



# CITY COUNCIL DRAFT SUMMARY MINUTES

Special Meeting  
November 28, 2022

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:00 P.M.

Present In Person: Burt, Cormack, Filseth, Kou, Stone, Tanaka

Present Remotely: DuBois

Absent: None

## CALL TO ORDER

Mayor Burt called the meeting to order and asked the clerk to call the roll.

## Public Comment

Ken Horowitz: Comments on schools attended city schools and wanted to speak up about Cubberley Community Center new school board member and three Council member. Cubberley Community Center is an issue that should be addressed. In the next two years is the lease that expires 2024 \$3 million dollars and city contributes to fund and maintenance costs, and emergency costs. One item addressed and the future of Cubberley and the school liaison meeting said its one of his four Cs. The Superintendent Mr. Austin mentioned his attorney is going to free up his schedule to take up the issue. The new committee (school liaison) only lasted 37 meeting. Will take an active role in the future of Cubberley. Developing the community center.

Rob Levitsky: tree was cut down on 1125 Bryon street oak tree 30-inch background of house. It was not affecting structure. The city website tree removal coastlive oak approved to development project compared to Mountain View similar 575 Sierra Ave house in front and seven redwood trees. Same as Bryon street. And people were up in arms and he spoke Parks & Recreation voted to let the tree stand. Why is it different between the cities and interrupt by planning is not clear. Council saved Castilla project trees. Other trees going down near Forest look into it no permit no action taking. LLC.

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Bill Ross: significant for community Saturday night David Shaw resigned tenure there Stanford coach had the ability to influence Palo Alto school system to accomplish things to the greatest of their ability. Using the sense to influence his views on how families deal with Cancer Stanford Community and and I don't know certificates of participation if anyone that has been a figure at Stanford influenced male and female certificate of appreciation. Recognizing. Request to certificate of appreciation.

Maya: Junior at Gunn High school and member of student climate coalition. Remind issue of climate approving implementation of s-cap speedier grid modernization and construction which are crucial and stable reliable infrastructure, continue to electrify increase education and implement awareness within the community. reduce emissions as we near 2024 goal entirely. Continue to prioritize.

Matt: thank you city council and city staff of importance of our community stop burning fossil fuels and thereby lowering greenhouse gas emissions 2023 heat pump water heater program replacing fossil fuel with electric clean and 6000 residential units center the reeducation materials minimal greenhouse gas and no emit greenhouse gas. Work in city by living close and working close and appreciate the units will be available remove commute minimization of greenhouse and this development

Aram: Greg Tanaka vice Mayor in 2023 but love about him he has these meetings to open to public reparations, open police hiring, tasers, and k9's support for Vice Mayor. If Lydia doesn't want and will step down. Last time I august 11<sup>th</sup> November 3<sup>rd</sup> open discussion savage k9 on our streets. Andrew Binder doesn't want to address the racial. Trial by ambush. Post article police working dogless. Four months on November new police dog Cody. Savage trained on often not trained well dog handlers and Binder doesn't want to address it. Racial component since enslaved people and attack African Americans RIPA data consent searches, prolonged detention, race and policing. Banning k9s.

Liz: Mayfield Place propose question, who owns palo alto protecting one zone r-1 zone. Those who exist are hurting those who work service and teachers. Those who exist outside of r1 zone are hurting retail service workers raising, rent costs, rental properties being owned by large corporations, Segway construction managed by Related California substandard. Unit has without hot water since thanksgiving is stove is faulty and failed Housing and Urban developments. Need rent stabilization and other discussed ordinances living on the edge indeed care about the community jobs are insecure and housing is insecure and vulnerable situation working and living people living within the City of Palo Alto. Robotic algorithmic and vulnerabilities.

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## Consent Calendar

Vice Mayor Kou register a no vote on Agenda item Number 2.

Council Member Cormack registered a no vote on Agenda Item Number 3.

Council Member Tanaka registered a no vote on Agenda Item Number 8.

