assistance funds, as well as mortgage credit certificates to assist first-time buyers for the BMR program. - Housing Services Dept will host an Informational Housing Opportunity meeting. <p>July 1, 2005 – June 30, 2006: The Housing Services Dept hosted 3 Informational Housing Opportunity meetings and continues to inform the community of upcoming housing and qualifying criteria for the BMR houses.</p> <p>July 1, 2006 - June 30, 2007:</p> <ul style="list-style-type: none"> - The Housing Services Dept hosted one Informational Housing Opportunity meeting. Staff will continue to inform the community of upcoming housing and the qualifying criteria for BMR houses. - The City has access to the San Mateo County office of Housing Downpayment Assistance funds to assist first time buyers
(7.2) Ensure that a priority for affordable housing opportunities is given to community members who have helped strengthen the City, to existing residents of East Palo Alto, and to those who work in the City but cannot afford to live in the City.		All periods: The focus of the BMR program is on EPA residents. Currently the Housing Division maintains a waiting list of residents who desire a BMR unit
<i>(8.0) Ensure existing residents and workers in the City have access to housing programs and protections that will allow them to remain residents of the City.</i>		
(8.1) Implement both proactive and reactive code enforcement to correct Housing, Health and Safety Code violations.		July 1, 2006 - June 30, 2007: Continue to implement code enforcement inspections. Continue to distribute information to educate the community about the Rent Stabilization Program.
(8.2) Improve existing housing condition and preserve neighborhood quality through housing rehabilitation and neighborhood improvement efforts.		<p>July 1, 2003 – June 30, 2004: San Mateo County Housing Dept provided funds for 1 owner-occupied housing rehabilitation loan in the City, totaling \$100,000.</p> <p>July 1, 2005 - June 30, 2006: San Mateo County's Office of Housing approved one (1) housing rehabilitation loan in the city.</p> <p>July 1, 2006 - June 30, 2007: San Mateo County's Office of Housing approved one (1) housing rehabilitation loan in the city.</p>
(8.3) Assist low and moderate income households in making necessary repairs and improvements.	Objective: Assist 6 lower-income households annually (30 total) through San Mateo County Home Repair Program.	<p>July 1, 2003 – June 30, 2004: San Mateo County Housing Dept provided funds for 1 owner-occupied housing rehabilitation loan in the City, totaling \$100,000.</p> <p>July 1, 2005 - June 30, 2006: San Mateo County's Office of Housing approved one (1) housing rehabilitation loan in the city.</p> <p>July 1, 2006 - June 30, 2007: San Mateo's Office of Housing approved 1 housing rehabilitation loan in the City of East Palo Alto.</p>
<i>(9.0) Ensure decent, safe living environments for City residents regardless of age, gender, race, color, ancestry, national origin, familial status, marital status, sexual preference, religion,</i>		

Summary of 2001 - 2006 Housing Element Accomplishments

<i>Policy/Program Title</i>	<i>Objective</i>	<i>Achievements / Results</i>
<i>disability, or any other arbitrary factor.</i>		
(9.1) Prevent housing discrimination and actively further fair housing choice for all residents.		All periods: Continues to support, publicize, and make appropriate referrals to fair housing and legal assistance programs that provide counseling and investigation services concerning alleged discrimination Incidents. City Council continues to support fair lending initiatives.
(9.2) Facilitate the development of a variety of housing options at a range of prices to meet the various housing needs of residents.		All periods: Affordable housing has been provided through the BMR program.
<i>(10.0) Ensure the implementation of all housing policies and promote broad participation in the programs.</i>		
(10.1) Monitor progress in implementing Housing Element programs and make necessary adjustments to staff and financial resources in a timely manner.		All periods: <ul style="list-style-type: none"> - Prepared detailed progress reports on the Housing Element for review by City Council, stakeholders, and the General Public. - Revise the resale restriction agreement with the option to purchase document as necessary.

APPENDIX D

HOUSING ELEMENT GLOSSARY

Acre: a unit of land measure equal to 43,560 square feet.

Acreage, Net: The portion of a site exclusive of existing or planned public or private road rights-of-way.

Affordability Covenant: A property title agreement which places resale or rental restrictions on a housing unit.

Affordable Housing: Under State and federal statutes, housing which costs no more than 30 percent of gross household income. Housing costs include rent or mortgage payments, utilities, taxes, insurance, homeowner association fees, and other costs.

Annexation: The incorporation of land area into the jurisdiction of an existing city with a resulting change in the boundaries of that city.

Assisted Housing: Housing that has been subsidized by federal, state, or local housing programs.

