

Question 11

Questionnaire for City Council Candidates 2009

Palo Alto Neighborhoods (PAN)

Terminology: "the City" refers to the government of the City of Palo Alto.

Affordable Housing: The City's current approach to providing affordable housing relies heavily on requiring new housing developments to include affordable units. What is your assessment of this approach? What changes would you make?

[H] Leon Leong : www.leonleong.com

This approach to providing affordable units will not work with the current ABAG housing allocation – it requires 5 to 6 market rate units to support an affordable housing unit. In order to meet the ABAG allocation, roughly 7,500 – 9,000 housing units would need to be zoned for, and if built, would significantly degrade the quality of life in our city.

One proposal is to band together with surrounding cities, and be able to trade/fund housing units to meet affordable housing goals.

[I] Corey Levens : www.electcoreylevens.com

In general, I do not oppose an approach which requires a certain number of affordable housing units in new housing developments. I do not believe, however, that it is reasonable to set a fixed percentage that applies to every development. Every project and development is different which means that the economics and financing for each project will be specific to that project. For example, larger projects may have the flexibility to include larger numbers and percentages of affordable housing units and still provide an economic return that is attractive enough to obtain the necessary financing and support. Smaller projects, however, will generally provide a smaller return on investment and to mandate certain numbers of affordable housing units in such projects may have the effect of killing the project. This is a result that has happened too often in Palo Alto and which benefits no one.

In addition, at a recent Council meeting where this issue arose in connection with a well-known project (JJ&F), certain Council members attempted to start negotiating the number of required affordable housing units at the meeting where approval of a phase of the project was being sought. Such negotiations should not be occurring at Council meetings, but should be resolved prior to meetings (this would also help in controlling the length of Council meetings). In this case, after receiving assurances from the developer that such changes would make the project no longer economically feasible and force them to kill the project, the proposed last second changes were rejected. It is entirely inappropriate, however, for such core issues to be negotiated with developers on a last second basis. No one could be expected to agree to such changes without performing extensive and thorough economic analyses to see if the changes are feasible. This would then require postponing a decision until such analyses could be done. And the Palo Alto Process would live on...

[J] Gail Price

I believe we need a variety of housing types and densities within the City of Palo Alto to meet the needs of current and future residents and businesses. Within the recent audit and community survey, affordable housing was identified as a significant need. Affordable housing goals are defined through the Housing Element and are implemented via the zoning code, which requires a percentage of units designated as affordable units. I believe this

has been a fairly effective method to achieve more affordable housing. Affordable housing goals can be partially met through BMR requirements but we need to look at other cities to discover if other “best practices” have worked well to achieve affordable housing. We could incorporate these into our current policies and practices.

City government should make consistent and dedicated effort to ensure that we have both for sale and rental housing of various designs and costs in Palo Alto. Within the last decade there have been successful Single Room Occupancy units completed and available which has begun to address a segment of need.

[K] [Greg Scharff](http://ElectGregScharff.com) : ElectGregScharff.com

Through its Below Market Rate (BMR) Program, the City of Palo Alto requires new developments of 10 or more units to provide at least 10% of the units at costs affordable to low- and moderate-income households. “Below-market-rate” units are defined as units affordable to people making 80 to 100% of median income. The program is designed to spread affordable housing units throughout a new development rather than cluster BMR units in one location. As an alternative to providing affordable units, developers can pay in-lieu fees, which are deposited into the city’s Housing Development Fund. Sales and resales of BMR units are administered by the private non-profit Palo Alto Housing Corporation, which requires BMR housing to remain owned and occupied by low- and moderate-income people. As a former Board Member of the Palo Alto Housing Corporation, I believe the approach works fairly well and am not advocating any changes at this time.

[L] Nancy Shepherd: www.electNancyShepherd.com

I support the city’s current approach to provide affordable housing by having units integrated into market-rate housing projects. I am proud that Palo Alto Housing Corp manages the 19 properties and over 500 units that have been tucked into the nooks and crannies of Palo Alto. I would not consider changing this structure.

[M] Brian Steen

I’m supportive of affordable housing along transportation corridors. Percentage of new affordable housing should be similar or less than those in neighboring communities as a credit for Palo Alto’s status as a regional employer.

[N] Mark Weiss: No response from candidate to this question.

[A] [Dan Dykwel](http://www.dandykwel.com) : <http://www.dandykwel.com>

Certainly affordable units are desired in our community to encourage diversity and provide housing for those who provide many of our vital services. The cost of land makes it nearly prohibitive if built as stand-alone projects by the City or housing authority. Attaching this requirement to new developments is a more cost-effective way (for the city) to provide this badly needed housing. Adjusting the ratio is a challenge as it must balance the needs of the City with the financial viability of any project.