**MOTION:** Council Member Cormack moved, seconded by Mayor Burt to approve Agenda Item Numbers 1-8.

**Motion Passed Items 1, 4-7: 7-0**

**Motion Passed Item 2:** 6-1 Kou no

**Motion Passed Item 3:** 6-1 Cormack no

**Motion Passed Item 8:** 6-1 Tanaka no

1. Approve Minutes from the November 7 and November 14, 2022 City Council Meetings
2. SECOND READING: Adopted **Ordinance 5572** to Continue the Pilot Parklet Program and Other On-Street Uses During Transition Period (FIRST READING: October 24, 2022 PASSED 7-0)
3. Adopted **Ordinance 5573** extending the Term of Ordinance No. 5517 by an Additional 18 Months to Expire on June 16, 2024. Ordinance 5517 Amends Title 18 (Zoning) of the Palo Alto Municipal Code to Update Definitions, Broaden Permitted Uses and Provide Limits on Certain Uses through Updates to the Conditional Use Permit Thresholds. Environmental Review: CEQA Exemption 15061(b)(3)
4. Approve an Amendment to the Legal Service Agreement with Colantuono, Highsmith & Whatley, PC (Contract S17167696) to Increase the Contract Amount by an Additional \$120,000 for a new Not-to-Exceed Amount of \$575,000 and Extend the Term to October 1, 2027
5. Policy And Services Recommendation Regarding New Council Member Orientation & Onboarding Program
6. QUASI-JUDICIAL. 419 Palm (14PLN-00410): Consideration to Approve a Building Permit Extension in Accordance With Palo Alto Municipal Code Section 16.04.090. Environmental Analysis: A Mitigated Negative Declaration was Approved on September 2, 2016.

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7. Approval of a Purchase Order With National Auto Fleet Group in an Amount Not to Exceed \$377,826 for the Purchase of a 2023 Chevrolet G4500 Type III Ambulance, Utilizing a Cooperative Purchase Agreement
8. Approval of a Purchase Order with Golden State Fire Apparatus in an Amount Not to Exceed \$1,168,875 for the Purchase of a 2022 Pierce Enforcer Heavy Duty Rescue, Utilizing a Cooperative Purchase Agreement

## City Manager Comments

Ed Shikada, City Manager

## BEGIN VERBATIM MINUTES

Pat Burt: So we'll now move on to Item Number 9, which is review of and direction to staff to submit the Draft 2023 to 2031 Housing Element to the State Department of Housing and Community Development for its 90-day review. The Planning and Transportation Commission will participate in a Joint Meeting with the City Council to discuss the Draft Housing Element and Environmental Review. This action is not a project in accordance with the CEQA guidelines. Before we continue, Council Member Cormack?

Alison Cormack: Thank you, Mayor Burt. I will be recusing myself from this item. This year, Stanford University through an affiliate entity was a source of income for me. It is reasonably foreseeable that the City's decisions regarding the Housing Element will have a material financial impact on Stanford's assets.

Pat Burt: Thank you. And while we have Planning Commissioners joining us, I just wanted to go through what we anticipate as kinda the process that we'll have tonight. So we'll initially have a thorough presentation by City Staff of the Staff Report and then the Council will hear from members of the Planning and Transportation [inaudible 48:22] Commission and the [inaudible

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48:24] going to be coming as a consensus recommendation of the Commission is because they have not reviewed this current draft of the report as a commission. They had previously reviewed the goals and programs that the Council took up a month-plus ago and had made recommendations on that basis but they have not convened as a body on this big draft. So Director Lait, would you like to kick things off?

Jonathan Lait: Sure. Thank you, Mayor Burt, and good evening, City Council. Good evening, Chair Lauing and Planning and Transportation Commissioners. We are here to present the Draft Housing Element and I'm gonna ask Tim Wong, our project manager, for this epic journey to lead us through a presentation and then we'd be happy to answer questions.

Tim Wong: [Well 49:41] – okay. So good evening, Mayor Burt and Members of the Council. Again, my name is Tim Wong, Senior Planner, and so happy to take you through this presentation. Next slide, please – so tonight staff is requesting that the Council A) conduct a Joint Meeting, secondly to review and provide direction to staff in regards to certain added language, more specifically for added programs and other items, and then lastly to direct staff to submit the draft to HCD for its review. Next slide, please – so real quickly, next slide – What is a housing element? It's one of the mandated elements in a general plan or for Palo Alto, the Comprehensive Plan and it is the only element that requires approval by the state. Next slide – and for this new housing element cycle, this new upcoming Sixth Cycle Housing Element, there is a new requirement, which is Affirmatively Furthering Fair Housing. And this is a new state requirement that requires each jurisdiction to put in proactive fair housing measures to address the following topic areas, such as Fair Housing Enforcement to analyze patterns of segregation and to attempt to minimize those patterns, also to minimize disparities in access, also disproportionate housing needs and, lastly, to identify racially and ethnically concentrated areas of poverty and affluence and

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how to potentially break those down. But in Palo Alto, we do not have this fifth item.

Next slide, please – and so another requirement – the Council is well familiar with this – is the Regional Housing Needs Allocation or RHNA for short. And in a nutshell, it is the City's [fair share of 51:55] this upcoming planning period through 2031. And this is a number that is determined by the state. Next slide, please – and so here are the RHNA numbers for this upcoming sixth cycle, a little over 6,000 units with approximately 2,400 units for very low, low and I should throw in there extremely low income households. And this is about a 300 percent increase than our fifth cycle RHNA, which is a little less than 2,000 units. Next slide – and also the Housing Plan is a part of the Housing Element that contains the housing programs and these programs are to spur housing production, especially affordable housing production in addition to, as mentioned, fair housing requirements. And these programs must touch on each of these categories – housing preservation, affordable housing, housing development. You can see these different categories through the filter of these fair housing requirements, which makes this draft much more complex than the previous draft. But I'll go into some of these programs in a bit. Next slide, please – and so some details about the City's Public Review Draft. Next slide – so here's the composition of the Housing Element and it starts with the Executive Summary. I'm sure you've read all 500 pages of the draft but I'll just go over this for you.