Association of Bay Area Governments (ABAG): The Association of Bay Area Governments is a regional planning agency which encompasses nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. ABAG is responsible for preparing the Regional Housing Needs Determination (RHND).

At-Risk Housing: Multi-family rental housing that is at risk of losing its status as housing affordable for low and moderate-income tenants due to the expiration of federal, state or local agreements.

California Department of Housing and Community Development - HCD: The State Department responsible for administering State-sponsored housing programs and for reviewing Housing Elements to determine compliance with State housing law.

Census: The official United States decennial enumeration of the population conducted by the federal government.

Community Development Block Grant (CDBG): A grant program administered by the U.S. Department of Housing and Urban Development (HUD). This grant allots money to cities and counties for housing rehabilitation and community development activities, including public facilities and economic development.

Comprehensive Housing Affordability Strategy (CHAS) data: Data used by HOME and CDBG jurisdictions to prepare their consolidated plans. 2000 special tabulation data shows housing problems and the availability of affordable housing for states, counties, places, and CDBG/HOME jurisdictions.

Condominium: A building or group of buildings in which units are owned individually, but the structure, common areas and facilities are owned by all owners on a proportional, undivided basis.

Demolition Fee: A fee paid to a municipality by a developer in order to obtain a permit to demolish a structure. Demolition fees help reduce the loss of affordable homes by discouraging the demolition of older homes, which tend to be more affordable than new construction; and providing a revenue source that can be directed into a housing fund and used for affordable housing development.

Density: The number of dwelling units per unit of land. Density usually is expressed “per acre,” e.g., a development with 100 units located on 20 acres has density of 5.0 units per acre.

Density Bonus: The allowance of additional residential units beyond the maximum for which the parcel is otherwise permitted usually in exchange for the provision or preservation of affordable housing units at the same site or at another location.

Development Impact Fees: A fee or charge imposed on developers to pay for a jurisdiction's costs of providing services to new development.

Development Right: The right granted to a land owner or other authorized party to improve a property. Such right is usually expressed in terms of a use and intensity allowed under existing zoning regulation. For example, a development right may specify the maximum number of residential dwelling units permitted per acre of land.

Dwelling, Multi-family: A building containing two or more dwelling units for the use of individual households; an apartment or condominium building is an example of this dwelling unit type.

Dwelling, Single-family Attached: A dwelling unit attached to one or more other dwelling units by a common vertical wall. Row houses and town homes are examples of this dwelling unit type.

Dwelling, Single-family Detached: A dwelling, not attached to any other dwelling, which is designed for occupancy by one household, and that is surrounded by open space or yards.

Dwelling Unit: One or more rooms, designed, occupied or intended for occupancy as separate living quarters, with cooking, sleeping and sanitary facilities provided within the unit for the exclusive use of a household.

Elderly Household: As defined by HUD, elderly households are one- or two- member (family or non-family) households in which the head or spouse is age 62 or older.

Element: A division or chapter of the General Plan.

Emergency Shelter: An emergency shelter is a facility that provides shelter to homeless families and/or homeless individuals on a limited short-term basis.

Emergency Shelter Grants (ESG): A grant program administered by HUD provided on a formula basis to large entitlement jurisdictions.

Entitlement City: A city, which based on its population, is entitled to receive funding directly from HUD. Examples of entitlement programs include CDBG, HOME and ESG.

Fair Market Rent (FMR): Fair Market Rents (FMRs) are freely set rental rates defined by HUD as the median gross rents charged for available standard units in a county or Standard Metropolitan Statistical Area (SMSA). Fair Market Rents are used for the Section 8 Rental Program and many other HUD programs and are published annually by HUD.

First-Time Home Buyer: Defined by HUD as an individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home. Jurisdictions may adopt local definitions for first-time homebuyer programs which differ from non-federally funded programs.

Floor Area Ratio (FAR): The gross floor area of all buildings on a lot divided by the lot area; usually expressed as a numerical value (e.g., a building having 10,000 square feet of gross floor area located on a lot of 5,000 square feet in area has a FAR of 2:1).

General Plan: The General Plan is a legal document, adopted by the legislative body of a City or County, setting forth policies regarding long-term development. California law requires the preparation of seven elements or chapters in the General Plan: Land Use, Housing, Circulation, Conservation, Open Space, Noise, and Safety. Additional elements are permitted, such as Economic Development, Urban Design and similar local concerns.

Group Quarters: A facility which houses unrelated persons not living in households (U.S. Census definition). Examples of group quarters

include institutions, dormitories, shelters, military quarters, assisted living facilities and other quarters, including single-room occupancy housing, where 10 or more unrelated individuals are housed.

HCD: The State Department of Housing and Community Development.

