

City of East Palo Alto
2001-2006 Housing Element Update

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Introduction and Purpose

The housing element is one of the seven mandated elements of the general plan every California city and county is required by state law to prepare. The housing element outlines a community's strategy to assure orderly growth and provide housing for all economic segments of the community.

Purpose of the Housing Element

The intent of California housing element law is to encourage the attainment of decent housing and a suitable living environment for all Californians. To that end, the Legislature has set forth goals, policies, and programs to ensure cooperation among local governments in meeting regional housing goals.

Content of the Element

The California Government Code sets forth detailed guidelines that govern the content of housing elements. Generally, the housing element must include an identification and analysis of existing and projected housing needs, a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement and development of housing.

To maintain up-to-date and relevant goals and policies, state law requires that all housing elements be updated at least every five years. The East Palo Alto housing element has been designed to provide a comprehensive strategy to address housing needs in the community and to meet Housing Element Law for the 2001-2006 planning period. It replaces the previous housing element adopted in 1998.

Previous housing element programs have been evaluated to determine their effectiveness. Based on the program evaluations, current needs, and community input, the housing goals, policies, and programs outlined in this Element seek to better address the current housing needs of the community. Several new and modified programs are recommended in an attempt to address the housing needs of existing residents and the City's share of the region's housing needs for all income categories. Other previously proposed programs have been modified to better address the conservation, preservation, and improvement of housing. These programs are detailed in the "Goals, Policies, and Programs" section of this Element.

Time Frame of the Housing Element

The East Palo Alto Housing Element covers the housing planning period of July 1, 2001 to June 30, 2006, which is the current housing element cycle for all communities within the ABAG (Association of Bay Area Governments) region.

Citizen Participation

To better understand the needs, preferences, and desires of the community, participation of residents and stakeholders in the development process of the Housing Element is critical. To facilitate and encourage participation in the housing element update, the City made diligent efforts to solicit input from groups representing all economic segments of East Palo Alto. These steps are described below:

- **Focused Community Workshops:** The City held three focused workshops in June and July of 2001, with members present from community groups, tenants, and property owners to discuss housing needs and priority for allocation of limited resources.
- **Community Survey:** The City widely distributed a community survey requesting more detailed input on housing program preferences.
- **Stakeholder Interviews:** The City interviewed various groups representing lower-income households and special needs populations.
- **Community Housing Element Review Workshop:** A community workshop was held in September 2001 to review a preliminary draft of the Element and to discuss and prioritize strategies to address identified housing needs.
- **Study Session with Planning Commission and City Council:** A joint Planning Commission and City

Council study session was conducted in October to review the draft Housing Element and to receive additional input from the public regarding needs and program priorities.

- **Newsletter:** The City used the August and September issues of its newsletter *Common Ground* to publicize the community workshops, announce the availability of the Housing Element for review, and solicit individual contact and comments regarding the process and content of this Element.

Information gathered was used to help draft the Housing Element. Comments received were summarized and presented in Appendix A, "Summary of Community Response."

Data Sources and Methods

The Housing Element contains background information on the City's population, employment, and housing characteristics. The primary data sources for this section include:

- Input from residents, community groups, and other stakeholders
- 1990 and 2000 Census
- 2000 Department of Finance Population and Housing Estimates
- Association of Bay Area Governments (ABAG) Projections 2000

Data from the 1990 Census on population and housing are used to a large extent because detailed data from the 2000 Census is not available for this assessment. Where possible, Census 2000 data have been incorporated.

Consistency with General Plan

The East Palo Alto General Plan contains seven elements: 1) Land Use; 2) Circulation; 3) Conservation and Open Space; 4) Noise; 5) Safety; 6) Economic Development; and 7) Housing. This Housing Element builds upon the other General Plan elements and is consistent with the policies and proposals set forth by the Plan.

The 2001-2006 Housing Element does not propose significant changes to any other General Plan element. However, during the process of identifying sites for future residential development, staff have determined that several properties previously identified as appropriate sites are no longer suitable for residential development and other sites not previously identified as suitable for housing are now zoned to accommodate residential development. The Land Use Element will be amended in the future to reflect the appropriate uses for these properties.

Also, over time, if changes to any element are needed to maintain internal consistency, such changes will be proposed for consideration by the Planning Commission and City Council.

The type and amount of housing needed in a community are largely determined by population growth, various demographic variables in the community, as well as influences from the regional economy and the local and neighboring housing market. This section documents the population, household, and housing characteristics that define the nature and extent of housing needs in East Palo Alto. Later sections of this Element propose programs to address the identified needs.

Overall Growth Trends

Since incorporation in 1983, the population of East Palo Alto has increased dramatically. According to the Census data, the population of East Palo Alto was 18,191 residents in 1980, 23,451 residents in 1990, and 29,506 residents in 2000. These increases represent a population growth of 29 percent during the 1980s and 26 percent during the 1990s (Table HE-1).

However, household growth and increases in housing units have not accompanied the expansion in population. In fact, the number of households has barely grown and the number of housing units actually declined during the 1990s. While in 1980 there were 2.7 people per housing unit, as of 2000 there are 4.2 people per housing unit, representing a 56 percent increase in the number of people per housing unit. These ratios are based on all housing units in the City, regardless of occupancy, in order to demonstrate the lagging of housing growth behind population growth. The average household size discussed later represents the average number of persons per occupied unit. A household is an occupied housing unit.

The composition of the population, households and housing units and their impact upon existing and future housing needs within East Palo Alto are detailed in the following sections and discussed at the conclusion of this chapter.

**Table HE-1
Growth Trends**

Year	Census Population		Households		Housing Units	
	#	% Change	#	% Change	#	% Change
1980	18,191	---	6,476	---	6,844	---
1990	23,451	29%	6,952	7.4%	7,351	7.4%
2000	29,506	26%	6,976	0.3%	7,091	-3.5%

Source: 1980, 1990, and 2000 Census.

Population Characteristics

Population factors such as age, race/ethnicity, occupation, and income level together, influence the type of housing needed and the ability to afford housing.

Age Characteristics

A community's housing needs are determined in part by the age characteristics of residents. Each age group has distinct lifestyles, family type and size, income levels, and housing preferences. As people move through each stage, their housing needs and preferences also change. As a result, understanding changes in the age characteristics of a community is important in addressing housing needs of residents.

Age characteristics of East Palo Alto residents are summarized in Table HE-2. According to 2000 Census data, the median age was 25.8 in East Palo Alto and 36.8 in San Mateo County. Comparing these figures to the 1990 Census data, the median age in East Palo Alto decreased from 26.7 and the median age in San Mateo County increased from 34.8.

Between 1990 and 2000, all age groups decreased in proportion of the total population except for the school age children (5 to 7 years old). In fact, the number of school age children increased by 46 percent. Also, although the proportion of the young adult population (age 25 to 44) had decreased decreasing during the 1990s, this group still comprised the largest segment of the population at almost 33 percent. These two changes in the age distribution of the population, along with the growing number of people per household, reflect a community of young adults with children, many living with extended families and friends.

Table HE-2
Age Distribution

Age Group	% of Total Population	
	1990	2000
Preschool (0-4)	2,592 (11.0%)	2,943 (10.0%)
School Age (5-17)	5,107 (21.8%)	7,447 (25.2%)
College Age(18-24)	3,133 (13.4%)	3,870 (13.1%)
Young Adult (25-44)	7,998 (34.1%)	9,609 (32.6%)
Middle Age (45 - 64)	3,307 (14.1%)	4,118 (14.0%)
Senior Adult (65+)	1,314 (5.6%)	1,519 (5.1%)
Total (%)	23,451 (100%)	29,506 (100%)
Median Age	26.7	25.8

Source: U.S. Census, 1990 and 2000.

With respect to housing needs, generally, young families with children occupy rental units, condominiums, or smaller single-family homes. However, as discussed later in this chapter, housing costs have increased threefold in the past few years. As a result of housing price escalation in East Palo Alto, the housing options for young families may be limited to the rental housing market, or to sharing living arrangement with other small families or relatives. Multi-generation households are common in East Palo Alto.

Moreover, as young adults age over the next decade, East Palo Alto could experience an increase in middle-age adults, who are usually at the peak of the earning power and are more likely to desire homeownership. If homeownership opportunities cannot be obtained in East Palo Alto, many of these residents are likely to relocate. This process may have destabilizing effect on establishing long term community fellowship.

Finally, it is worth noting that while the proportion of seniors decreased, the actual number of seniors increased by about 15 percent. Seniors typically have limited incomes and may consider trading down their larger homes for smaller dwellings. Other seniors may wish to remain in their homes, but may need various physical improvements and in-home help to support their living in the community.

Race and Ethnicity

The racial and ethnic composition of the population has implications for housing needs in that different population groups have different household characteristics, income levels, and cultural background that affect the needs and preferences for housing.

The racial and ethnic composition of the population within the Bay Area has been rapidly changing over the past two decades and East Palo Alto is no exception (see Table HE-3). As of 2000, Hispanic residents were the single largest racial/ethnic group in East Palo Alto, accounting for 59 percent of the City population. Black residents comprised the second largest racial/ethnic group in the community, accounting for 23 percent of the total population. Countywide, the population was 50 percent White, 22 percent Hispanic, 20 percent Asian, 3 percent Black, and 5 percent other races.

The current ethnic composition in East Palo Alto represents a significant shift from the 1990 Census, which reported the largest racial/ethnic group in East Palo Alto as Black residents at 42 percent of the population and the second largest group as the Hispanic population at 36 percent of the population. Other notable changes include a sharp decline in the number and proportion of White residents, from 12 percent in 1990 to 6.5 percent in 2000.

Table HE-3
Race and Ethnicity: 1990 - 2000

Race/Ethnicity	1990 # of Persons (% of Pop)	2000 # of Persons (% of Pop)
Hispanic	8,527 (36.4%)	17,346 (58.8%)
Black	9,727 (41.5%)	6,641 (22.5%)
Asian	2,168 (9.2%)	2,844 (9.6%)
White	2,832 (12.1%)	1,930 (6.5%)
American Indian	197 (0.8%)	66 (0.2%)
Other		679 (2.3%)
Total	23,451 (100.0%)	29,506 (100.0%)

Source: U.S. Census, 1990 and 2000.

Employment Market

Education and employment also have an important impact on housing needs in that different jobs and associated income levels determine the type and size of housing a household can afford.

According to the State Employment Development Department, the number of employed East Palo Altans was 10,150 in 1990 and 11,520 in 2000. The unemployment rate in East Palo Alto in 1990 was 6.9 percent and dropped to 4.2 percent in 2000, but has recently increased with structural changes in the regional economy. The unemployment rate in East Palo Alto was significantly higher than any other jurisdiction in San Mateo County, which averaged 1.5 percent unemployment in 2000.

Table HE-4 describes the types of occupations held by East Palo Alto residents. According to the 1990 Census (2000 Census data not yet available), the two largest occupational

categories were Sales, Administrative, and Technical with 29 percent of the jobs and Business Services with 22 percent of the jobs. With some exceptions, the Sales, Administrative, and Technical jobs are generally lower paying jobs, translating into lower incomes for the residents engaged in these activities.

In addition, since the mid-1990s new technology has allowed a growing percentage of small businesspeople to work out of their homes or tele-commute to work. While many of these workers earn higher incomes, they may have different housing needs such as a greater need for space for a home office.

Table HE-5 identifies the job types and numbers located in East Palo Alto. Given the estimated number of jobs in 2000, East Palo Alto has a ratio of 0.24 jobs per employed resident and 0.39 jobs to 1.0 housing unit, indicating that the City has limited jobs opportunities for its residents. Promoting employment growth, particularly in the higher pay sectors, to benefit East Palo Altans is an important goal of the City and is being attended to by the City's Redevelopment Agency and its activities.

Table HE-4
Employment Profile of Residents

Occupations of Residents	1990		2000 Average Income
	Persons	%	
Managerial/ Professional ¹	1,983	19.7%	\$49,780
Sales, Admin, Technical ²	2,889	28.8%	\$33,685
Business Services ³	2,184	21.7%	\$58,342
Production, Crafts, Repair ⁴	1,038	10.3%	\$32,353
Operators, Labor, Fabricators ⁵	1,519	15.1%	\$38,397
Farming, Fishing, Forestry	430	4.3%	\$27,922
Total	10,043	100.0%	

Sources: 1990 Census employment data and 2000 Occupational Employment Statistics Survey for the San Francisco MSA by the State Employment Development Department.

Notes: Average annual income based on:

1. Managerial positions, computer and mathematics occupations, engineers, and architects.
2. Sales and administrative support occupations.
3. Business and financial operations occupations.
4. Maintenance, repair, and production occupations
5. Labor, construction, and transportation occupations.

Table HE-5
Existing Jobs in East Palo Alto

Job Sector	1990	2000
Agriculture and Mining	40	50
Manufacturing/Wholesale	170	300
Retail	440	610
Service	1,030	1,350
Other	290	450
Total	1,970	2,760

Source: ABAG, Projections 2000, 1999.

Note: Agricultural/mining jobs also include landscapers, gardeners, and plant nursery workers.

ABAG projects that jobs in East Palo Alto will grow at the fastest rate than anywhere else in the County between 2000 and 2010, with a total of 3,180 new jobs in that period (115 percent growth). Forecasted growth can be attributed to the fact that East Palo Alto has a significant supply of undeveloped land.

According to Joint Venture: Silicon Valley Network (1998), regional and local job economy impacts the housing market. It is widely recognized that the Silicon Valley creates jobs at a faster rate than new housing is provided to support those jobs. The Silicon Valley's ratio of jobs-to-housing is considerably "imbalanced" with more than 2.83 jobs per housing unit. This imbalance is a problem with long-term regional planning implications. In particular, it escalates housing prices because demand outpaces supply. This problem is compounded in that the Silicon Valley's overall housing stock does not include sufficient numbers of units at price ranges that are commensurate with the income of many households. The crises of accessibility and affordability especially impact lower-income renters and first-time home buyers. Thus, affordable housing for service and other workers in lower paying industries in the Valley is key to sustaining economic vitality.