The Executive Summary; introduction; housing needs; housing resources in which as part of the housing resources we need to provide justification for why our sites were selected; housing constraints, which identify both governmental and nongovernmental constraints; the housing plan, [which we 54:06] just elaborated to, that includes our goals, policies and programs; and lastly, it ends with the appendices, which includes our full sites list with detailed information and our AFFH analysis. Next slide – and just some high points, so as mentioned, the City

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Council approved the sites in March of 2022 and as part of that identified over 290 sites to help meet the – the City meet its RHNA. And of significance is a much higher density proposed for the Research Office Limited Manufacturing or ROLM Zone District for short and General Manufacturing Zoned Districts. And those are the areas that are basically bounded by Charleston and San Antonio against Highway 101. And just also to remind the Council that the rezones, the up-zoning for all these sites must be completed by January of 2024 to help meet our RHNA. With these sites, we have proposed many sites to be up-zoned and again those need to be completed by January of 2024. I'll talk about a update schedule that should have the Council adopting mid-2023, so these zone amendments will probably come right on the tails of that adoption. Next slide – for programs, the Council reviewed the goals, policies and programs in August of 2022.

There are 26 programs with many implementing objectives for each of those programs. A highlight or a significant program is the Housing Incentive Program or HIP for short. That's Program 3.4. This is the City's alternative to State Density Bonus. And currently we are going through a financial and development feasibility study to look at what actual development standards would constitute a feasible program and, based on that study, we will be revising the developed standards of the HIP. In addition, we are expanding areas where the HIP can be applied and it's a substantial increase in area, RM zones included. And this is to be completed by December of 2024. Also other programs include fair housing programs, which the City will conduct more robust outreach, including education workshops to both educate tenants and property managers/landlords about Fair Housing rights and also tenant protections as directed by the Council. And those should be implemented by December of 2023. Next slide – and the Public Review Draft requirements do require a 30-day public review and so the draft was released on November 7 and the deadline, if you will, or the end of the 30-day period is December 7. As part of the 30-day public review, staff conducted

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a virtual November 16 community meeting where we highlighted different aspects of the draft and took community comments and questions. As part of the 30-Day Public Review, we've also done extensive public outreach via email, social media, print ad and also updating our website for the update.

And for the public to submit comments, if you could please use the [heupdate@cityofpaloalto.org](mailto:heupdate@cityofpaloalto.org) email. So we've dedicated an email to receive comments and for the public. Again, if you're gonna make comments, please use this email. If you don't have access to email, please submit a written correspondence via snail mail if you could. But we will only consider public comments through this email address. And then after the expiration of the 30-day review period, the City has 10 business days to respond, to review and to respond, if you will, to the comments. And what is meant by respond is the City will summarize these comments whether these comments – certain comments were put in the public review draft or revise the draft or if some of these comments were considered and just chosen not to be included. But we must respond to each of the comments. And only after the public review can the City submit to HCD. HCD has 2 submittal periods. So after this 30-day review, we will be submitting to HCD for their initial 90-day review. And as part of that, we will complete the public comment section of the draft to summarize what staff did with all the comments that receive prior to submittal to HCD. Next slide – and just to highlight, these are the additional programs that the Council did not consider in their August meeting. Next slide – this is based on additional guidance from HCD and from our consultant that staff prepared for new programs.

Next slide, please. Oh, thanks. And just to let the Council know, staff anticipates adding more implementing objectives, not necessarily new policies or programs but implementing objectives for additional – for the approved programs, especially for AFFH to the approved programs. Staff has been reviewing Southern [California 1:00:37] letters and now some Bay Area



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jurisdictions have received comment letters and we're reviewing those comment letters too. And based on those letters, we may need to add additional implementing objectives to our programs. But again we do not anticipate any significant or substantive policy changes to the housing element. Again, it's more to add implementing objectives to meet HCD criteria or requirements for a more compliant Housing Element. Next slide – so the first program is a lot consolidation program. Because the City has such a high amount of smaller lots, smaller being less than 10,000 square feet, HCD looks favorably upon a lot consolidation program where there's the potential to consolidate lots and hopefully have a greater – a more feasible project due to larger lots. The second program is – next slide, please – sorry – objective standards for the South of Forest Coordinated Plan better known as SOFA. Objective standards were recently adopted within the last year. However, the SOFA area was not included, so this is to fold in objective standards for SOFA. This helps add to spurring housing production by creating a more streamlined process. Next slide – annual zoning updates.