Home Mortgage Disclosure Act (HMDA): The Home Mortgage Disclosure Act requires larger lending institutions making home mortgage loans to publicly disclose the location and disposition of home purchase, refinance and improvement loans. Institutions subject to HMDA must also disclose the gender, race, and income of loan applicants.

HOME Program: The HOME Investment Partnership Act, Title II of the national Affordable Housing Act of 1990. HOME is a Federal program administered by HUD which provides formula grants to States and localities to fund activities that build, buy, and/or rehabilitate affordable housing for rent or home ownership or provide direct rental assistance to low-income people.

Homeless: Families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation (e.g., the street, sidewalks, cars, vacant and abandoned buildings). Sheltered homeless are families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels or motels used to house the homeless).

Housing Opportunities for Persons with HIV/AIDS (HOPWA): Program of HUD's Office of HIV/AIDS Housing to ensure that all HUD programs and initiatives are responsive to the special needs of people with HIV/AIDS.

Household: The Census Bureau defines a household as all persons living in a housing unit whether or not they are related. A single person living in an apartment as well as a family living in a house is considered a household. Household does not include individuals living in dormitories, prisons, convalescent homes, or other group quarters.

Pursuant to HUD, households are defined as follows: small-- two to four non-elderly persons; large- with 5 or more members; or senior – over age 62.

Household Income: The total income of all the persons living in a household. A household income is often described as very low, low, moderate, and upper incomes based upon household size and income, relative to the regional median income.

Housing Problems: Defined by HUD as a household which: (1) occupies a unit with physical defects (lacks complete kitchen or bathroom); (2) meets the definition of overcrowded; or (3) spends more than 30% of income on housing cost.

Housing Subsidy: Housing subsidies refer to government assistance aimed at reducing housing sales or rent prices to more affordable levels. Two general types of housing subsidy exist. Where a housing subsidy is linked to a particular house or apartment, housing subsidy is “project” or “unit” based. In Section 8 rental assistance programs the subsidy is linked to the family and assistance provided to any number of families accepted by willing private landlords. This type of subsidy is said to be “tenant based.”

Housing Unit: A room or group of rooms used by one or more individuals living separately from others in the structure, with direct access to the outside or to a public hall and containing separate toilet and kitchen facilities.

Income Category: Four categories are used to classify a household according to income based on the median income for the county. Under state housing statutes, these categories are defined as follows: very low-(0-50% of county median); low (50-80% of county median); moderate-(80-120% of county median); and above moderate-income (over 120%).

Location Factor: Percentage multipliers that can be applied to total construction costs (including contractor's overhead and profit) that accommodate for regional variations. The R. S. Means manual is a source of location factors for different cities.

Low Income Housing Tax Credit (LIHTC): Section 42 of the Internal Revenue Code that offers property owners and investors a credit or reduction in their tax liability in exchange for providing affordable housing. LIHTCs are based on the cost of development and the number of qualified low-income units in a newly constructed or rehabilitated development. The owners must offer quality units to very-low or low-income tenants at fixed, below-market-rate rents that are set at 30 percent of the applicable Area Median Income.

Manufactured Housing: Housing constructed of manufactured components, assembled partly at the site rather than totally at the site. Also referred to as modular housing.

Market Rate Housing: Housing available on the open market without any subsidy of which the price is determined by the market forces of supply and demand.

Mortgage Credit Certificates (MCCs): Mortgage Credit Certificate Program, authorized by Congress in the Tax Reform Act of 1984, provides financial assistance to "First time homebuyers" for the purchase of new or existing single-family home. In 1985, the State adopted legislation authorizing local agencies, such as Contra Costa County, to make Mortgage Credit Certificates (MCCs) available in

California. Contra Costa County MCC authority can be used in all cities as well as the unincorporated areas of the county. The Contra Costa County Community Development Department will administer the program.

Median Income: The annual income for each household size within a region which is defined annually by HUD. Half of the households in the region have incomes above the median and half have incomes below the median.

Metropolitan Transportation Commission (MTC): Created by the state Legislature in 1970, the Metropolitan Transportation Commission is the transportation planning, coordinating and financing agency for the nine-county San Francisco Bay Area.

Mobile Home: A structure, transportable in one or more sections, which is at least 8 feet in width and 32 feet in length, is built on a permanent chassis and designed to be used as a dwelling unit when connected to the required utilities, either with or without a permanent foundation.

Overcrowding: As defined by the U.S. Census, a household with greater than 1.01 persons per room, excluding bathrooms, kitchens, hallways, and porches. Severe overcrowding is defined as households with greater than 1.51 persons per room.