Household Income Household income is the most important factor that affects housing opportunities, by determining a household's ability to balance housing costs with other basic necessities of life. Income levels can vary considerably among households based on household type and race/ethnicity, among other factors, affecting tenure and location of residence.

Household income can typically be expressed as either averages or medians. Based on ABAG projections (2000 Census data not yet

available), the average household income among East Palo Alto residents in 2000 was \$57,700. As shown in Table HE-6, average household income for East Palo Alto was 65 percent of the average household income in San Mateo County. ABAG also predicts that the average household income in the City will grow faster than the County after 2005.

Table HE-6
Mean Household Income
in Constant 1995 Dollars

Year	East Palo Alto (EPA)	San Mateo County	EPA as % of County
1990	\$43,900	\$72,900	60.2%
1995	\$48,300	\$77,400	62.4%
2000	\$57,700	\$88,700	65.1%
2005	\$63,700	\$95,200	66.9%
2010	\$66,000	\$100,100	65.9%
2015	\$71,800	\$104,800	68.5%
2020	\$74,900	\$109,100	68.6%

Source: ABAG, *Projections 2000, 1999*.

For the Housing Element, State law requires each city to analyze the distribution of income based upon four income categories which are defined in relation to the Area Median Income (AMI).

Table HE-7
Household Income Distribution

Income Group	% of AMI	Total	2000 Hhlds
Very Low	Below 50%	35.4%	2,470
Low	50 to 80%	12.2%	851
Moderate	80 to 120%	28.0%	1,953
Upper	Above 120%	24.4%	1,702
Total		100.0%	6,976

Sources: Income distribution derived from 1990 Census by ABAG and applied to 2000 Census report on number of households.

Table HE-7 shows the income distribution of East Palo Alto households. As indicated, approximately 24 percent of all households in the City earned upper (above moderate) incomes and approximately 28 percent of households were within the moderate-income range. Meanwhile, 49 percent of households earned lower incomes, including approximately 35 percent that earned very low incomes. In contrast, San Mateo County had an income distribution in 1990 that was skewed toward the upper income category as follows: 42 percent upper income, 26 percent moderate income and 32 percent of households earned lower incomes, including 21 percent very low income. These income distributions indicate that excessive housing costs disproportionately impact East Palo Altans.

Household Characteristics A household is defined as all persons occupying a housing unit. A household can be defined as a family (related by blood, marriage, or adoption), single persons living alone, or unrelated persons living together. Persons living in group quarters such as convalescent homes, assisted living facilities, or dormitories are not considered as households.

According to the 2000 Census, East Palo Alto is home to 6,976 households, of which 76 percent are families and the remaining 24 percent are singles and other households. The overall growth and change in household composition over the past decade has an impact upon housing needs.

Table HE-8 summarizes changes to household composition in East Palo Alto since 1990. While household growth was limited in the 1990s, the composition of households in East Palo Alto changed significantly. Married couple families with children increased 23 percent. Meanwhile, the number of singles

declined 38 percent and the number of female-headed families declined by 4 percent. Overall, the number of families increased by 11 percent. These families include multi-generation families, where grandparents or other relatives are living in households headed by married couples or single-parents.

Table HE-8
Household Characteristics

Household Type	1990	2000	% Change
Families:	4,697	5,275	11.0%
Married with kids	1,761	2,283	22.9%
Married, no kids	987	1,078	8.4%
Other families	1,949	1,914	-1.8%
Female-Headed	1,446	1,383	-4.4%
Non-Families:	2,256	1,701	-32.6%
Singles	1,751	1,272	-37.7%
Other	505	429	-17.7%
Total	6,953	6,976	0.3%
Average Size	3.3	4.2	27.3%

Source: U.S. Census, 1990 and 2000

During the 1990s, the City experienced significant population growth (26 percent), but the increase in the number of households was limited (0.3 percent). As a result, average household size in the City increased from 3.3 persons in 1990 to 4.2 persons in 2000, representing a 27.3 percent increase.

To some extent, increasing average household size on its own suggests the need for larger housing units to accommodate the increase in family size. However, this may be an oversimplification. The change in household size is also a reflection of small families sharing housing arrangements to cope with the escalating housing prices in the community. For instance, the tremendous decline in single person households may be a reflection that these households are no longer able to afford

to live alone and must share housing with others. According to participants of the Housing Element workshops, a recent trend in the community is the increase in multi-generation households.

With the housing construction activities in the City during 2000 and 2001, the number of households is increasing and is projected by ABAG to continue to increase. The percentage increase in households in East Palo Alto is projected to exceed the County average (Table HE-9). Projected household growth in San Mateo County is leveled around two to three percent; whereas, the City is projected to experience rapid increases, peaking in 2005, leveling in 2010, and increasing again through the year 2020.

**Table HE-9
Future Household Growth**

Year	East Palo Alto			County 5-Year Growth
	No. of Households	5-Year Growth		
		No.	%	
2005	7,580	430	6.0%	2.6%
2010	7,830	250	3.2%	1.8%
2015	8,210	380	4.8%	2.4%
2020	8,660	450	5.5%	2.4%

Source: ABAG, *Projections 2000, 1999*.

Special Needs Groups

Certain groups have greater difficulty in finding decent, affordable housing due to their special needs and/or circumstances. Special circumstances may be related to one's employment or income, family characteristics, disability, and household characteristics among others. As a result, certain segments of East Palo Alto households may experience disproportionately lower-income, housing cost burden, and overcrowding.

State Housing Element law identifies specific "special needs" groups: senior households, disabled persons, large families, homeless persons, and agricultural workers. In addition based on the local demographics and community needs, the following additional "special needs" groups were identified for East Palo Alto: small families, female-headed families, and at-risk youth leaving foster care. This section summarizes special needs groups in Palo Alto (Table HE-10).

Licensed residential care facilities offer an alternative housing option for persons with special needs. Table HE-11 at the end of this section provides a list of licensed residential care facilities in East Palo Alto.

**Table HE-10
Special Needs Groups**

Special Needs Group	Persons	Households	% of City
Seniors (65 and older) ¹		892	12.8%
Seniors living alone ¹		313	4.5%
Disabled			
Work disability ²	1,565		9.5%
Mobility/self care ²	1,825		11.1%
Small Families ³		3,047	43.8%
Large Families ³		1,650	23.7%
Subfamilies ⁴		602	8.7%
Female-headed families ⁵		1,383	19.8%
With children ⁵		765	10.9%
Homeless persons	121		0.5%
At-Risk Youth ⁶	NA		
Agricultural Workers	50		0.4%
Veterans ⁷	1,734		7.4%

Source: U.S. Census, 1990. (Unless otherwise noted)

1. Number of senior-headed households in 2000 as a percent of total households.
2. Number of disabled persons in 1990 as a percent of total labor force.
3. Number of small and large families in 1990 as a percent of total households.
4. Subfamilies are families living with other families.
5. Number of female-headed families in 2000 as a percent of total households.
6. Data not available. A foster family is treated as a regular family by the Census with no way of distinguishing between the two types of families.
7. Number of veterans as percent of total population.

Senior Residents

Senior households often have special housing needs due to their fixed incomes, higher health care costs, and physiological changes, which may cause physical limitations and necessitate improvements to their living conditions. In addition, seniors living alone are more likely to require in-home services, assistance with daily activities, and housing maintenance and repairs.

According to the 2000 Census, East Palo Alto has 892 households headed by senior residents 65 or older, representing 12.8 percent of the total households in the City. Among the 892 senior households, more than one-third (35 percent) are living alone.

While 2000 Census data is not yet available, in the 1990 Census, the majority (66 percent) of the City's senior households were homeowners. This proportion is expected to have persisted, translating to approximately 590 senior owner-households in 2000. Although many homes occupied by the elderly were purchased many years ago and the ongoing debt service is limited, 35 percent of the senior households still overpay for housing. Specifically, the 1993 Comprehensive Housing Affordability Strategy (CHAS) data developed by HUD based on the 1990 Census indicated that 162 lower income senior homeowners in the City had a housing cost burden. For senior renters, 74 percent overpay for housing. According to the 1993 CHAS data, 221 lower income senior renters had a housing cost burden. (Cost burden, also known as overpayment, is defined by the State as paying more than 30 percent of the gross household income on housing and related costs, including utilities, taxes, and insurance). Many senior households overpaying for housing may not be able to age in place in their current homes.

Currently, subsidized housing opportunities available to seniors are limited to the 73-unit senior apartments known as Runnymede Gardens. The City also hosts three residential care facilities serving 24 elderly persons (see Table HE-11).

Given the limited specialized senior housing in the City, many lower income senior households with housing cost burden may be at risk of being displaced out of the community.

Disabled Residents

Disabled persons have special housing needs because of their fixed income, lack of affordable and accessible housing, and high medical costs. As a result, disabled persons are considered to be a special need group requiring a greater level of consideration and assistance.

According to the 1990 Census, a disability is defined as a condition lasting over six months which restricts one's ability to work (work disability), restricts one's ability to go outside of the home alone (mobility limitation), or prevents one from taking care of basic needs (self-care limitation). Approximately 9.5 percent of the labor force (ages 16 to 64) has a work disability and another 11.1 percent of the labor force has a mobility or self care limitation. This extent of disabilities within the population is typical among most communities since the Census defines disability as a condition lasting for more than six months, thus including many who may be temporarily disabled due to accidents or illnesses.

The living arrangement of disabled persons depends on the severity of the disability. Many persons live at home independently with in-home support services or with other family members. To maintain independent living, disabled persons may need assistance. This can include special housing design features, income support for those unable to work, and in-home supportive services for persons with medical conditions. For those unable to live in an independent setting, East Palo Alto permits licensed care facilities to be sited in the community. The City is home to 15 adult residential facilities, with a total capacity to serve 97 persons requiring specialized care (see Table HE-11).

Small Families

East Palo Alto is a family-oriented community, with 78 percent of the households being families. According to the 1990 Census, 3,047 families were small families with fewer than five persons. The CHAS data indicated that 50 percent of the small family renters overpay for housing and 27 percent of the small family owners overpay for housing.

These families constitute a special need group because often, the supply of adequately sized, affordable housing units in a community is limited. Given the rising housing costs in the City, housing options for many small families are limited to small apartments or sharing housing arrangement with others. In addition to the 3,047 small families in the City, the Census also reported 602 "subfamilies" in East Palo Alto. These are families sharing housing arrangements with other families and most likely to prefer their own housing if they can afford it.

Large Families

Large families are defined as those with five or more members residing in the home. These families constitute a special need group because often, the supply of adequately sized, affordable housing units in a community is limited. In order to save for other basic needs, it is common for lower-income large households to reside in smaller units, which frequently results in overcrowding.

As reported in the 1990 Census, East Palo Alto had 1,650 large families, comprising 24 percent of the City's households. The majority (54 percent) of the large families were renter-households. While this component of the 2000 Census data is not yet available, the 25 percent increase in household size over the 1990s may be a partial result of an increase in the number of large families.

Approximately 2,148 (31 percent) of the City's housing units have more three or more bedrooms, appropriate for large families. However, 1,620 (or 75 percent) of these large units are owner-occupied units. For the limited large rental units available, most are not affordable to lower income renters. As a result, many large renter households must reside in overcrowding conditions. An estimated 74 percent of the renters were living in overcrowded conditions according to the 1993 CHAS.

For the 1,620 ownership units with more than three bedrooms, many are not affordable to or occupied by large households. The 1993 CHAS data indicated 78 percent of the large owner households were living in overcrowded conditions.

Female-Headed Families Female-headed families with children often require additional consideration as a result of their greater need for affordable housing, day care, health care, and supportive services. Because of their relatively lower incomes and higher living expenses, such households usually have limited opportunities for finding affordable, decent, and safe housing.

According to the 2000 Census, East Palo Alto is home to 1,383 female-headed families, representing almost 20 percent of the City's households. To afford housing and share in child-rearing responsibilities, female-headed families sometimes double up, with two families living in a single housing unit. Although 2000 Census data is not yet available, 278 female-headed families with children doubled up with other families (i.e. subfamilies) according to the 1990 Census.

Female-headed families with children typically have a range of severe housing needs. For instance, according to the Census,

single parents spend 12 to 25 percent of their income on childcare. The poverty rate among female-headed families with children is significantly higher than other families. In East Palo Alto, the poverty rate was 37 percent for female-headed families with children under age 18 and 44 percent for families with children under age 5.

Most social service providers in San Mateo County believe the needs of female-headed households have expanded more rapidly than those of other special needs groups. Innovative shared living arrangements featuring shared cooking, laundry and child care facilities may be especially appropriate to meet the needs of female-headed households.

Homeless In December 1994, the San Mateo County Human Services Agency initiated a study of the overall extent, causes, and solutions to homelessness in San Mateo County. The study, entitled *San Mateo County Homeless Needs Assessment*, indicates that a total of 2,432 unduplicated homeless households were served by service providers in San Mateo County during 1994. These households include 2,469 adults and 1,850 children who experienced an episode of homelessness and sought services in San Mateo County.

The 1994 Homeless Needs Assessment does not provide homeless data at the local level. However, if East Palo Alto's current population is 3.6 percent of the County total and if the City maintained the same share of the County homeless population, East Palo Alto would account for 162 homeless persons. This estimate appears consistent with the 1990 Census, which counted 121 homeless persons living in shelters or on the streets.

The San Mateo County Housing Division has developed a "continuum of care" strategy to provide a comprehensive array of services and

housing options for the homeless and to maximize the effectiveness of limited funding. The Program consists of seven components: prevention; outreach, assessment, and intake; emergency shelter; transitional housing; support services; permanent supportive housing; and permanent housing. The strategy provides an inventory of existing services and facilities for homeless people and identifies service gaps where funds should be expended.