This is more of an HCD catchall program where the state wants us to be compliant with state and federal law, whatever that may be, in regards to housing. So this is a commitment to update the City's zoning ordinance at a minimum once a year to be in compliance or consistent with state and federal law. And the last – next slide – the last one is this is purely administrative but required, is that we must provide an adopted housing element to the water supplier within 30 days of adoption. And this is a state requirement, so we are adding this program in but it's fairly easily achievable. So that's the fourth program. Next slide – and just wanted to touch on a quick schedule update. So next slide – so in the red here we are fall of 2022 with the public review of the Draft Housing Element. As mentioned, we will be spending the next few weeks responding to comments and revising the draft and preparing it for HCD review and that'll be in the winter of 2022 going through February of '23. Spring of '23, we're looking at the completion of environmental review as well as

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revising the Housing Element Draft per HCD comments in anticipation for the City Council to be ready to review and adopt in mid-2023. So that's our schedule. Next slide – and staff would just like to highlight the builder's remedy. I'm sure that the Council has been hearing this.

This builder's remedy has been circulating throughout the state in which this builder's remedy is part of the Housing Accountability Act, which allows a builder to potentially develop something that could be inconsistent with the City zoning and General Plan. But this applies to those jurisdictions that are out of compliance when – and if the developer proposes to have a certain affordability percentage in the proposed development. And I believe the Council has received additional information about the builder's remedy from the City attorney. But this is just to highlight. And again, this applies to those jurisdictions without a compliant housing element. Next slide, please – so again, we're in the 30-day review period, which ends December 7, so, public, please get your comments in by that time at this email at [heupdate@cityofpalto.org](mailto:heupdate@cityofpalto.org). Again, we have 10 business days to review and address the comments and staff hopes to submit no later than December 22 for HCD's 90-day review when the – in February when the letter comes back, staff will revise the draft per those comments whatever they may be. And just to let you know that HCD does have a second 60-day review to review to make sure that the City has revised their initial draft to be consistent with HCD's 90-day comments. Next slide – and so again here is staff's recommendation. That concludes staff's presentation and be happy to answer any questions that the Council or PTC may have.

Pat Burt:

Thank you. So at this time, I'd like to turn to the members of the PTC, initially Chair Lauing and with an understanding that you haven't had the opportunity as a body to weigh in and make a consensus recommendation on this element. So we would just welcome your individual comments as well as any other follow-up you have from your previous review. Chair Lauing?

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Ed Lauing: Is this live? Oh, great. Okay. Yes. Thank you. I've now had about 18 months of experience with this Housing Element 'cause I joined the Working Group with Tim 18 months ago. So I thought I'd just comment first on how that's evolved and what I think is really there. It was just an excellent Working Group put together by Council of appointed members that was a really good cross-section. They worked really hard and really effectively to kinda work on these things and so did the PTC. When we got it next, we set up a Ad Hoc group. Let's see – all the commissioners sittin' here?

Male: [Inaudible 1:07:46].

Ed Lauing: Yeah. And Cari Templeton as well. So we worked in the detail and then we worked it from the [dias 1:07:51] in multiple meetings. In both of those groups, I just wanna emphasize, particularly for the benefit of the public that's listening, there was always a focus on what are the real needs of Palo Alto citizens going forward for the next 8 years. This was not, okay, how do we fulfil the mandate. We didn't even talk about the mandate or the [HEWC 1:08:14] for a while. And so I feel like at the end of the process here, it has really high integrity in terms of the priorities that are truly needed for us going forward.

And we came up with some that matched the state, particularly emphasis on affordable housing, which came up very strong in the Housing Element Working Group, then some other segments that had needs, like the growing senior population and some of our special needs people. And then maybe as a surprise to the state, we also said we need some big houses here because when we have people move here, we'd like'm to move here and then stay here and have families. So we actually do want some inventory, [other 1:08:53] large houses as well. So I feel that the comprehensiveness of the review by both the bodies that I've been on really added a lot of integrity to the priorities here and feel pretty good about that. And I hope also the state feels good

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that we're compelling in terms of the way we present this. So, others?

Keith Reckdahl: Yeah. I wanna add one of the things that the Housing Element Work Group really – oh, I'm Keith Reckdahl on PTC and I was also with Ed on the Housing Element Work Group. And on the Housing Element Work Group, one of the things that was really important to people was quality of life. We have these people coming in to the community. We have a wonderful community here, great parks, great bike paths and we just don't want to warehouse these people. They're – we're entering them into the community. We want them to have the same type of amenities that we have, so that takes planning. Making a park is easier said than done. You have to assemble lots unless you wanna go with pocket parks but that really limits the type of recreation you can have. So you have to assemble lots and plan that ahead a time before it gets built out or you may not have room for a park and so that's very challenging. It takes a lot of planning ahead a time. And this is not our land and so we have to kind of look in the crystal ball and say what are the landlords, what are the owners going to do and that becomes very difficult. I did have one question for Tim about the presentation. For the builder's remedy, it's 20 percent lower income. Which categories do they have to provide the...