Overpayment: The extent to which gross housing costs, including utility costs, exceed 30 percent of gross household income, based on data published by the Census Bureau. Severe overpayment exists if gross housing costs exceed 50 percent of gross income.

Parcel: The basic unit of land entitlement. A designated area of land established by plat, subdivision, or otherwise legally defined and permitted to be used, or built upon.

Pacific Community Services Inc. (PCSI): Hired by the Redevelopment Agency and Community Access to provide counseling, classes, workshops and general information to low and moderate-income, first time homebuyers participating in the City of Pittsburgh First Time Home Buyer program. PCSI also provides free legal advice and counseling regarding tenant/landlord rights, housing discrimination and other fair housing problems in collaboration with La Raza Centro Legal, Inc.

Physical Defects: A housing unit lacking complete kitchen or bathroom facilities. Jurisdictions may expand the Census definition in defining units with physical defects.

Project-Based Rental Assistance: Rental assistance provided for a project, not for a specific tenant. A tenant receiving project-based rental assistance gives up the right to that assistance upon moving from the project.

Public Housing: A project-based low-rent housing program operated by independent local public housing authorities. A low-income family applies to the local public housing authority in the area in which they want to live.

Redevelopment Agency: California Law provides authority to establish a Redevelopment Agency with the scope and financing mechanisms necessary to remedy blight and provide stimulus to eliminate deteriorated conditions. The law provides for the planning, development, redesign, clearance, reconstruction, or rehabilitation, or any combination of these, and the provision of public and private improvements as may be appropriate or necessary in the interest of the general welfare by the Agency. Redevelopment law requires an Agency to set aside 20% of all tax increment dollars generated from each redevelopment project area for the purpose of increasing and improving

the community's supply of housing for low and moderate-income households.

Regional Housing Needs Determination (RHND): The Regional Housing Needs Determination (RHND) is based on projections of population growth and housing unit demand and assigns a share of the region's future housing need to each jurisdiction within the ABAG (Association of Bay Area Governments) region. These housing need numbers serve as the basis for the update of the Housing Element.

Rehabilitation: The upgrading of a building previously in a dilapidated or substandard condition for human habitation or use.

Section 8 Rental Voucher/Certificate Program: A tenant-based rental assistance program that subsidizes a family's rent in a privately owned house or apartment. The program is administered by local public housing authorities. Assistance payments are based on 30 percent of household annual income. Households with incomes of 50 percent or below the area median income are eligible to participate in the program.

Service Needs: The particular services required by special populations, typically including needs such as transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services preventing premature institutionalization and assisting individuals to continue living independently.

Smart Growth: Investing time, attention, and resources in restoring community and vitality to center cities and placing new mixed use development near transit resources. This result in compact, high density, transit-oriented, pedestrian and bike friendly development with a mix of uses including residential, public, office, retail, health and childcare services in close proximity to create a complete neighborhood.

Special Needs Groups: Segments of the population which have a more difficult time finding decent affordable housing due to special circumstances. Under California Housing Element statutes, special needs groups consist of the elderly, disabled, large families, female-headed households, farm workers, and the homeless. A jurisdiction may also consider additional special needs, such as students, military households, etc.

Subdivision: The division of a lot, tract or parcel of land in accordance with the Subdivision Map Act (California Government Code Section 66410 et seq.).

Substandard Housing: Housing which does not meet the minimum standards contained in the State Housing Code (i.e. does not provide shelter, endangers the health, safety or well-being of occupants). Jurisdictions may adopt more stringent local definitions of substandard housing.

Supportive Housing: Housing with a supporting environment, such as group homes or Single Room Occupancy (SRO) housing and other housing that includes a supportive service component such as those defined below.

Supportive Services: Services provided to residents of supportive housing for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant-Based Rental Assistance: A form of rental assistance in which the assisted tenant may move from a dwelling unit with a right to continued assistance. The assistance is provided for the tenant, not for the project.

Transitional Housing: Transitional housing is temporary (often six months to two years) housing for a homeless individual or family who is

transitioning to permanent housing. Transitional housing often includes a supportive services component (e.g. job skills training, rehabilitation counseling, etc.) to allow individuals to gain necessary life skills in support of independent living.

U.S. Department of Housing and Urban Development (HUD): The cabinet level department of the federal government responsible for housing, housing assistance, and urban development at the national level. Housing programs administered through HUD include Community Development Block Grant, HOME and Section 8, among others.

Zoning: A land use regulatory measure enacted by local government. Zoning district regulations govern use, as well as lot size, building bulk, placement, and other development standards. Use and development standards vary from district to district, but must be uniform within the same district. Each city and county adopts a Zoning Ordinance specifying these regulations.