Shelters and homeless assistance programs are the main resources available to homeless residents of San Mateo County. According to information provided by San Mateo County, 475 shelter beds are available to homeless persons in San Mateo County. These include both emergency and transitional housing, such as the 100-bed Samaritan House in San Mateo, the 74-bed Maple Street Shelter in Redwood City, and local resources identified below.

In addition to the County-wide programs, local resources serve the homeless. The Haven Family House, for example, is a long-term transitional facility that provides housing for 23 large families. Preference for this facility is given to East Palo Alto residents. In addition, Theo Bowman House (formally Harriet Tubman House) provides services for drug-dependent women and their children. Discussions with several homeless service providers indicated that there is a need for emergency shelters and transitional housing for families, as well as for mentally ill homeless persons.

While most of the City's homeless residents probably receive some form of assistance, the assistance may be inadequate to fully resolve their shelter needs. Rather than a shortage of existing programs, the City and County are confronted by limited program effectiveness in light of accelerating housing affordability problems.

As the City's economic condition improves, redevelopment tax-increment and/or CDBG funds may be used to augment or upgrade existing shelters and programs.

At-Risk Youth

Another group with special housing needs is at-risk youth leaving the foster care system that provides accommodation to youth up to 18 years of age. Housing options for youth leaving the foster care system are limited, since many may not be financially ready to live independently. Transitional housing is needed to assist this group to gradually establish financial means and to develop independent living skills.

Agricultural Workers

Agriculture once comprised a significant component of East Palo Alto's labor force. However, the current number of jobs in agriculture and mining was estimated by ABAG at 50 jobs, representing less than one percent of the labor force. (Agricultural workers typically include those who work as landscapers, gardeners, in plant nurseries and in the food processing industry.) ABAG's Projections 2000 report estimates this to be the peak employment for this industry, with a gradual decline starting in 2005, ultimately with only 20 jobs in 2020. Because of their small and declining numbers, the housing needs of these workers can probably be accommodated within existing low-rent or subsidized housing offered in the City.

Veterans

According to the 1990 Census, the City was home to 1,734 veterans, representing 7.4 percent of the population in 1990. Veterans have special housing needs because many require medical attention and have lower incomes. Housing opportunities dedicated to veterans

are limited to five residential group homes in the City and a 60-bed facility in the neighboring Menlo Park.

**Table HE-11
Licensed Residential Care Facilities**

Facility	Capacity
Group Homes (Ages 0 to 18)	
East Palo Alto Teen Home (Ages 6-17)	6
Joy House (Ages 0-18)	6
Total	12
Adult Residential (Ages 18-59)	
Alpine Home	6
Anna Assurance	6
Beech Residential Care Home	6
Bessie Lindsey	6
Connolly's Residential Care Home	8
Ferrell's Home	6
Finley's Adult Residential Facility	10
Haines Guest Home	6
Jettie's Paradise	4
Keitt Residential Care Home	6
Oakwood Inn	6
Peebles' Residential Care Home	10
John's Residential Care	5
University Guest Home	6
Warren Family Care Home	6
Total	97
Residential - Elderly (Age 60+)	
Guttenbeil's Home	8
Penisoni Care Home	8
Reed Home	8
Total	24

Source: State Department of Social Services, Community Care Licensing Division, 2001.

Housing Characteristics

Housing growth, type and tenure, age and condition, cost and affordability, and special needs populations determine the type of housing needed by residents. This section details the various housing characteristics affecting housing supply and needs.

Housing Growth

According to the Census, the housing stock in East Palo Alto increased by seven percent between 1980 and 1990 (from 6,848 to 7,351 units). However according to the Census, the total number of housing units in East Palo Alto was 7,091 as of March 2000, representing a decrease of 3.5 percent since 1990.

In late 1990s, 147 housing units, totaling 200 bedrooms, were demolished to accommodate a mixed-use professional office/hotel development in the University Circle Project Area and new commercial/retail and residential uses in the Gateway/101 Project Area.

The net loss in the housing stock was only a short-term situation. Since March 2000, several residential development projects were completed. Between 1997 and 2001, the City more than replaced the number of bedrooms demolished by providing 131 replacement housing units, totaling 321 bedrooms (replacement housing is further discussed later).

Housing Characteristics

Diversity in the types of housing available in a community offers households of all sizes and income levels the opportunity to find housing suited to their needs, avoiding the issues of overcrowding and cost burden. According to the San Mateo County Tax Assessor's Office, the City is comprised of 4,595 parcels containing residential development. Of these, 82 percent of the parcels are improved with single-family homes.

Table HE-12 shows the composition of the City's housing stock. Currently, an estimated 43 percent of the housing units in East Palo Alto are built as multi-family housing, including condominiums.

Table HE-12
East Palo Alto Housing Unit Types

Type	No. of Units	% of Total
Single-Family	3,771	53.2%
Multi-Family	3,072	43.3%
Mobile Homes	248	3.5%
Total	7,091	100%
Occupied	6,976	98.4%
% Vacant ¹	115	1.6%

Source: 2000 State Department of Finance distribution of housing type applied to 2000 Census total housing units.

Note:

1. The vacant units include vacant for rent (1.0%), vacant for sale (0.3%), and other vacant units (0.3%) such as boarded up units, seasonally vacant units, and rented or sold but unoccupied units.

Table HE-13 displays the City's current housing stock by tenure and number of bedrooms based on 1990 Census distribution (2000 Census data is not yet available). The majority of rental units are studios to two-bedroom units, while the majority of single-family homes are two- and three-bedroom units. As discussed earlier, the City has a sizable population of large families. While the City has 2,148 large units, most are owner-occupied and not affordable to lower income households. The need for large rental units coupled with higher rents associated with these units may have contributed to overcrowding and excessive cost burden experienced by the City's larger families with the lowest incomes. Similarly, the need for smaller units coupled with the lack of small for-sale housing may have contributed to the increase in multi-generational households. These issues are discussed in greater detail later in the sections entitled "Cost Burden and Overpayment" and "Overcrowding."

Table HE-13
Bedroom Mix by Tenure

No. of Bedrooms	Owned Units	Rental Units	Total (%)
0	41	926	967 (13.8%)
1	435	1,628	2,063 (29.6%)
2	937	861	1,798 (25.8%)
3	1,380	453	1,833 (26.3%)
4	144	75	219 (3.1%)
5+	96	0	96 (1.4%)
Total	3,033	3,943	6,976 (100%)

Source: 1990 Census distribution of unit size applied to 2000 Census number of occupied housing units.

In 1990, 42 percent of the housing stock in East Palo Alto was owner-occupied housing (see Table HE-14). The 2000 Census reported that the homeownership rate in the City increased slightly to 43.5 percent. While homeownership rate in the City has increased at a faster pace than the County, the State, and the nation, the overall homeownership rate still falls significantly short of the County average of 61.4 percent and the statewide average of 56.9 percent. Nationwide, the homeownership rate was 66.2 percent (see Table HE-14).

Table HE-14
Homeownership Rate

Jurisdiction	1990	2000	% Change
East Palo Alto	41.7%	43.5%	4.3%
San Mateo Co.	60.2%	61.4%	2.0%
California	55.6%	56.9%	2.3%
United States	64.4%	66.2%	2.8%

Source: 1990 and 2000 Census.

Meanwhile, vacancy rates have dramatically declined in East Palo Alto, both for owner- and renter-occupied housing. Such a change is expected given the increase in population and lack of growth in the housing stock. Maintaining a certain level of vacancy in a community allows mobility among residents and also helps stabilize housing sale and rental prices. Typically, housing professionals consider a vacancy rate of five percent for rental housing and two percent for ownership housing as optimum rates that facilitate mobility. Vacancy rates in East Palo Alto have fallen well below these optimum rates (see Table HE-15). The declining vacancy rates are a direct contributor to escalating housing prices in the City. The housing market in East Palo Alto reflects that of the County, which had vacancy rates of 0.5

percent for ownership housing and 1.8 percent for rental housing in 2000.

Table HE-15
Housing Occupancy

Occupancy	1990	2000
Renter-Occupied	59.3%	56.7%
Vacancy Rate	5.9%	1.0%
Owner-Occupied	41.7%	43.5%
Vacancy Rate	2.2%	0.3%

Source: 1990 and 2000 Census.

Housing Age and Condition

Housing age is an important indicator of housing condition within a community.

Like any other tangible asset, housing is subject to gradual deterioration over time. If not properly and regularly maintained, housing can deteriorate, discouraging reinvestment, depressing neighboring property values and eventually impacting the quality of life in a neighborhood. The City's Code Enforcement Division, which was reassigned to the Housing Services Department during 2000, is charged with monitoring housing quality. By being closely linked with housing development and improvement activities, the City's Code Enforcement strategy helps emphasize the importance of property maintenance and improvement.

Table HE-16 provides a breakdown of the housing stock by the year built. Based on 1990 Census data, approximately 80 percent of the City's housing units are currently over 30 years old and approximately 18 percent are over 50 years old. A general rule in the housing industry is that structures older than 30 years begin to show signs of deterioration and require reinvestment to maintain their quality. Unless properly maintained, homes older than 50 years require major renovation to remain in good working order.

Table HE-16
Year Housing Built

Dates	No. of Units	% of Total
Pre - 1939	454	6.2%
1940 - 1949	895	12.2%
1950 - 1959	2847	38.7%
1960 - 1969	1719	23.4%
1970 - 1979	929	12.6%
1980 - 1990	507	6.9%
Total	7,351	100%

Source: 1990 Census (2000 Census not available)

Housing age is also a key variable for estimating the potential for lead-based paint hazards. Lead poisoning is the number one environmental health hazard to children today. Lead-based paint hazards are typically found in buildings constructed prior to 1978 and particularly in those properties built before 1950. Properties typically at risk include deteriorated housing units with leaky roofs, faulty plumbing, or peeling paint. Abatement of lead-based paint is expensive. Households living in deteriorated housing units are often lower income and most likely cannot afford to remediate such hazards.

East Palo Alto's Housing Cost and Affordability Housing prices in the Bay Area have soared in recent years. During the past five years, the median sales price of homes

in East Palo Alto has climbed 216 percent from \$109,000 in 1995 to \$344,600 in 2000, while home prices in San Mateo County have increased 200 percent from \$200,000 in 1995 to \$601,200 in 2000. This represents an increase of over 200 percent in housing prices just over a five-year period, with East Palo Alto's prices increasing higher than the San Mateo County.

Housing Affordability

The Department of Housing and Urban Development (HUD) conducts annual household income surveys that are used by the California Department of Housing and Community Development (HCD) to make regional housing needs determination as described later in this section. Table HE-17 shows the annual income for different household sizes and the maximum affordable payment for housing that can be made without creating a financial burden. Standard housing costs for utilities, taxes, and property insurance are also factored into the estimates.

Table HE-17
Housing Affordability Matrix (2001)

Income Group	Annual Income	Maximum Affordable Price	
		Home	Rental
Very Low-			
One Person	\$29,750	\$90,000	\$693
Small Family (3)	\$38,250	\$119,000	\$856
Small Family (4)	\$42,500	\$127,300	\$962
Large Family (5)	\$45,900	\$145,000	\$998
Low-Income			
One Person	\$47,600	\$170,000	\$1,139
Small Family (3)	\$61,200	\$224,000	\$1,430
Small Family (4)	\$68,000	\$225,500	\$1,600
Large Family (5)	\$73,450	\$270,000	\$1,686
Moderate-			
One Person	\$67,250	\$260,000	\$1,631
Small Family (3)	\$86,500	\$308,000	\$2,062
Small Family (4)	\$96,100	\$334,400	\$2,392
Large Family (5)	\$103,800	\$408,000	\$2,445

Notes:

1. State HCD, Income Limits April 2001.
2. Small Family (3) = 3 persons; Small Family (4) = 4 persons; Large Family = 5 or more persons.
3. Utilities allowance = \$50 for one person, \$100 - small family; \$150 for a large family per month.
4. Affordable home assumes 10% down payment, 7% annual interest rate on a 30-year mortgage, and monthly payment of 30% of gross household income. Also includes property taxes and insurance of \$200-\$300 per month.
5. Affordable Rent based upon paying no more than 30% of gross household income for housing costs after payment of utility allowance.

Ownership Housing Costs

During 2000, approximately 150 single-family home sales transactions occurred, 70 percent of which were three- and four-bedroom homes. The median sale price of a two-bedroom unit was \$332,500, a three-bedroom unit was \$350,000, and a four-bedroom unit was \$408,500.

While condominiums provide a slightly lower-cost homeownership alternative, few condominiums have been developed in East Palo Alto. (The 1990 Census reported 248 condominium units in the City.) Only six such units were sold in 2000, with a median price of \$273,500.

Rental Housing Costs

In 1986, the City passed the voter-initiated Rent Stabilization and Just Cause for Eviction Ordinances (RSO) to stabilize rents in the City. Exemptions are provided for smaller landlords renting four or fewer units and multi-family units that have been substantially rehabilitated in accordance with the RSO provisions. A rental unit becomes exempt from the rent stabilized portion of the RSO when the landlord expends more than 50 percent of the initial purchase price of the rental unit (but, at a minimum \$10,000 per unit) to make structural improvements to the rental unit. Also, in 1995, the State Legislature passed the Costa-Hawkins Rental Housing Act, which eliminated limits on rent increases that may be charged when a tenant voluntarily vacates an apartment unit or is evicted for just cause. Beginning January 1, 1999, rent increases on vacated units were deregulated upon vacancy and re-controlled upon re-occupancy.

Vacancy decontrol provisions in State law, combined with the tight housing market in the region has resulted in significant rent increases in the City, potentially displacing many existing renters who can no longer afford to trade up for larger units in the City or

move to another unit when tenancy for the existing residence is terminated. To complement the RSO, the City has adopted a Below Market Rate (BMR) Inclusionary Zoning Ordinance to facilitate the development of affordable housing.