Tim Wong: For lower income, that would be 80 percent or below, 80 percent AMI or below.

Keith Reckdahl: Okay. Up to 80 percent, which means 79 percent. Okay. Thank you.

Bryna Chang: So I'm Bryna Chang [was 1:11:03] clearly on the PTC but also part of the PTC Ad Hoc. And I think as Commissioner Reckdahl has said before, what we're faced with now is a lot of – that the housing requirements are going to make everybody in the City uncomfortable and that means we're probably gonna need to go higher and denser than we have before. And what the PTC Ad

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Hoc discussion also reflected was to choose the right spots for that. And then all throughout, I think many of us on the PTC were very concerned about the planning that's necessary to make this happen but in a way that where we can preserve quality of life and make quality of life palatable for all, with newcomers as well. So planning area plans, which was we heard a lot about in the last election cycle but given the large amounts of housing plan for [both the 1:12:18] ROLM and GM zones that that area, which is already really heavily impacted by traffic, it's gonna require a lot more planning and work and maybe funding in order to make sure that we don't – that we have safe areas for people as well as don't create gridlock.

And then even aside from that area, we've talked about densifying and increasing height and other transportation corridors but the reality is that the public transportation infrastructure is pretty poor and so as a City, we're gonna have to plan to figure out that transportation element to make this all doable. I did have a question for Mr. Wong as well. The last iteration that the PTC saw, this did not have the quantified objectives for the programs, so I wondered what are the consequences if we missed those quantified objectives and how did we in general decide on those numbers? I recognize that it's a different question for every program but they're fairly specific quantified objectives. So I wanted to just understand a little bit more about the process that staff went through for those as well as the consequences.

Tim Wong:

Very good. Before I respond to that, I would like to say that our consultant, Brenna Weatherby, is also with us to help answer some of these questions. But I believe that HCD, in terms of consequences, HCD is scrutinizing each jurisdiction's performance during the 8-year planning period much more heavily, if you will, especially production. And so if we do not meet our timeline, whatever that may be, for those – that particular program, HCD and maybe now with their new Enforcement Division could – that could be part of their

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responsibilities, I think. But there are definitely more consequences for not meeting those timelines. As for the different timelines, for different programs, it was more working with Director Lait about staffing, workloads and kinda – I don't wanna call it a triage but what programs are the higher priorities, what priorities do we have to meet to be in compliance with HCD requirements. And then from there, if these requirements have hard timelines, those were the first priorities, such as rezoning to meet our RHNA and then other programs kinda fell behind that based on its significance, if you will.

Bryna Chang: So thank you. But I wasn't necessarily asking about the timelines, although that is useful information. It was the quantified objectives. So for example, for one of the new programs for expediting lot consolidation, our quantified objective is expedite 4 lot consolidation projects during the planning period. And so that's awfully specific and I didn't know – so I guess my first question is is there a consequence from HCD if we don't meet that objective and depending on how big the consequence is, how do we come up with those numbers? Do we feel confident that we can make those numbers? Is it important that we do? And we have similar – throughout the programs and goals, there are similar other really concrete goals, which is great for measurement sake but I wondered what the implications were.

Tim Wong: Okay. Well as part of it – thank you very much for your question. For lot consolidation, it depends on – part of it is how robust the incentives are for lot consolidation. But in terms of the Number 4 Lot Consolidation programs, that was more thinking that maybe you could do 1 lot consolidation every 2 years. So that seemed like a realistic milestone to be – that was also feasible.

Brenna Weatherby: Tim, this is Brenna. Would you like me to weigh in on the consequences a little bit?

Tim Wong: Yeah. That would be great. Thanks.

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Brenna Weatherby: Okay. Sure. Hi, everyone. My name's Brenna Weatherby. I'm Director of Environmental and Long-Range Planning with Rincon Consultants. We've been working with the City for almost 2 years now on this Housing Element. Just to address the question on consequences, it's really yet to be seen with some of these programs about how HCD will respond if cities don't meet their targets or the metrics that are laid out in the programs. However, what we've been told so far is that they're gonna take more of a softer approach, if you will, if metrics are not being met, that they will contact the city and work with that jurisdiction to see if the program can be changed in some way or if more can be added or more can be done to try and meet that metric. So we've had discussions with HCD and other jurisdictions particularly regarding ADU units.

And if the jurisdiction is not achieving production of ADU units at the rate that they anticipate, because it is an 8-year planning period, it's a long period, so what HCD has stated to us that they'll be doing is taking a look midcycle and if things aren't on track with the production of units, then they'll be working with the jurisdiction to see what changes can be made. It may be more action items. It may be more targeted items. Maybe the action item is great in theory but it's not targeted in the right spot within the city. So that's what we've been told so far, is that they will be reaching out but it'll be a softer approach with trying to work with the jurisdiction to see what can be changed to get that metric back on track.