[B] Victor Frost: No response from candidate.

[C] Chris Gaither

To require new housing developments to include affordable housing is a policy I accept and approve not only because I have both managed and lived in affordable housing, but because this is a fair and prudent policy to ensure that a community is inviting and truly open to people

from all economic classes. A city that grows to satisfy its housing objectives by creating housing (both owned and rented) that all income levels can afford is a city that will be diverse, and capable of surviving any economic cycles- good or bad.

My philosophy is two fold. One, affordability is relative. For the person or family who earns a six figure annual salary, purchasing a 1 to 2 million dollar home is affordable if they qualify for the mortgage on all criteria (if one is needed) and as long as the mortgage, and other expenses are not more than 30 to 40 percent of their income. To the household or person who makes the average median salary for Santa Clara County, affordable might mean purchase or rental of a below market rate unit as long as the associated mortgage or rent is not more than 30 to 35 percent of their income. In addition, they could have hope of purchasing or renting market rate housing as their economic situation progresses. This is an admirable plan and one that should be encouraged. To the household or individual who makes less than the county's median annual salary, affordable might mean living in a project based section 8 housing, or using an individually assigned section 8 voucher, or residing in tax credit funded properties. The first two options ensure that the rent will not be higher than 30 percent of a household's income. Secondly, as mentioned above, my philosophy is that any housing whereby one spends close to or their entire monthly income to live is not affordable even to one who makes a six figure salary. Housing payments either in the form of a mortgage or rental should never exceed 30 to 35 percent of one's annual income.

In terms of changes to the policy, Palo Alto in my opinion does well with respect to encouraging and developing affordable housing as they work with the public benefit entity, The Palo Alto Housing Corporation to help fulfill the goal of affordable living for people with low to average income. Of course, some people would always like to see more affordable housing, but as I said above, affordable is relative to one's income outlook and position. Palo Alto is truly a national model as it has both below market rental housing, and below market purchase inventory. Some cities are still trying to get where we have been for the past three decades. Palo Alto is an exemplary municipal model with respect to affordable housing.

The only aspect I would change is to do forecasting about demographics with the realization that in about 10 to 20 years, Palo Alto will need more housing to accommodate baby boomers who will become seniors. There will need to be housing that can cater to independent seniors who are at all ranges of the income pool. We will need more low-income senior housing (currently there are only three properties in the city **totally** dedicated to low-income senior housing), and more market rate senior housing communities so that those people who want to sell their homes and change to senior community living will have more options. In addition, demographically speaking, we have to do a better job of learning to connect the dots with respect to housing. If we continue to build housing that focuses primarily on families, how will we keep up with respect to school space, and ensuring good teacher and counselor ratios per student? After all, one benefit that encourages home purchase and living in Palo Alto is the great educational system. While the argument can be made that more family ownership and rentals allow more students to participate in the PAUSD, we have to ask ourselves, can we financially and structurally handle this type of growth? Land is a rare commodity as we speak, do we expect land to free up for school growth? And if so from where?

[D] Tim Gray : www.vote4Gray.com/

Making this a regional goal would remove some artificial boundaries, and allow greater regional cooperation. I would follow the lead of those that have worked on this topic for many years, and then try to find additional funding for the most innovative ideas. Fairness would be my guide. I am inspired to learn more about this opportunity.

[E] John Hackmann

A community forum should be held on the scope and cost of affordable housing and on the impact on schools and tax revenues and on the demonstrable and measurable impact on the lives of the residents of those affordable housing projects. Then the community would be better prepared to reach consensus.

[F] [Karen Holman](http://karenholman.org) : karenholman.org

The City's policy of including affordable (BMR) units in development was a progressive policy when it was adopted, and I support it. We do not, however, make a dent in the community need through this method.

Other means of getting BMR units are less well implemented in Palo Alto. Rather than rely on new development to build new these units or buying land to build new BMR units, Palo Alto could better make use of available funds by buying pre-existing housing developments and convert them to BMR. At a calculation of \$500,000 a unit for new construction, this could be, and has been done, at considerably less expense.

Consider that a 6-unit apartment development can be demolished and replaced with 3 for sale condominiums. Purchase and restoration of such projects is an example not only of how Palo Alto could make use of its resources in getting more BMR units but also prevent the loss of Palo Alto's unit count.

[G] Larry Klein www.ReelectLarryKlein.com

If we are to have additional affordable housing in Palo Alto somebody has to subsidize it. That's just reality. There are some federal subsidies and that's fine. There aren't going to be any City subsidies from the General Fund. We don't have the money; we haven't had it in the past and are very unlikely to in the future. That leaves the present system which has produced a fair amount of affordable units (compared to neighboring jurisdictions). I would keep the present system.