As of this writing, the Rent Stabilization Ordinance (RSO) reports 2,742 registered units that are rent stabilized and the Just Cause for Eviction provisions cover 100 percent of the rental units. In addition, a total of 275 rental units are made affordable to lower income households through the BMR Ordinance and Density Bonus provisions. These apartment buildings include Bay Oaks, Lightree, Runnymede Gardens, and Peninsula Park, all developed by nonprofit organizations. In combination, 3,017 rental units, over 76 percent of the rental housing stock in the City, are subject to some form of cost controls.

In 1998, the Housing Element reported rental rates at \$475 for a studio, \$844 for a one-bedroom, and \$920 for a two-bedroom. As listed in Table HE-18, a survey of internet sites shows that median rents range from \$897 for a studio to \$1,075 for a one-bedroom unit to \$1,300 for a two-bedroom unit, representing significant increases from the rent levels in 1998. Table HE-18 also identifies the affordability of the units available for sale or for rent, accounting for suitability. For instance, while a moderate income large family should be able to afford a two-bedroom unit, that is not an appropriately sized unit for a large family. Only some moderate income small families may be able to afford a two-bedroom home in East Palo Alto.

Table HE-18
Market Home Sales and Apartment Rents

Homes ¹	Units Sold	Price Range	Median	Affordability
2-bed	42	\$ 205,000 - \$ 517,000	\$ 332,500	Some moderate income small families
3-bed	92	\$ 240,000 - \$ 517,000	\$ 350,000	Moderate income large families and some moderate income small families
4-bed	12	\$ 300,000 - \$ 540,000	\$ 408,500	Moderate income large families and some moderate income small families
Condos	6	\$ 150,000 - \$ 381,000	\$ 273,500	Some moderate income small families
Apartments ²	Number of Complexes	Rent Range	Median	Affordability
Studio	2	\$875 - \$900	\$897	Some low income small families
1-bed	10	\$765 - \$1,250	\$1,075	Some low income small families
2-bed	10	\$925 - \$1,600	\$1,300	Low income large families

Sources: ¹ Dataquick (2000), ² Springstreet.com (2001)

Note: Refer to Table HE-16 for calculations of affordability.

The high price of housing in the Bay Area, including East Palo Alto, precludes lower-income households from owning a home. For instance, a low-income household with four members can earn up to \$68,000 and can afford a maximum of \$225,500 for a home. Given that the median home cost is over \$274,000 for a condominium and \$333,000 for a single-family home, homeownership opportunities are virtually non-existent for lower-income small households.

Apartments in East Palo Alto are renting between \$765 and \$1,600 a month. After deductions for utilities, a very low-income household with four members can afford to pay about \$962 in rent per month. Low-income families can afford to pay between \$1,150 and \$1,700 in monthly rent. In real terms, most lower income household cannot afford a rental without assuming a significant housing cost burden and/or living in overcrowded conditions.

A moderate-income household with four members can earn up to \$96,100 and can potentially afford a home of \$334,500. Therefore, only about half of the homes available for sale in 2000 were affordable to moderate income households with four or more members. However, one-person households and families with three or fewer members cannot afford a small, median priced home, but can potentially afford a condominium. However, the down payment and closing costs may prevent many households from achieving homeownership. Large moderate-income families can afford most two- and three- bedroom homes and condominiums.

Many people who work in East Palo Alto cannot afford to live in the City. Living within proximity to the place of work is particularly important to certain occupations, such as workers who must be able to arrive at the City promptly in case of emergency or a

disaster, including police, firemen, and nonprofit service providers.

Overcrowding

Overcrowding occurs when housing costs are so high relative to income that families live in smaller than needed units or double up to save on housing costs and devote income to basic living expenses. Overcrowding tends to result in accelerated deterioration of homes, a shortage of street parking, and increased traffic in concentrated areas. Therefore, maintaining a reasonable level of occupancy and alleviating overcrowding are critical to enhancing quality of life in the City.

According to federal standards, overcrowding is defined as more than one person per habitable room; severe overcrowding is defined as more than 1.5 persons per room. According to the 1990 Census, 21 percent of owner-households (604) and 33 percent of renter-households (1,336) lived in overcrowded conditions. Of these overcrowded households, 331 owner-households and 957 renter-households lived in severely overcrowded housing conditions.

HE-19 details the overcrowding rates in East Palo Alto by type of household and by tenure. Given that large rental units are generally not affordable to lower-income, particularly very low-income, large-family households, and that the majority of large homes (three or more bedrooms) are out of reach for most lower income families, the level of overcrowding was 75 percent among all large families. Overcrowding was equally prevalent among large renter families and large owner families. Among small families, the overcrowding rate was less severe, at approximately 21 percent of all small families. However, small renter families were more impacted by overcrowding than small owner families. Overcrowding is further facilitated by the illegal construction of units or room additions.

Case laws have stipulated that a local jurisdiction cannot regulate occupancy standards. As such, tools available to the City in addressing overcrowding issues are limited to the tangible negative that result from overcrowding.

HE-19

Percent of Households Overcrowded

	Renters	Owners	Total
Elderly	5%	0%	2%
Small Families	34%	6%	21%
Large Families	74%	78%	75%
Total	33%	21%	28%

Source: 1993 Comprehensive Affordability Housing Strategy

Cost Burden and Overpayment

Housing cost burden is an important indicator of quality of life in East Palo Alto. Housing cost burden refers to the amount of income that a household spends on housing. According to the federal government, households that are paying more than 30 percent of their income for housing and related costs (including utilities, taxes, and insurance) are considered to be overpaying. Overpayment is particularly problematic for lower-income households in that less money is available for basic living expenses and emergency needs.

According to the 1990 Census, 31 percent (889) of the owners and 50 percent (1,926) of the renters in East Palo Alto overpaid for housing. The 1993 CHAS provides a detailed assessment of the extent of overpayment among different types of households.

As shown in Table HE-20, overpayment is concentrated among senior households due to their fixed income. Closer analysis shows that overpayment affects 66 percent of all lower-income households in East Palo Alto. The

overpayment rates have likely increased considerably over the past several years since median income in San Mateo County increased by less than ten percent between 1998 and 2000, while housing prices rose dramatically as supply was unable to keep up with demand.

HE-20
Percent of Households Overpaying

	Renters	Owners	Total
Elderly	74%	35%	49%
Small Families	50%	27%	39%
Large Families	52%	30%	42%
Total	50%	31%	42%

Source: 1993 Comprehensive Affordability Housing Strategy

Households at Risk 50% or more of income for housing

Lower income renter households overpaying for housing are particularly at risk of being displaced by high housing costs and cost burden. Typically, homeowners with a housing cost burden at least have the option to sell the homes and move to the comparatively less costly rental market. Renters with a cost burden have no other housing option. Table HE-21 provides estimates of the households at risk by income and household type based on the 1993 CHAS data.

Table HE-21
Renter Households at Risk

	Ext. Low	Very Low	Low	Total
Elderly	493	289	185	967
Small Families	91	11	14	116
Large Families	192	129	28	349
Other Families	115	93	63	271
Total	891	522	290	1,703

Source: 1993 Comprehensive Affordability Housing Strategy proportions applied to the number of renter households reported in 2000 Census .

Determination of Housing Needs

The State assigns responsibility for the determination of local housing needs within Bay Area communities to the Association of Bay Area Governments (ABAG). In 1999, ABAG developed its Regional Housing Needs Determination (RHND) based on forecasts contained in *Projections 2000: Forecasts for the San Francisco Bay Area to the Year 2020*.

ABAG's Projections

New Housing Needs: 2000 establishes both the employment and household growth in 1999 - 2006

East Palo Alto from 2000-2020. These forecasts, similarly completed for each jurisdiction in ABAG, provide the foundation for developing the City's RHND allocation.

The RHND for jurisdictions within the ABAG region consists of the following five components:

- **Household growth:** The City's household growth for 1999-2006.
- **Employment Growth:** The City's projected job growth for 1999-2006.
- **Jobs-Housing Balance:** A 50-50 percent weight is applied to household and employment growth.

- **Sphere of Influence:** Cities are allocated 75 percent of their Sphere of Influence in their RHND.
- **Income Distribution:** Each jurisdiction's income distribution is required to improve 50 percent towards the regional average for ABAG.

East Palo Alto's total RHND during the 1999 - 2006 time period is 1,282. This relatively high RHND allocation is due to projections of employment growth by 2005. The distribution of housing needs by income category is listed in Table HE-22.

Table HE-22
East Palo Alto RHND: 1999-2006

Income Group	RHND Housing Unit Allocation	% of Total RHND
Very Low	358 units	27.9%
Low	148 units	11.5%
Moderate	349 units	27.2%
Above Moderate	427 units	33.3%
Total	1,282 units	100%

Source: ABAG, 2001.

**Replacement
Housing
Needs:
1999 - 2006**

The City has three redevelopment project areas – University Circle, Gateway/101 , and Ravenswood.

Combined, these three project areas have a total of 307 residential units that may be removed to accommodate redevelopment.

increase in affordable housing that benefits residents of East Palo Alto.

The specific guidelines for the relocation process are governed by a myriad of laws. In brief, Redevelopment Law requires that the Redevelopment Agency replace all of the units within four years, and that 75 percent of the replacement units be at comparable rent or ownership rates.

The Agency may replace the removed units with fewer units if the new units include the total number of bedrooms removed and the new units are affordable to the same income level of households as the units removed.

The most critical issue for purposes of the Housing Element is the implication the replacement of these units has on the ability of the City to meet existing and future housing needs. As previously mentioned, the City more than replaced the number of bedrooms demolished by providing 131 replacement housing units between 1997 and 2001, totaling 321 bedrooms. According to the Agency's Replacement Housing Plan, the Agency is projected to incur a deficit of 76 bedrooms for very low income households and 9 bedrooms for moderate income households, but a surplus of 33 bedrooms for low income households through 2008. Provision of replacement housing represents a commitment to provide affordable housing beyond the City's fair share of regional housing to ensure a net

Inventory of Sites Suitable for Residential Development

By law, the Housing Element is required to assess the availability of vacant and underutilized sites for residential development to accommodate the City's share of regional housing needs as determined by ABAG (see Table HE-22 presented earlier).

Through a parcel-by-parcel comparison of the City's existing land uses and general plan designations, as well as field surveys, the City identified 44 sites, which are considered to be suitable for residential development in the near term. In some instances, several parcels are bundled as one site, acknowledging the potential for future lot consolidation and subdivision. The locations of these vacant and underutilized sites are illustrated in Figure HE-1.

Feasibility Ranking

The 44 sites identified are considered to have development potential within the time frame of this Housing Element (2001-2006). Each of the 44 sites has been assigned a feasibility ranking based on its current status and potential for development or redevelopment within the next five years. All sites are currently zoned residential or their uses as residential properties are identified in the City's General Plan. The feasibility rankings are:

A: Sites with development proposals in the planning process

B: Sites that are currently vacant

C: Infill sites

D: Sites that are currently underutilized and are located within redevelopment project areas

Sites with a feasibility ranking of A have the highest potential for residential development within the time-frame of this Housing Element (2001-2006). These sites exhibit high market potential because they have already attracted interested developers.

Sites with a feasibility ranking of B are considered to have high development potential because they are vacant sites in existing residential neighborhoods. As projected growth in the City and in the region begins to materialize, pressure for increased residential development would make these sites attractive to developers.

Infill sites with a feasibility ranking C are underutilized sites within existing residential neighborhoods. Recycling of these properties into higher density uses is already occurring.

Sites with a feasibility ranking of D are considered to have potential for redevelopment. As redevelopment efforts and neighborhood improvements in the City accelerate, recycling of these "Category D" sites for higher intensity uses will become increasingly feasible. Specifically, tools such as tax increment financing, flexible development standards, and increased density (30-55 units per acre) will facilitate the efficient reuse of valuable properties.

**Development
Potential**

The City has limited land resources available for future residential development. It is anticipated that all future residential growth will occur on land already zoned for residential uses and the majority of units will come from districts zoned for multi-family residential uses and located along major arterial corridors. Table HE-23 summarizes the residential development potential of the 44 sites by feasibility ranking. The inventory indicates that the City can potentially achieve between 1,075 and 2,171 housing units on these 44 sites, adequate to accommodate the City's share of regional housing needs and the anticipated Redevelopment Agency Replacement Housing Obligations. Table HE-24 lists the sites individually, providing information of existing uses, lot size, current zoning, and minimum and maximum unit potential based on zoned density, without the application of density bonus. Furthermore, developers will be required to produce 468 units targeted to households at 80 percent of the AMI or below. To demonstrate City commitment to affordable housing production, the City anticipates an additional 361 affordable units will be achieved through additional government subsidies. Overall, 829 new units affordable to lower income households are projected.

Given the built out character of the City and rising land costs, most developments will likely occur at the higher end of the permitted density range. As a policy, the East Palo General Plan Land Use Element has established minimum and maximum densities for each land use designation. For the High Density Residential designation, the residential development density is between 18 and 40 units per acre. Two zoning districts, RM-2000 and RM-1000 fall within this General Plan designation. The two most recently constructed projects, the 90-unit Woodland

Creek Apartments and 129-unit Peninsula Park, were developed at a density of 26 units per acre. Woodland Park was developed on an RM-1000 property and Peninsula Park was developed using Planning Unit Development tools. Another 28-unit development on Bayshore Road was developed at 41 units per acre on an RM-1000 property. Combined, these projects provide 83 units that are affordable to lower income households (refer to Table HE-28). These projects demonstrate that market conditions, and the commitment of the City and developers have worked to produce quality housing that promotes the efficient use of residential land in the City.

The General Plan Land Use Element also permits mixed use residential development to occur in some areas designated for office, general commercial, and general industrial uses. To facilitate mixed use development and encourage smart growth, the City has identified Four Corners/Bay Road and Ravenswood as appropriate for mixed use development through the Interim Zoning Ordinance (IZO). The IZO has established a minimum density of 30 units per acre and a maximum density of 55 units per acre in these areas.