Doria Summa: Commissioner Summa here. So thank you for inviting us to participate tonight. I just wanted to also give a shoutout to the Working Group and staff who seem to do an almost impossible task very thoughtfully. And it's something we have to do by law. That said, I'm a little disappointed the state – given the State Auditors Report and differences of opinions from other experts and some of the changes that we don't really know like if we have vacancies, the COVID changes, if those are gonna stick around, a lot of residential vacancies and/or the impact of

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working from home whether that would stay. I was a little disappointed they didn't reconsider some of these numbers that seem unachievable. That being said, we're moving ahead. I also agree with my colleagues that affordability was a really important thing 'cause that's, as we all know, the real reason people can't live here, not because there isn't an empty unit but because they can't afford it. I had 2 comments about the new additional programs. The Lot Consolidation Program, is that for commercial properties or multifamily and commercial?

Tim Wong: Commissioner Summa, I would say...

Doria Summa: [Inaudible 1:20:12].

Tim Wong: ...it has to have a housing component to it...

Doria Summa: [Inaudible 1:20:15].

Tim Wong: ...so mixed use or...

Doria Summa: [But 1:20:17] in a...

Tim Wong: ...[inaudible 1:20:17]...

Doria Summa: ...commercial...

Tim Wong: ...residential.

Doria Summa: ...districts I meant to say. Sorry. Commercial districts mostly or...?

Tim Wong: Where-...

Doria Summa: I mean...

Tim Wong: ...-ever...

Doria Summa: ...I'm just asking.



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Tim Wong: ...possible.

Doria Summa: It wasn't...

Tim Wong: Yeah. Wherever...

Doria Summa: [Is 1:20:28]...

Tim Wong: ...they – any developer could take advantage of it to produce additional housing.

Doria Summa: Okay. So I don't think we're talking about making bigger houses on bigger lots necessary in R1, more for multifamily.

Tim Wong: That is correct. It is strictly focused on more multifamily production.

Doria Summa: Okay. Thanks. That's what I was thinking. And then I also wanted to mention about that something that I've often mentioned and that is a need for realistic transition zones that don't have negative impact, so maintaining those. With the SOFA objective standards, I think SOFA has for so long been held up as one of the best planning exercises in implementations in the City. Just wanna make very sure that when we do objective standards there we don't somehow mess that up because it has been so successful. And then I had a question about the builder's remedy, which is the 20 percent at an up to 80 percent AMI. And within that 80 percent, is – could it all be 80? All of the 20 percent of the units, could it be at 80 percent AMI or is it somehow distributed evenly or in some other preferable way within the percentage?

Tim Wong: I think as long as they propose 20 percent [up 1:21:52] that doesn't exceed 80 percent AMI, I think that meets the...

Doria Summa: Okay.

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Tim Wong: ...builder's remedy. Yeah.

Doria Summa: Okay. Thank you for that. And oh, one really specific question: I noticed that on the [inaudible 1:22:06] interactive map that it still has the MacArthur Park site, 27 University, as a site for redevelopment but I notice that's not in the big book now. So has that been taken off and it just hasn't been updated on the map?

Tim Wong: Yes. Good...

Doria Summa: [Inaudible 1:22:27].

Tim Wong: ...observation. The interactive map does need to be updated. As you see, it's probably been since April. So we do need – that kinda fell by the wayside as we focused on...

Doria Summa: Okay. I just...

Tim Wong: Yeah.

Doria Summa: It was clear from the nice little 500-page document here but I just wanted to double check. Thank you.

Pat Burt: And Commissioner Templeton?

Cari Templeton: Thank you so much, Mr. Mayor and fellow Commissioners, for weighing in. I agree with the things that were relayed from our Ad Hoc members. I was also on the Ad Hoc Committee. And so that we don't rehash what they have shared, I will add some learning that we had that may be helpful as the Council considers what to do with these sites and this plan. One of the things that came up was where we can go taller. Commissioner Chang mentioned that we might wanna go taller in certain places or we might wanna go denser in certain places. It's really important for us to maybe take some risks in certain sites that we could get more from so that we don't have to constantly seek new sites. We don't have unlimited sites as you all are very well aware.

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So we do have to in some areas where we could have a larger impact think about where to strategically go higher or denser. So I think that's really gonna be the solution to getting the numbers that are required, is to really be very thoughtful and intentional about certain areas that are more appropriate. So areas we had talked about were areas near the transit center, areas near downtown. So that's – those are the areas of higher opportunity to think about did we take enough risk here; did we go as far as we could in those places. And any place that we can build more, more densely or higher where it's appropriate kind of loosens up how we approach the other sites, so that we don't have to go as dense in areas where it's not as appropriate. Thank you very much.

Pat Burt: Thank you. And Commissioner Hechtman?