For mixed use/residential development in these areas, the maximum building height is established at three stories (42 feet) for Four Corners/Bay Road and five stories (65 feet) for Ravenswood. Parking requirements and allowance for shared parking for mixed use development will be determined on a case-by-case basis. In addition, the City has outlined financial and staffing commitments to assist in site acquisition for affordable housing development. These regulatory and financial incentives will help facilitate infill and redevelopment of sites in these two areas.

To provide for the infrastructure improvements needed to support development, the City is anticipating the establishment of a Mello Roos district in the Ravenswood area.

While some residential growth can occur in single-family neighborhoods, potential for single-family housing growth is very limited. Up to 267 units can be achieved on the R-1-5000 properties, including density bonuses. It should be noted, however, that while recent developments in the R-1-5000 zone all involved the use of the State Density Bonus provisions, such developments are being increasingly denied entitlements due to concerns regarding intensification of uses in single-family neighborhoods.

Table HE-23
Summary of Development Potential

Feasibility Ranking	Zoning	General Plan Density	Min. Total Units	Max. Total Units	Affordable Units (<80% MFI)		
					Req. BMR	Add'l BMR	Total BMR
A	R-1-5000	5 - 10 units per acre	5	123	50		50
	R-M-1000	18 - 40 units per acre	8	18	4		4
	Total A:		13	141	54	0	54
B	R-1-5000	5 - 10 units per acre	108	171	42		42
	C-1	16 units per acre	na	5	1	4	5
	IZO-MUT/IZO-RT	30 - 55 units per acre	400	734	147	50	197
	Total B:		508	910	190	54	244
C	R-1-5000	5 - 10 units per acre	4	6	1		1
	R-M-2000	9 - 17 units per acre	38	73	15	58	73
	R-M-1000	18 - 40 units per acre	22	48	10		10
	C-1	16 units per acre	na	4		4	4
	IZO-MUT/IZO-RT	30 - 55 units per acre	40	74	15	22	37
	Total C:		104	205	41	84	125
D	C-1	16 units per acre	60	200	40	156	196
	IZO-MUT/IZO-RT	30 - 55 units per acre	390	715	143	67	210
	Total D:		450	915	183	223	406
Total			1,075	2,171	468	361	829

Source: City of East Palo Alto, 2001.

Figure HE-1: Residential Site Inventory



Table HE-24
Residential Site Inventory

Site No.	Area in Acres	No. of Parcels	Current Land Use	Current Zoning	Min. Total Units	Max. Total Units
Feasibility A: Proposals in Planning						
5	1.08	5	Vacant/existing SF	R-1-5000, R-M-1000	na	32
15	3.94	4	Agricultural/vacant	R-1-5000	na	32
34A	2.61	1	Vacant /existing SF	R-1-5000	na	22
11/B	3.33	3	Existing SF	R-1-5000	na	29
D	1.00	1	Existing SF	R-1-5000	5	8
6A	0.46	2	Existing SF	R-M-1000	8	18
Total	12.42	16			13	141
Feasibility B: Vacant/Agricultural						
10	0.39	1	Vacant	R-1-5000	2	3
12A	3.64	3	Residential	IZO:MUT	109	200
12B	3.67	3	Agricultural/vacant	R-1-5000	18	29
16	0.14	1	Vacant	R-1-5000	1	1
17	1.66	2	Agricultural	R-1-5000	8	13
19	0.30	1	Vacant	R-1-5000	2	2
20	0.32	1	Vacant	R-1-5000	2	3
21	0.28	1	Vacant	R-1-5000	1	2
26	0.86	1	Agricultural	R-1-5000	4	7
27	0.93	1	Agricultural	R-1-5000	5	7
28	0.49	1	Vacant	R-1-5000	2	4
29	0.94	1	Vacant	R-1-5000	5	8
30	0.46	1	Agricultural	R-1-5000	2	4
31	2.25	4	Agricultural	R-1-5000	11	18
32	0.80	1	Agricultural	R-1-5000	4	6
33	0.90	1	Vacant	R-1-5000	5	7
40	3.65	4	Agricultural/vacant	R-1-5000	18	29
41	0.52	1	Agricultural	R-1-5000	3	4
G	0.46	1	Vacant	R-1-5000	2	4
34B	1.80	1	Vacant	R-1-5000	9	14
34C	0.72	1	Vacant	R-1-5000	4	6
46	0.29	2	Vacant	C-1	na	5
3	1.71	2	Vacant	IZO:MUT	51	94

**Table HE-24
Residential Site Inventory**

Site No.	Area in Acres	No. of Parcels	Current Land Use	Current Zoning	Min. Total Units	Max. Total Units
13A	8.00	1	Vacant	IZO:RT	240	440
Total	35.18	37			508	910
Feasibility C: Infill						
36	0.60	1	Existing SF	R-M-2000	5	10
37	0.92	2	Existing SF	R-M-2000	8	16
38A	2.25	4	Existing SF	R-M-2000	20	38
38C	0.50	1	Existing SF	R-M-2000	5	9
E	0.80	1	Existing SF	R-1-5000	4	6
H	1.20	4	Existing SF/ vacant	R-M-2000	22	48
I	0.25	2	Commercial	C-1	na	4
4	1.34	2	Commercial	IZO:MUT	40	74
Total	7.86	17			104	205
Feasibility D: Redevelopment						
F	2.45	3	Vacant/ Residential/ Industrial	C-1 R-1-5000 F-5	na	82
24A	0.50	2	Commercial	C-1	na	8
A	2.00	4	Industrial	IZO:MUT	60	110
13B	10.00	17	Industrial/ vacant	IZO:MUT	300	550
13C	3.00	6	Industrial/ vacant	IZO:MUT	90	165
Total	17.95	32			450	915
Total	73.41	102			1,075	2,171

Note: Residential densities: R-1-5000 = 5-10 units per acre (including 25% density bonus); R-M-2000 = 18-40 units per acre; C-1 = 16 units per acre; and IZO:MUT/IZO:RT (Interim Zoning Ordinance: Mixed Use Transition/Residential Transition) = 30-55 units per acre.

Source: City of East Palo Alto, 2001.

Development Tools

The City has several tools available to facilitate residential development on the sites identified earlier. These include an Interim Zoning Ordinance, Below Market Rate Inclusionary Zoning Ordinance and though still very limited as of this writing, local financing.

Interim Zoning Ordinance

The City has recently adopted an interim zoning ordinance, known as the IZO, to facilitate improvements in the Ravenswood Business District and the Four Corners/Bay Road. The Interim Zoning Ordinance was developed to promote efficient use of available land to maximize the possibility of adding a substantial number of affordable housing units to the City and the region, and to locate higher density housing in appropriate areas in order to protect single-family neighborhoods.

The Ravenswood Business District is a redevelopment effort to create a new job center within an "in-town" business district. Land use plans include a residential transition area and a mixed use area with a residential live-work component. Residential densities established for multi-family development include minimum and maximum densities of 30 and 55 units per acre, respectively.

The Four Corners/Bay Road District is called the "Heart of the City", which includes plans for the future Town Center Plaza. Planned uses include mixed use, with an emphasis on public and community uses and space. Residential densities for multi-family development are established at minimum and maximum densities of 30 and 55 units per acre, respectively.

Below Market Rate Housing Ordinance

To facilitate affordable housing development, the City adopted the Below Market Rate Inclusionary Zoning Ordinance (Ordinance No. 247, known as the BMR) in November 2000. The BMR Ordinance provides for the following:

- Affordability requirement is at least 20 percent of all new residential units (see Table HE-25 for affordability of inclusionary units by type of development).
- Inclusionary affordable units in multi-family projects shall be distributed among household income groups as follows:
 - 25 percent of the units rented to extremely low-income households that do not exceed 35 percent of the County median income;
 - 50 percent to very low-income households that do not exceed 50 percent of the County median income; and
 - 25 percent to low-income households that do not exceed 60 percent of the median income.
- Affordable units in single-family detached housing projects shall be distributed among household income groups as follows:
 - 25 percent of the units sold to low-income households that do not exceed 60 percent of the County median income;

- 50 percent sold to low-income households that do not exceed 80 percent of the County median; and
 - 25 percent sold to moderate income households that do not exceed 90 percent of the County median income.
- Affordable units in single-family attached housing projects shall be distributed among household income groups as follows:
 - 25 percent of the units sold to very low-income households that do not exceed 50 percent of the County median income;
 - 50 percent sold to low-income households that do not exceed 60 percent of the County median income; and
 - 25 percent sold to low-income households that do not exceed 70 percent of the County median income.

Table HE-25
Affordability Levels of Inclusionary Units

Income	% of Inclusionary Units		
	Multi-Family	Single-Family Detached	Single-Family Attached
35% AMI	25%		
50% AMI	50%		25%
60% AMI	25%	25%	50%
70% AMI			25%
80% AMI		50%	
90% AMI		25%	
Total	100%	100%	100%

Financing

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

Below Market Rate Inclusionary Housing In-Lieu Fee

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 developing an affordable unit. 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 payment and instead maximize the delivery of affordable units, a nominal amount of money accrues to this fund.

Low and Moderate Income Housing Set Aside Fund

The City of East Palo Alto has three Redevelopment Project Areas - University Circle, Gateway/101 and Ravenswood. One of the most powerful tools of 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 as 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.

Each of the East Palo Alto's project areas generates tax increment and, by law, a minimum of 20 percent of these funds must be spent on developing low and moderate income housing. These funds are known as the Low- and Moderate-Income Housing Set Aside Fund. Between 2000 and 2005, approximately \$800,000 in Low and Moderate-income Set Aside Funds will be available to facilitate affordable housing development, including the replacement of units lost due to Redevelopment Agency activity.

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 fund 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.

Analysis of Potential Constraints to Meet the Housing Challenge

Potential Governmental Constraints

To facilitate the development, maintenance, and improvement of housing, the Housing Element must assess the potential constraints imposed by various public policies. The following policies and procedures established by the City are evaluated:

- Land Use Controls;
- Building Codes;
- Permit Processing;
- Planning and Permit Fees; and
- On-/off-site improvement requirements.

Land Use Controls

State legislation requires that cities zone sufficient sites for residential use affordable to all economic segments, consistent with the needs identified in the local General Plan and Housing Element. With this Housing Element, the City commits to making every effort to comply with this state requirement. The residential site inventory developed in the previous section indicates the City has adequate available sites to address the City's share of regional housing needs in addition to its Redevelopment Agency's replacement housing obligations.

General Plan

The East Palo Alto General Plan designates the following residential densities:

- Low/Medium Density Residential (2 - 8 units per acre)
- Medium/High Density Residential (9 - 17 units per acre)
- High Density Residential (18 - 40 units per acre)

The General Plan has also 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.

The General Plan further provides that conventional zoning standards may be waived for individual projects through the approval of a Planned Unit Development (PUD). Minimum standards for open space, lot size, and parking are still upheld. Site development standards and other land use controls in East Palo Alto are similar to or less stringent than those found in other Peninsula jurisdictions and therefore, do not pose significant constraints to housing affordability.

Zoning Ordinance

The East Palo Alto Zoning Ordinance designates the land uses, height, bulk, density and parking standards throughout the City. The following residential zoning categories are provided:

- Single-Family (R-1)
- Duplex (R-2)
- Multi-Family (R-M)

Building setback requirements for the three residential zoning categories are provided in Table HE-26. These requirements are not perceived by the development community as a constraint to housing development.

The Zoning Ordinance also establishes parking requirements for residential uses. For ownership units, one parking space is required for each unit with zero or one bedroom, and two spaces are required for each unit with two or more bedrooms. For apartments, the parking requirements are: one space per studio unit; 1.2 spaces per unit with one bedroom; 1.5 spaces per unit with two bedrooms; two spaces per unit with three or more bedrooms; plus one additional uncovered guest parking space for each five units. According to some non-profit developers, the City's parking requirements may be viewed as a constraint to housing development.

Requirements for on and off-site improvements, such as sidewalks and landscaping, are similar to or less stringent than those found in other Peninsula communities.

**Table HE-26
Residential Setbacks**

Zone	Setback Requirements
R1-5,000	Front: 20 ft. Side: 5 ft. (12 ft. for exterior side of corner lot) Rear: 20 ft. (single-story); 20 ft. (multi-story) Height: 26 ft., 2 stories
R1-7,500	Front: 20 ft. Side: 10 ft. Rear: 20 ft. (single-story); 30 ft. (multi-story) Height: 26 ft., 2 stories
R1-10,000	Front: 25 ft. Side: 10 ft. Rear: 25 ft. (single-story); 35 ft. (multi-story) Height: 26 ft., 2 stories
R2	Front: 20 ft. Side: 10 ft. Rear: 20 ft. (single-story); 30 ft. (multi-story) Height: 26 ft., 2 stories
RM-500	Front: 50 ft. Side: 20 ft. Rear: 30 ft. Height: 75 ft.
RM-1,000	Front: 40 ft. Side: 10 ft. Rear: 30 ft. Height: 60 ft.
RM-2,000	Front: 30 ft. Side: 10 ft. Rear: 25 ft. Height: 30 ft., 2 stories
RM-3,000	Front: 20 ft. Side: 10 ft. Rear: 20 ft. Height: 30 ft., 2 stories

The City adopted two ordinances to facilitate affordable housing development. Ordinance No. 117, adopted in 1990, allows for reductions in the parking standards for projects with affordable units. Ordinance No. 118, also adopted in 1990, granted the Planning Commission authority to modify lot coverage and setback standards for affordable

housing without having to make the findings for a variance. This ordinance established the flexibility to offset the adverse impact of certain land use controls on housing affordability.

In addition, the City amended the R-1-5000 section of the Zoning Ordinance in November 2000 to address lot coverage and set back standards for single-family homes in this district.

The City also adopted an interim zoning ordinance in 2000 to formally establish special zoning provisions for two special districts. The Interim Zoning Ordinance (IZO) identifies unique zoning provisions for the Ravenswood Business District and Four Corners/Bay Road District, which are described in the "Anticipated Housing Needs between 2001 and 2006" section of this Element. The most significant changes relative to the Housing Element include the land use designations and corresponding residential densities for these two areas. Specifically, the amount of land designated as allowed for residential use increased, including new residential components of mixed use areas. Additionally, the IZO established a higher range of residential densities with a minimum of 30 units per acre and a maximum of 55 units per acre.

While the policies adopted by the City create more opportunity and flexibility to develop affordable housing, the City's most significant constraint with regard to land use controls is that the Zoning Ordinance has not yet been updated to maintain consistency with the General Plan, adopted in 1998. The inconsistency between the City's current zoning map and the General Plan provides a confusing environment for development to occur.

Furthermore, since market conditions have significantly changed since 1998, the City re-

evaluated the feasibility of the 1998 residential site inventory as part of this Housing Element update. As a result of this updated analysis, several sites were determined to be no longer suitable for housing. The City anticipates amending the General Plan Land Use Element in the future to coincide with this Housing Element update.

Building Codes

The latest edition (1997) of the Uniform Building Code (UBC) as referenced in the latest edition of the California Building Code (1998) is enforced in East Palo Alto.

The City Building Division sees that new residences, additions, auxiliary structures, etc., meet all of the latest construction and safety standards. Building permits are required for any construction work. The City has not adopted building standards beyond specified in the UBC. Enforcement of the UBC is not a constraint to housing development or affordability. Although limited staffing has hampered efforts to mitigate illegal construction activities.

Permit Processing

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.

In two instances discretionary permits are required prior to issuance of building permits for residential development. The first is the requirement for design review approval by the Planning Commission for all new residential development and all substantial modifications

(e.g., second story additions) of residential buildings. This process applies to all multi-family and single-family residential zoning districts within the City. A public hearing with public notice advertised in a newspaper of local circulation and notice to property owners within 300 feet of the property subject to the permit is required.

Because of staff limitations, simple design review applications may take from six to eight weeks to reach the Planning Commission, and major subdivision applications usually require the maximum processing time permitted by law. Modifications in review procedures, such as limiting the types of applications subject to Commission review, would help reduce this constraint.

The second type of discretionary permit application is the requirement for a use permit and possible variance(s) to be issued for all second residential units built in single-family residential zoning districts. This permit process requires the public hearing notice and procedure and Planning Commission approval outlined above. Applications for the construction of second units average to about five units annually. Additional staff support will help promote second unit opportunities in the City.

Planning and Permit Fees

Current planning and permit fees were adopted by City Council in August 2001 and are summarized in Table HE-27. In general, permit fees are comparable to or lower than permit fees in other Peninsula communities and are not regarded as significant constraints to housing development.

While in some communities fees are waived for affordable housing development, the City is too financially constrained at this time to waive all planning and permit fees.

**Table HE-27
Planning and Permit Fees**

Building Permit/Plan Check ¹	\$3,342
Use Permit	
Temporary Use	\$35 - \$150
Conditional Use	\$775
Second Unit	\$775
Interim re-development	\$775
Accessory building	\$775
Condominium conversion	\$2,300
Variance	
Single-family residential	\$650
Multi-family residential	\$1,100
Parking Exception	
Single-family residential	\$650
Multi-family residential	\$1,100
Design Review	
Administrative approval or minor modification	\$185
Single-family residential	\$500
Multi-family residential	\$1,150
Accessory building	\$575
Tentative Subdivision Map	
Parcel (4 or less lots)	\$1,450
Tract (5 or more lots)	\$1,840 + \$60 per lot
Park and Recreation Fee	Parkland dedication of 3 acres per 1,000 population or payment of an in-lieu fee in equal value to land dedication

1. Rates listed are based on an average 2,300 square foot home valued at approximately \$234,500.

Source: City of East Palo Alto, August 2001.

On- and Off-Site Improvements

Infrastructure is a necessary part of housing development. The City has an aging system and in some parts a lack of infrastructure. The continued maintenance and the strengthening of this system is an important responsibility.

Several requirements for providing on- and off-site improvements apply to housing development in the City. All of these

Several requirements for providing on- and off-site improvements apply to housing development in the City. All of these requirements are typically required in most California cities. These include:

- Street frontage improvements or in lieu fees;
- Utility connection fees;
- School Impact Fees; and
- Park dedication or in lieu fees.

The street frontage improvements include: street right-of-way dedications; street frontage improvement (e.g., curb, gutter, sidewalks and street lights); water line improvements 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; storm water drainage lines along property line street frontage; and planting of street trees. 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.

In many neighborhoods of East Palo Alto, a rural street development standard applies. In these neighborhoods, no curb, gutter or sidewalk is required. 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.

Utility connection fees are required for residential development for new water and sanitary sewer service. Water connection charges are based on the size of the connection relative to the number of fixtures it serves.

The cost for the connection ranges from \$800 for a one-inch connection and \$2,000 for a six-inch connection. New development is also responsible for a one-time buy-in fee of \$2,100. Connection charges to the sanitary sewer system is \$2,627 per residential unit.

The school impact fee for residential development is \$2.05 per square foot of building area and is readjusted upward annually by the school board.

The City has recently conducted environmental review for two separate plans that relate to future residential development – the Ravenswood Redevelopment Plan and the Housing Element. No significant impact on the infrastructure capacity was concluded. The environmental review documents were sent to the appropriate service and utility agencies. The City did not receive any comment regarding a lack of capacity to serve the anticipated level of future development. While similar to most communities in California, the City requires that developers pay for the infrastructure improvements necessary to support the development, the City has made provisions in the *Housing Element* to help finance such improvements for affordable housing projects (see Action 2.3 in Goals, Policies, and Programs)

affordable housing. To overcome this constraint, the City has been actively pursuing funding from a variety of sources to help establish a land banking fund.

become a rising concern among the City's lowest income homeowners.

Construction costs vary widely according to the type of development, size of the unit, and amenities included. Based on discussions with area developers, construction costs for a wood framed single-family home range between \$67 and \$92 per square foot and multi-family construction costs range from \$67 to \$82 per square foot for wood framed construction and \$72 to \$88 per square foot for masonry construction. These figures are up between 134 and 142 percent since the 1998 Housing Element. If this trend continues in conjunction with substantial regional growth, construction costs and contractor availability may constitute a significant constraint.

**Financing
Availability**

In addition to the affordability constraints discussed above, East Palo Alto has historically suffered from a lack of investment capital. In the past, this condition has severely constrained the construction of housing. With the recent housing growth and price escalation in the City, the availability of construction financing has improved, especially for market rate housing. However, affordable housing developers still have difficulty in obtaining below market rate long term mortgages in order to provide affordable housing.

Furthermore, many existing East Palo Alto residents earn lower incomes. The newly constructed housing is rarely affordable to residents of East Palo Alto. Access to mortgage financing and subsidized mortgages is a concern. Many households lack the understanding of the home purchase process, lending practices, and how to build credit. Also, in recent years, predatory lending has

Accomplishments Between 1999 and 2001

The 1998 Housing Element identified a number of approaches to facilitate the provision of affordable housing. Quantitative objectives were established for several housing program actions for the 1998-2000 period. The Regional Housing Needs Determinations (RHND) at that time, combined with the City's objectives, included:

- **Units to be Constructed:** 905 units (220 very low income; 163 low income; 201 moderate income; and 321 above moderate income).
- **Units to be Improved and Rehabilitated:** 45 lower income units.
- **At-Risk Units to be Preserved:** 172 very low income units (94-unit Light Tree Apartments and 78-unit Runnymede Gardens).

New Housing Construction

According to the City staff, a total of 474 residential units completed all local entitlements between January 1, 1999 and December 31, 2000 (see Table HE-28).

Among the 474 units developed, 17 units are affordable to extremely low, 32 units are affordable to very low income households, 49 units are affordable to low income households, 8 units are affordable to moderate income households, and the remaining 368 units are affordable to above moderate income households. Overall, 106 units are affordable to lower and moderate income households. Among these affordable units, all rental units are maintained as affordable housing through regulatory agreements. The for-sale units have recorded resale restrictions.

The City also substantially revised its Below Market Rate (BMR) Inclusionary Zoning Ordinance (Ordinance No. 248) on November 6, 2000. The revised BMR substantially increased the provisions for the basic number of affordable units required by all new residential projects, deepened the income targeting of those units and applied its regulations to all residential developments with more than one unit.

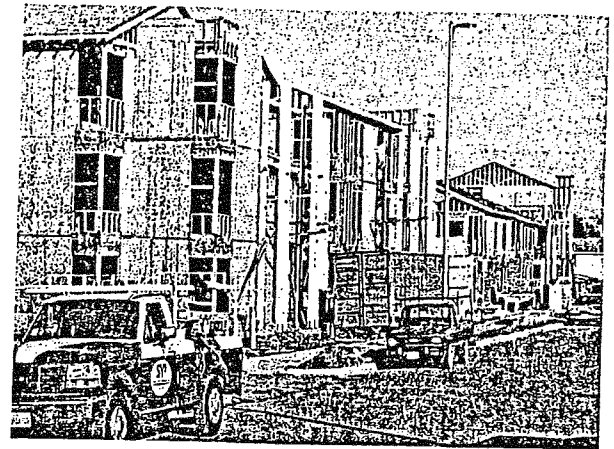
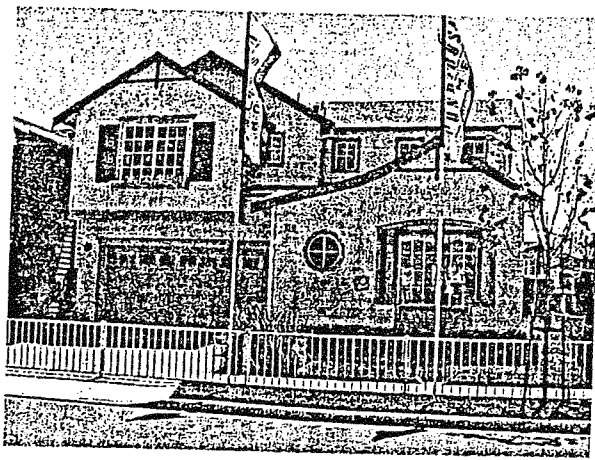


Table HE-28
Residential Development between 1999 and 2001

Site Description	Acres	Total Units	Income Level				
			Extremely Low	Very Low	Low	Moderate	Above Moderate
Robin Court	0.49	2					2
Myrtle Place	1.01	8		1			7
University Square	29.90	217			14	8	195
Peninsula Park	5.00	129	12	23	30		64
Woodland Creek Apts	3.51	90	4	4	4		78
1464 Bayshore	0.69	28	1	4	1		22
Total	40.60	474	17	32	49	8	368
RHND		905	220		163	201	321
% of Objective		52%	22%		30%	4%	115%

Source: City of East Palo Alto, 2001.

Housing Improvement and Rehabilitation

The City relies on San Mateo County's homeowner rehabilitation program to assist senior and low income homeowners. Between 1999 and 2001, the County provided 15 rehabilitation loans to lower income households in the City.

The City's major direct accomplishment with regard to improving housing conditions was the reorganization of code enforcement

services in the City in May 2000. The Code Enforcement Division is now a part of the City's newly created Housing Services Department, which also oversees the Rent Stabilization Division and a range of housing services available through or coordinated by the City. With this reorganization, Code Enforcement places a stronger emphasis on housing code violations and housing conditions. Between July and December 2000, 829 property inspections were conducted for public nuisances.

In 2001, the City, in conjunction with the Menlo Fire District, received some funding to remove window security bars that are not up to code and to distribute various safety devices, including smoke detectors and thumb turn locks. Approximately 40 units will be served.

**Preservation
of At-Risk
Housing**

Two projects – the 94-unit Light Tree Apartments and 78-unit Runnymede Gardens – were identified in the 1998 Housing Element as at risk of converting to market rate due to expiration of project-based Section 8 assistance. To preserve these two projects as long-term affordable housing, the City worked with nonprofit housing providers to purchase these projects as permanent affordable housing. Light Tree Apartments was purchased by the joint partnership of EPA Can Do and Citizens Housing. Runnymede Gardens was purchased by Mid-Peninsula Housing Corporation. Tenants of both projects received Section 8 assistance to maintain affordable housing costs.

**Housing
Assistance**

With the rising housing costs in the City, many landlords are reluctant to accept renters with Section 8 assistance. On November 6, 2000, the City adopted an anti-discrimination ordinance (Ordinance No. 147) to make the discrimination in housing on the basis of Section 8 or other government subsidy a misdemeanor.

To provide affordable homeownership opportunities, the City participates in the Mortgage Credit Certificate (MCC) program administered by the County. Between 1999 and 2001, 15 lower and moderate income households received MCCs from the County.

**Additional
Accomplishments
between 1999 and
2001**

In addition to the new construction, rehabilitation and improvement, and preservation of at-risk housing activities discussed

above. The City has also made progress in the following areas:

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 and has had some success since 1999. These include:

- ***California Housing Finance Agency:*** In 2001, the City was awarded a \$1,000,000 loan for 10 years from CHFA to provide affordable multi-family housing opportunities. Funds from the CHFA HELP program are available to provide for predevelopment costs and assist in property acquisition.
- ***County of San Mateo HOME Funds:*** In 2001, the City was awarded \$126,300 from the County HOME Consortium to provide first-time homebuyer opportunities for low-income households in combination with Redevelopment Agency funds. The City's program will also serve to demonstrate the effectiveness of a Countywide first-time homebuyer program.
- ***East Bay Delta Housing and Finance Agency:*** The City joined with eight other jurisdictions to create the East

Bay Delta Housing and Finance Agency. Through proceeds from the sale of bonds, the Agency provides low and moderate income first-time homebuyers with poorer credit an opportunity to become homeowners through a lease/purchase agreement.

- ***East Palo Alto Land Banking Fund:***

The City is working with BRIDGE Housing Corp. to establish a land banking fund. Currently, BRIDGE Housing has received \$10,000,000 from the Packard Foundation and another \$2,000,000 from other private sources. Funds raised will be used by BRIDGE Housing to acquire sites for affordable housing development.