Barton Hechtman: Thank you, Mayor, and good evening, Members of the Council. I think I wanna start by acknowledging the extraordinary efforts of our staff led by Mr. Wong to prepare this draft for review by the members of the City of Palo Alto, our residents as well as the elected officials and PTC. Our existing Housing Element is about 150 pages with a 35-page or so appendix. I don't know how many pages are in this new draft but it looks to be about a ream of paper and it's 2-sided, so it could be coming close to a thousand pages. And the reason it's so much larger, as Mr. Wong acknowledged in his presentation, is we have a remarkably more robust requirement from the HCD for what's required in the Housing Element and for staff. They haven't had 8 years to work on this because a lot of these requirements are newer than that. But for staff for have put this together and gotten it to this point, I think is a real achievement and I wanna applaud them for that. The mayor – when Mayor Burt described the PTC participation tonight, he was correct that we haven't had a chance to review as a body the Housing Element, which we have the draft.

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But one of the things that we were able to do as a group is review the – what's chapter 5 in the Housing Element, which are the goals, policies and programs, although, as Commissioner Chang mentioned, the detail in the programs, I do not think was available to us at the time we reviewed. But as I review this draft and look particularly at that chapter 5, I see the Planning Commission's imprint on it and a lot of the improvements that we recommended were embraced by the Council and we're appreciative of that. And I noticed one addition I think that we came up with, which I think'll be useful is in the program at the end of each objective you'll see references to the primary goals and policies that are related to that objective and so that cross-connectivity was something that Commission thought was useful and staff put that together. And I do think that's a rather important chapter in the Housing Element because it's really our roadmap for accomplishing the things that we need to accomplish over this next 8-year period. So I was happy that we could participate and contribute that as the Planning Commission group. I don't have any questions of staff at this time and appreciate the opportunity to share my thoughts.

Pat Burt: Thank you. So, Colleagues, at this time if you have questions that you'd like to direct toward Planning Commissioners or based on the staff presentation, we can do so. And then when we complete this part of the meeting, we will have a short break and reconvene with just the Council and hear from members of the public and then come back for our own deliberations and actions. So any questions that you have of Planning Commissioners or staff? Vice Mayor Kou?

Lydia Kou: Thank you. I also wanna mention my appreciation for all the work that the Ad Hoc and the Planning Commissioners as well as staff, additionally the members of the public as well who have been involved in all of this, so appreciate it and thank you. It's a very difficult decision and to arrive at what you have arrived at today, so again I wanna acknowledge that. I have a question for Mr. Wong. The question about the builder's remedy and 20 percent

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of the residents are for affordable, you said 80 percent but doesn't that also apply to 100 percent and 150 percent if they used the builder's remedy? Doesn't it also apply to the other AMIs, not just the 80 percent AMI?

Tim Wong: Correct. I believe it's up to 100 percent for moderate if they propose moderate income, which is up to 120 percent AMI.

Lydia Kou: And then...

Jonathan Lait: So...

Lydia Kou: ...for the middle income, it would go up to the 150 percent AMI, right? So if a developer comes in using the builder's remedy, it can go up to 150 percent if they have the 20 percent of their units or dwelling units...

Jonathan Lait: So...

Lydia Kou: ...[inaudible 1:30:24].

Jonathan Lait: Yeah. Thank you, Vice Mayor. So there's 2 ways to qualify. There are 2 ways to qualify for the – under the builder's remedy as we've come to understand. And I wanna acknowledge that this is not a provision of law that's been implemented very often in the state, so there's still some learning going on with this provision. But as we understand, the provision to qualify, that if the project includes 20 percent at the 80 percent AMI level, that is one qualifying criteria. The other is if they did 100 percent at 120 percent AMI, that would also qualify. So your scenario where 20 percent is at 80 percent AMI, the rest of those units could be market rate.

Lydia Kou: Okay. So the first 20 would be at 80 percent AMI and the remainder of those could be at 120 or 150 percent AMI?

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Jonathan Lait: There's 2 different scenarios. So one scenario is I'm a developer and I'm gonna provide 20 percent at 80 percent AMI, that's a project. Another scenario is I'm gonna provide all of my units at 120 percent AMI. That's another discrete option that potentially could be available to somebody. The 80 percent and the 120 percent don't mix.

Lydia Kou: I see. And of course, looking at the AMIs, the area median incomes, that's developed by County of Santa Clara and as income in the general area continues to rise or go higher, then these AMIs reduce, right? So there would be more people that – who are at this point, say for example at 80 percent AMI, as income levels go up, the AMI [adjusts 1:32:34], so now we'd have more people who used to be at 80 percent AMI now would fall into – what – 60 and so forth. So the concern now is are we building enough of the low and very low or even in that category because people are just kinda falling behind. So that's – I'm sorry – a comment but a concern for me. The other thing is you mentioned the SOFA area and historical sites. Are historical sites or if they're on a list for historical, are they exempt from – are they not identified in this Housing Element?