- ***HUD Technical Assistance Award:***

The City is working with HUD contractors to explore a number of new financing opportunities. These include:

- Developing incentives that can be offered to property owners to encourage selling their units to tenants;
- Conducting a Commercial Impact Fee Nexus Study; and
- Exploring the City's competitive advantage with State HOME Program versus the County HOME Consortium, as well as establishing a separate Section 8 waiting list to maximize the use of Section 8 by local residents.

Redevelopment Agency Financing

The Agency committed a \$5.5 million loan to help subsidize 65 below market rate units at Peninsula Park Apartments.

In 2001, the City committed up to \$250,000, originating from University Circle Investors, is available to be used by the City to provide first-time homebuyer opportunities for low-income households in combination with HOME funds.

Improved Efficiency

The City has been an active participant in the San Mateo County Economic Development Association (SAMCEDA) Permit Streamlining Committee. This committee is comprised of Community Development Directors and Building Officials representing the public sector, and various professionals representing the private sector from San Mateo County, i.e., architects, engineers, and representatives from the high tech industry.

The intent of the Permit Streamlining Committee is to standardize the building permit review process and to simplify the adopted Uniform Building Codes. East Palo Alto staff have contributed valuable participation in the Permit Streamlining Committee and have implemented almost all recommended permit streamlining measures that have essentially reduced the plan review and building permit issuance process to approximately three weeks.

Changes from the 1998 Housing Element

Only three years have passed since the last update of the Housing Element in 1998.

The City has limited time to implement the programs in the 1998 Housing Element. Nevertheless, the City has demonstrated strong commitment toward the provision of affordable housing through construction, rehabilitation, preservation, and direct assistance as discussed earlier. Appendix B contains a summary of the accomplishments (if any) and the continued appropriateness of each housing program contained in the 1998 Housing Element.

Introduction

The Housing Services Department is the principal City agency responsible for analyzing housing policies, developing the City's response to the housing challenges faced by East Palo Alto, and administering and implementing housing related programs.

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 is comprised of three divisions: Housing Development, Rent Stabilization and Code Enforcement.

- Housing Development recognizes that housing is a basic necessity. It seeks to build various housing options that address the housing demands of all East Palo Alto residents and its workforce.
- The Rent Stabilization Program (RSP) implements the voter-approved Rent Stabilization and Eviction for Just Cause Ordinance. This ordinance does the following:
 - Stabilizes rents;
 - Protects residential tenants from unreasonable rent increases and arbitrary, discriminatory or retaliatory evictions; and
 - Assures habitability and ensures an economically vital rental market.

- Code Enforcement works in collaboration with neighbors to create a healthy and beautiful city and to develop neighborhood improvement programs. Enforcement of the City's municipal codes is used to ensure safe and decent housing.

The City, based on the input received by over 70 City residents attending community meetings, 40 residents responding by survey and 10 community-based nonprofit organizations, has an organized strategy to respond to the local housing challenges. Four areas of concentration have been identified as critical to the City's response:

- Increasing the Availability of Housing
- Mitigating the Cost of Housing
- Minimizing Resident Displacement
- Implementing Administrative Remedies

Following are the goals, policies and programs related to each area of concentration to be implemented between 2001-2006.

Increasing the Availability of Housing

As a result of the City's housing production between 1999 and 2001 (474 units), and the City's commitment to replace all units loss by market and/or Redevelopment Agency activity, the housing construction balance remains to be completed by 2006 is 1,025 units (see Table HE-29).

Table HE-29
Housing Construction Needs

Income Group	RHND	Built	Net Loss by 12/31/00	Estimated Loss 2001-02*	Target 2001-2006	%
Very Low	358	49			309	30.1%
Low	148	49	(139)	(10)	248	24.2%
Moderate	349	8	(55)		396	38.6%
Above Moderate	427	368	(13)		72	7.0%
Total	1,282	474	(207)	(10)	1,025	100.0%

* Due to Redevelopment Agency activity.

Housing Issue 1: The City has experienced limited housing growth. Overall, the increase in housing units is lagging behind the increase in population, resulting in a number of issues, such as rising housing costs and overcrowding. Housing affordable to lower and moderate income households is particularly limited.

Program/Goal 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.

Policy 1.1: Work collaboratively with the development community and stakeholders to facilitate housing development that will suit the needs of the City.

Policy 1.2: Promote the development of a range of housing choices (by type, size, and price range).

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

Time Frame: Ongoing

Resources: Staff time

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

Action 1.2: Continue to permit manufactured housing on permanent foundations in single-family neighborhoods, subject to design review.

Time Frame: Ongoing

Resources: None required

Responsible Agencies: Planning Division

Action 1.3: Make loans and grants, as can be made available, to developers using the \$1,000,000 recently awarded to the City from the CHFA HELP program and any Tax Increment Low and Moderate Income Housing Set-aside Fund to create affordable units, including to encourage affordable housing development in the mixed use areas.

Time Frame: Commit all funds available by 2002.

Resources: CHFA HELP and Tax Increment Low and Moderate Income Housing Set-Aside funds; staff time to evaluate and recommend projects and contracted legal assistance will be required for document preparation and execution.

Responsible Agencies: Housing Development Division and Redevelopment Agency

Action 1.4: Provide additional support for securing land acquisition and predevelopment financing, including supporting BRIDGE Housing Corporation's efforts in raising funds for

the East Palo Alto Land-banking Fund and negotiating with private lenders.

Time Frame: Help launch EPA Land-banking Fund by 2002.

Financing: Staff time

Responsible Agencies: Housing Development Division; BRIDGE Housing; and private lenders.

Action 1.5: Increase production of second units as an affordable housing alternative. Evaluate the development standards and procedures codified in the Second Unit Ordinance (Ordinance No. 114). Explore incentives to assist owners in building second units if units can be deed restricted for seniors and lower income households.

Time Frame: Make revisions to Second Unit Ordinance to facilitate second unit construction as necessary and appropriate by the end of 2002. Achieve an average of eight new secondary units annually (2001-2006: 40 units total).

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Housing Issue 2: Providing affordable housing, particularly for lower income households, typically requires some form of public subsidies. However, the City has limited financial resources to increase the affordable housing stock.

Program/Goal 2.0: Secure below market rate funding to build more affordable housing.

Policy 2.1: Promote the concept of smart growth whereby housing is concentrated

quality, conserve energy, and increase efficiency in the use of land.

Policy 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.

Policy 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).

Action 2.1: Look at ways of generating housing funds locally, such as a commercial linkage fee to provide affordable housing for employees of new commercial and industrial development.

Time Frame: Explore feasibility of establishing a commercial linkage fee in 2002.

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

Action 2.2: Set aside a specified percentage of the hotel bed tax for affordable housing development.

Time Frame: Earmark an appropriate percentage of hotel bed tax for affordable housing development in 2003.

Resources: Hotel bed tax

Responsible Agencies: Finance Department and Housing Development Division

Action 2.3: Seek and secure at least an additional \$1,000,000 annually in housing development and service loan and grant funds from private, as well as county, state, and federal sources. Funding will be used to provide gap financing and/or infrastructure improvements, as necessary and appropriate, for affordable housing projects.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 2.4: Adopt a jobs-housing balance ordinance specifying the City's jobs-housing balance goal, as well as incentives and means to help achieve the goal.

Time Frame: Adopt ordinance in 2003.

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

Action 2.5: Consider setting aside more than 20 percent of the redevelopment tax increment funds for housing.

Time Frame: Explore the financial feasibility of setting aside more than 20 percent of tax increment funds for housing in 2003.

Resources: Staff time

Responsible Agencies: Redevelopment Agency and Housing Development Division

Housing Issue 3: Confusing, conflicting and time-constraining City procedures and programs delay the processing of housing projects, thereby increasing the costs of development. Building permit and planning fees, while necessary to support the operation of government functions, also increase the cost of housing, making housing less affordable.

Program/Goal 3.0: Facilitate the development of affordable housing to fulfill the replacement housing obligations and Regional Housing Need Determination, especially in redevelopment project areas.

Policy 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.

Policy 3.2: Continue to require residential developers to provide affordable housing as a component of housing development.

Policy 3.3: Provide regulatory and financial incentives to encourage the development of affordable housing.

Policy 3.4: Provide adequate and timely information to the public and decision makers to allow informed decisions be made.

Action 3.1: Provide low interest loans and/or grants to pay for or waive building and planning fees for housing affordable to very low- and low-income households, when built by nonprofit developers. The City is developing a package of information relating to housing development opportunities, resources, and requirements. The City is also working on launching its official website, where the Housing Department will be able to post information on residential development.

Time Frame: Develop information package and launch web site in 2002. Ongoing provision and update of information.

Resources: General Fund and Tax Increment Low and Moderate Income Housing Set-Aside funds

Responsible Agencies: Housing Development Division

Action 3.2: Improve the permit processing procedure for residential development projects, especially for affordable housing projects. Providing priority review status for affordable housing will reduce holding and administration costs.

Time Frame: Focus on improving the permit processing procedure in 2003.

Resources: Staff time

Responsible Agencies: Planning Division and Building Department

Action 3.3: Evaluate, improve and promote the City's various ordinances that facilitate affordable housing development including (a) secondary unit (Ordinance No. 114); (b) off-street parking standards (Ordinance No. 117); (c) development standards (Ordinance No. 118); (d) the Planned Unit Development; (e) BMR (Ordinance No. 247); and (f) Density Bonus. Provide this information to developers as part of the packet received when inquiries are made at the Planning Department in order to promote the use of various mechanisms that facilitate affordable housing.

Time Frame: Ongoing promoting of City Ordinances to facilitate housing development.

Action 3.4: Develop and disseminate newsletters, fact sheets, brochures and through other mediums to communicate to the public the City's policies and programs in an adequate and timely manner.

Time Frame: Quarterly newsletters from 2001-2006; two informational brochures and/or fact sheets annually, as needed.

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 3.5: Work with the Planning Commission and the City Council to develop height and parking standards for affordable housing.

Time Frame: Modify development standards for affordable housing in 2002-03.

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Housing Issue 4: Ensure that residential sites are available for development for a range of housing types and prices.

Program/Goal 4.0: Fully implement the City's adopted policies, including the General Plan and all ordinances.

Policy 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.

Action 4.1: Work with local staff of the federal Environmental Protection Agency to determine the appropriate and cost-effective ways to remediate toxic substances from formerly agricultural land.

Time Frame: Complete work in 2003.

Resources: Staff time

Responsible Agencies: Housing Development Division and federal Environmental Protection Agency

Action 4.2: On a regular basis, review City ordinances and programs regulating residential uses and construction to ensure consistency with the General Plan to identify and 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: Review City ordinances and programs at least once a year.

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 4.3: Facilitate the development and passage of an updated zoning ordinance and map in accordance with the General Plan and the Interim Zoning Ordinance in order to facilitate residential development.

Time Frame: Update the zoning ordinance by the end of 2002.

Resources: Staff time

Resources: Staff time

Responsible Agencies: Planning Division
and City Attorney

Housing Issue 5: The City has a large number of residents with various special housing needs. However, the existing housing stock does not contain an adequate variety of housing types, price range, and amenities that accommodate the needs of these residents. More housing that meets the requirements of households where members have special needs is needed.

Program/Goal 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.

Policy 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.

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

Action 5.1: Meet with advocates and developers of supportive housing, group homes, licensed residential community care facilities, and assisted living facilities and identify at least three projects to facilitate alternative living arrangements for various special needs groups identified.

Time Frame: Facilitate site acquisition or partnership with proposed residential developments for three special needs projects between 2002-2005, with a goal

of assisting at least 30 persons with special needs.

Resources: Staff time; acquisition and predevelopment resources

Responsible Agencies: Housing Development Division

Action 5.2: To encourage the development and expansion of housing opportunities for the elderly, revise zoning and development requirements for senior projects to allow elements such as smaller unit sizes (including condominium options), parking reduction, and common dining facilities. This will reduce project costs and enhance unit afford ability.

Time Frame: Revise the Zoning Ordinance by the end of 2002.

Resources: Staff time

Responsible Agencies: Planning Division.

Action 5.3: Encourage developer proposals for housing the homeless by revising the Zoning Ordinance to facilitate for the development of emergency shelters and transitional housing facilities in commercial and multi-family residential zones, subject to the approval of a Conditional Use Permit. As part of the Zoning revision, the City will work with shelter providers to ensure that the development standards and processing procedures are appropriate and not onerous to unduly constrain the development of such facilities.

Time Frame: Revise the Zoning Ordinance by the end of 2002.

Resources: Staff time

Responsible Agencies: Planning Division

Action 5.4: Explore the feasibility of establishing a one-time or limited-term rent subsidy program to assist persons with special needs (e.g. seniors and disabled) who are displaced by high housing costs.

Time Frame: Explore program feasibility in 2003.

Resources: Staff time

Responsible Agencies: Housing Services Division

Mitigating the Cost of Housing

Housing Issue 6: Housing costs in East Palo Alto have escalated dramatically in recent years. Many families and individuals cannot afford housing costs in East Palo Alto. Many pay more than 30 percent of their income on housing or must share housing arrangements with others in order to stay in the City.

Program/Goal 6.0: Provide both financial and policy assistance to 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.

Policy 6.2: Assist very low-income renters through rental assistance.

Policy 6.3: Preserve existing, conforming mobile home parks as a source of affordable housing.

Policy 6.4: Conserve the existing of affordable rental housing by discouraging conversion into condominiums.

Policy 6.5: Address the affordable housing needs of lower income residents and seniors through home sharing.

Policy 6.6: Implement programs to increase affordable housing opportunities and minimize overcrowding.

Action 6.1: Stabilize rents in the City through the City's Rent Stabilization and Eviction for Just Cause Ordinance. Provide for decontrol of rent-controlled housing stock upon vacancy as required by State law, while protecting tenants from illegal rent increases and unjust evictions, such as tenants being evicted for the purpose of raising rents. Explore the feasibility of providing incentives (e.g. density bonus) to landlords in order to encourage voluntary participation in the rent stabilization program.

Time Frame: Ongoing implementation of Rent Stabilization Ordinance. Explore incentives to encourage voluntary participation in the rent stabilization program in 2003.

Resources: Staff time

Responsible Agencies: Rent Stabilization Division

Action 6.2: Send letters to both tenants and property owners to provide information on the maximum legal rent that can be charged.

Time Frame: Send letters to tenants and property owners annually.

Resources: Staff time

Responsible Agencies: Rent Stabilization Division

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

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division; Mid-Peninsula Citizens for Fair Housing; and East Palo Alto Law Project

Action 6.4: Work with HUD Technical Assistance team to determine whether it is possible to establish a separate Section 8 waiting list for East Palo Alto residents.

Time Frame: If feasible, establish Section 8 waiting list for East Palo Alto residents by the end of 2003.

Resources: Staff time and HUD Technical Assistance Award

Responsible Agencies: Housing Development Division and HUD Technical Assistance team.

Action 6.5: Discourage removal or relocation of conforming mobile home parks by enforcing the State mobile home park closure and relocation requirements.

Time Frame: Ongoing

Resources: None required

Responsible Agencies: Planning Division and Housing Development Division

Action 6.6: Monitor housing units developed as part of the City's Below

Market Rate (Inclusionary) Zoning Ordinance to ensure that the affordability controls comply with the Ordinance. Monitor affordable units with deed-restrictions to ensure long-term availability of these units as affordable housing. Monitor the effectiveness of the BMR as a tool to facilitate affordable housing development. If necessary, modify the BMR Ordinance to improve its effectiveness (see also Action 3.3).

Time Frame: Facilitate the development of 1,025 new housing units to meet the replacement housing obligations and RHND. Ensure that 20 percent (205) of the new units are set aside as inclusionary units meeting the requirements of the BMR Ordinance. (Given that most new units will be developed as multi-family housing, the income distribution of the 205 units are assumed to comply with BMR requirements for multi-family housing.)

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 6.7: Conserve the existing stock of affordable rental housing by continuing to implement the existing Condominium Conversion Ordinance. Develop means to protect or assist tenants facing evictions as a result of Ellis Act, which permits the withdrawal of housing units from the rental market.

Time Frame: Ongoing implementation of the Condominium Conversion Ordinance. Develop means to protect/assist tenants from Ellis Act evictions in 2003.

Resources: Staff time

Responsible Agencies: Planning Division and Housing Development Division

Action 6.8: Promote home-sharing alternatives to assist low- and moderate-income seniors and other residents in finding affordable housing. This will allow lower income homeowners to maintain their homes and provide additional housing options for renters.

Time Frame: Work with non-profit organizations to promote home-sharing alternatives. Achieve 10 matches annually between those with homes to share and those looking for housing (2001-2006: 50 matches total, potentially benefitting 50 seniors and 50 very low income persons/households).

Resources: None required

Responsible Agencies: Housing Development Division and local non-profit organizations, including Human Investment Project.

Action 6.9: Explore the feasibility of adopting various policies/programs to reduce overcrowding conditions in the City. 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.
- A policy to restrict overnight on-street parking.
- Penalizing landlords for encouraging overcrowded conditions

- Incentives (e.g. fee waivers) for home owners making room additions to rent to lower income families/persons.

Time Frame: If appropriate and feasible, establish programs and policies in 2002.

Resources: Staff time and City General Fund

Responsible Agencies: Code Enforcement Division; Police Department; Planning Division; and City Attorney.

Action 6.10: Explore ways to encourage the use of land trusts as a way to expand affordable housing opportunities.

Time Frame: Explore ways to encourage the use of land trusts in 2003

Resources: Staff time

Responsible Agencies: Housing Development Division

Minimizing Resident Displacement

Housing Issue 7: With rising housing costs, many East Palo Altans cannot afford to own a home in the community. As a result, many long-time residents with aspirations of owning a home are displaced to other communities. However, the City has limited funds to make homeownership affordable to residents.

Program/Goal 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.

Policy 7.1: Assist lower and moderate-income renters in obtaining affordable homeownership.

Policy 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.

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

- Participation in the San Mateo County Mortgage Credit Certificate Program (MCC) Program to enhance the affordability of both new and existing homes for first-time low- to moderate-income homebuyers. Educate prospective buyers about the program by distributing materials with a goal of assisting 5 lower- and moderate-income households annually (2001-2006: 25 households total).
- Continue to participate in the Lease-Purchase Homeownership Program, which the City created and administers together with eight other jurisdictions. Under this program, income qualified households can lease a unit owned by the Redevelopment Agency for a 38-month period and assume the mortgage at the end of the lease term with no down payment and one percent closing costs. Distribute information about this program with the goal of assisting 3 to 5 lower and moderate-income households between 2001 and 2002.

- Provide first-time homebuyer assistance to lower and moderate-income households with the \$126,300 available from the County HOME program for first-time homebuyer assistance.
- Coordinate with the County to use East Palo Alto as a demonstration project for the first-time homebuyer program the County is developing.
- Provide first-time homebuyer assistance using up to \$250,000 provided by investors of University Circle to the Redevelopment Agency for first-time homebuyers to purchase new units developed in University Circle. Combined with the funding from the County HOME program, assist 6 households in achieving homeownership.

Time Frame: Establish new programs in 2002 and ongoing implementation of existing programs

Resources: MCC allocation; tax-exempt bond financing; HOME funds through San Mateo County; and University Circle investor contributions

Responsible Agencies: Housing Development Division; BRIDGE Housing; HUD Technical Assistance team; 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. Assist residents in understanding the home improvement and purchase processes, access to financing, and predatory lending practices. Assist households in credit repair to enhance their housing opportunities, while educating them to recognize lending discrimination

and predatory lending (see also Action 9.2).

Time Frame: Provide credit counseling workshops at least once a year

Resources: Staff time

Responsible Agencies: EPA CAN DO

Action 7.3: Work with the HUD Technical Assistance team to explore new program possibilities, such as incentives that can be offered to property owners to encourage them to sell their units to tenants, or providing down payment assistance for City employees who are required to be in the City in case of a disaster or emergency.

Time Frame: Explore program possibilities in 2002

Resources: Staff time and HUD Technical Assistance Award

Responsible Agencies: Housing Development Division and HUD Technical Assistance team

Housing Issue 8: Because of the shortage of safe and habitable housing affordable to low- and moderate-income residents, many people leave the City in search of decent housing and living environment.

Program/Goal 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.

Policy 8.1: Implement both proactive and reactive code enforcement to correct Housing, Health and Safety Code violations.

Policy 8.2: Improve existing housing condition and preserve neighborhood quality through housing rehabilitation and neighborhood improvement efforts.

Policy 8.3: Assist low and moderate income households in making necessary repairs and improvements.

Action 8.1: Participate in San Mateo County Housing and Community Development Division's Home Repair Program. Assist low- and very low-income households in making necessary repairs and improvements to their homes. Disseminate information on the Home Repair Program through brochures available at public counters, City Newsletter, and new City web site (to be launched in 2002).

Time Frame: Assist 6 lower income households annually (2001-2006: 30 households total)

Resources: San Mateo County Office of Housing

Responsible Agencies: San Mateo County Office of Housing

Action 8.2: Recognizing that lead poisoning from lead-based paint is a significant health hazard, 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: Develop a program by 2003

Resources: Staff time and secure funds

Responsible Agencies: Code Enforcement Division

Action 8.3: Continue to use County brochures and City publications to provide information to homeowners on the availability of rehabilitation assistance.

Time Frame: Quarterly publicize the availability of rehabilitation assistance.

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 8.4: Consider providing fee waivers or reductions to property owners who demolish substandard or dilapidated housing and replace with new quality housing.

Time Frame: Determine the feasibility of providing fee waivers and/or reductions in 2003-04

Resources: Staff time and City General Funds

Responsible Agencies: Planning Division and Housing Development Division

Housing Issue 9: Equal access to housing is fundamental to each person in meeting essential needs and pursuing personal, educational, employment, or other goals. In recognition of equal housing access as a fundamental right, the federal and State governments have both established fair housing as a right protected by law. However, certain groups, due to their special characteristics, are often targets for housing discrimination. Housing opportunities created through implementation of this Housing Element must be made available to all residents.

Program/Goal 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, disability, or any other arbitrary factor.

Policy 9.1: Prevent housing discrimination and actively further fair housing choice for all residents.

Policy 9.2: Facilitate the development of a variety of housing options at a range of prices to meet the various housing needs of residents.

Action 9.1: Support, publicize, and make referrals to fair housing and legal assistance programs that provide information, counseling, and investigation services concerning discrimination complaints.

Time Frame: Ongoing

Resources: None available at this time.

Responsible Agencies: Housing Development Division; Mid-Peninsula Citizens for Fair Housing; and East Palo Alto Law Project

Action 9.2: Support local, regional, state, and federal initiatives in addressing predatory lending practices to prevent the most vulnerable segments of the community from falling victims to unlawful lending practices.

Time Frame: Operating support revenues needed

Resources: Staff time

Responsible Agencies: Housing Development Division; EPA CAN DO;

Mid-Peninsula Citizens for Fair Housing;
and East Palo Alto Law Project

Action 9.3: Support private and public efforts to ensure nondiscrimination in the sale or rental of housing.

Time Frame: Ongoing

Resources: Staff time

Responsible Agencies: Housing Development Division; Mid-Peninsula Citizens for Fair Housing; and East Palo Alto Law Project

Implementing Administrative Remedies

Housing Issue 10: As an element of the City's General Plan, the Housing Element must guide the development of housing in the City. The City must be held accountable for the implementation of this Housing Element.

Program/Goal 10.0: Ensure the implementation of all housing policies and promote broad participation in the programs.

Policy 10.1: Monitor progress in implementing Housing Element programs and make necessary adjustments to staff and financial resources in a timely manner.

Action 10.1: To improve public accountability, allocate financial and staff resources to develop and maintain a monitoring system to collect information on the accomplishments of the objectives and programs established in the Housing Element. Prepare detailed progress report

for review by the City Council, stakeholders, and the general public.

Time Frame: Develop monitoring system in 2002 and prepare progress report at least semi-annually.

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 10.2: Hold public meetings and conduct study sessions to discuss various housing issues and policies in the City, and to receive public input and inform residents and developers about the housing needs, resources and program options. To the extent possible, publish a schedule of study sessions.

Time Frame: Hold public meetings and study sessions at least quarterly

Resources: Staff time

Responsible Agencies: Housing Development Division and Planning Division

Action 10.3: Make sure information is made available to the public at least quarterly by utilizing *Common Ground* (the City newsletter on housing issues) or other means to communicate important housing concerns, policies, and programs to the general public.

Time Frame: Publish information at least quarterly

Resources: Staff time

Responsible Agencies: Housing Development Division

Action 10.4: Report to the City Council by the Housing Director on the State of Housing in East Palo Alto.

Time Frame: Report to City Council at least twice a year

Resources: Staff time

Responsible Agencies: Housing Development Division

Table HE-30
Summary of Special Needs Housing Development Objectives

Action #	Elderly Households			Small Households			Large Households			Other Persons with Special Needs		
	VL	L	M	VL	L	M	VL	L	M	VL	L	M
Increasing the Availability of Housing												
1.5	10	10		10	10							
5.1										30		
Mitigating the Cost of Housing												
6.6	42			70	25		42	26				
6.8	50			50								
Minimizing Resident Displacement												
7.1				3	10	10	3	10	10			
8.1	5	5		5	5		5	5				
Total	107	15	0	138	50	10	50	41	10	30	0	0

Table HE-31
Summary of All Quantifiable Objectives by Income

Income	New Construction		Housing Assistance ³	Rehabilitation	Conservation/ Preservation ⁵
	Special Needs/ Affordable ¹	Total Remaining RHND ²			
Very Low	204	309	106	15	154
Low	71	248	20	15	51
Moderate		396	20		
Above Moderate		72			
Total	275	1,025	146	30	205

Notes:

1. This category represents the 40 units from Action 1.5, 30 units from Action 5.1, and 205 units from Action 6.6.
2. This category represents the 1,025 new construction units needed to meet the remaining RHND and replacement housing needs.
3. This category represents the 100 households to be assisted through Action 6.8 and 46 households to be assisted through Action 7.1.
4. This category represents the 30 households to be assisted through Action 8.1.
5. The 205 units conserved and preserved represent the City's efforts in enforcing and monitoring the affordability covenants on BMR (Inclusionary) units. These units have also been included under the New Construction category.

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The General Plan Implementation Program provides a guide to implement adopted General Plan policy and plans for the public and City elected officials and staff. The purpose of the Implementation Program is to ensure that the overall direction provided in the General Plan for City growth and development is translated from general terms to specific actions.

A series of actions, procedures and techniques that carry out the General Plan policy through implementing a standard or program, each implementation measure will need further City Council action. This action can either occur on a City-wide basis, (e.g., zoning ordinance amendment or adoption of development review criteria), or in individual subareas for actions, (e.g., capital improvement projects). The City Council, by relating the Implementation Program to the General Plan, recognizes the importance of long-range planning considerations in day-to-day decision making.

Implementation of the specific programs will be subject to funding constraints.

The Implementation Program is organized in six subsections that correspond to the General Plan elements. Each of the subsections is comprised of programs that directly relate to the policies and plans of the corresponding General Plan element.

Use of the General Plan Implementation Program

The Implementation Program is intended for use as the basis for preparing the Annual Report to the City Council on the status of the City's progress in implementing the General Plan, as described in Section 65400 of the Government Code. Because many of the individual actions and programs described in the Implementation Program act as mitigation for significant environmental impacts resulting from planned development identified in the General Plan, the annual report can also provide a means of monitoring the application of the mitigation measures as required by CEQA Section 21081.6. This Implementation Program should be updated annually with the budget process and whenever the City's General Plan is amended or updated to ensure continued consistency and usefulness.