Jonathan Lait: So the various state laws that would seek to result in a development based on objective standards typically have a provision that excludes properties that are designated as resources. And so it would depend on if we're talking an SB 330 project or some other project. But typically there's some carveout for designated historic properties.

Lydia Kou: So – okay. As long as they're on the resource list potentially but we would have to develop that objective standard. Is that...?

Jonathan Lait: So the – right. So right now SOFA is a Coordinated Area Plan onto itself. It was never imbedded into the zoning code. And when we went through our objective standards process, we changed the zoning code but there's a whole other process of hearings and procedures that the City has in place to amend a Coordinated

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Area Plan. That piece has not been done yet. So [FB 35 1:34:44], the streamlining provision, SB 330, that's another one that calls for objective standards. Right now SOFA is we could only assess the objective standards if a qualifying SB 330 project were to come in. And a lot of that Coordinated Area Plan has subjective criteria and findings. So there's a need to update that Coordinated Area Plan.

Lydia Kou: [Can I come back 1:35:17]?

Male: [Inaudible 1:35:18].

Lydia Kou: Am I taking too long?

Pat Burt: No. Go ahead.

Lydia Kou: Okay. Thank you for that. So help me – I couldn't find it in the big book but are all our surface parking lots, the City's surface parking lots identified for housing in this element or just how many of them?

Tim Wong: Six parking lots are identified for downtown, 2 in the Cal. Ave., area.

Lydia Kou: Out of how m-, total how many surface parking lots do we have?

Tim Wong: I'm not sure how many parking lots we have in the City. But we specifically looked at the larger ones, larger-sited parking lots and that's how we came out with the 6.

Lydia Kou: So when you're looking at the parking lots, has consideration been given for potential need [in 1:36:11] for staging or for – like what we did at California Avenue for the garage and the Public Safety building? We had to pay rent to somebody else to use their parking lot for staging. I mean are we kinda looking at assuring ourselves that we're not using up all of our public land where we would not have any more use for it in the future? As

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one of the commissioners said, land doesn't grow anymore and we don't have enough land. But I kinda look at this like everything is kinda allocated into housing.

Jonathan Lait: Yeah. So again, I think that the Housing Element Working Group and the PTC spent a fair amount of time looking at these surface parking lots and there was concern about having all of those sites be dedicated toward housing at this time and in part for what – the reason you just mentioned is we don't know what the future holds...

Lydia Kou: Yeah.

Jonathan Lait: ...and what our needs and interest might be. And so there was a subset of those lots, I think 6 in total, that we've identified as potential housing opportunities. So that's – it was intended to be focused in on something that is achievable and would still preserve our options for the other lots going forward.

Lydia Kou: Right. And just to make sure that people understand, these are 6 surface parking lots that is for this upcoming cycle, which is the sixth cycle. There's still the seventh cycle, so kinda start wondering how are we gonna do all of this. ROLM sites is also on the other side of the 101 in the – where the Baylands are. Do we have ROLMs on the other side of the 101? We don't have [inaudible 1:38:06].

Tim Wong: There are no identified housing sites...

Lydia Kou: Oh, okay.

Tim Wong: Yeah.

Lydia Kou: Very good. Thank...

Tim Wong: ...east of...



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Lydia Kou: ...you.

Tim Wong: ...Bayshore.

Lydia Kou: Oh, on the Housing Element, to be compliant or substantially compliant, does the EIR have to be also certified? Is it both the Housing Element and the EIR that needs to be certified or we can just certify the Housing Element?

Jonathan Lait: So before the City Council can take action [inaudible 1:39:36], for the City Council to adopt, you need to have the completed environmental analysis. So we need to finish that environmental review before the City Council can take action to adopt.

Lydia Kou: Okay. So walk me through the process. So tonight we're just saying review, modify, then submit to HCD?

Jonathan Lait: Yes.

Lydia Kou: And when does it come back for us to adopt and to see the EIR as well?

Jonathan Lait: Right. So the state will have up to 90 days to review the document at which time we would expect to get a comment letter from HCD noting areas where there's some deficiencies in the plan. That is the case for every jurisdiction in California to date. So depending on those comments that we receive, we're gonna need to make changes to the plan. And that – and those changes, if they're relatively straightforward that we can implement, we will go first to the Planning and Transportation Commission because they are obligated under state law to make a recommendation to the City Council for the amendment to the Comprehensive Plan. That recommendation will come to the City Council. During that process, we will be completing our environmental review. At this point, we don't know if it's an EIR. We're scoped for an EIR but it may be something else because we have the Comprehensive Plan EIR that we've previously

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certified. So we'll be looking at that document and trying to understand the delta of changes between what was projected in that EIR versus what's projected in the Housing Element. And depending on the results of that, we will prepare the necessary environmental analysis to go forward.

Lydia Kou: Okay. And just one last clarifying question about the builder's remedy for the 20 percent. If the developer comes in with 20 percent of residential units that are affordable, does 150 percent AMI qualify as well as – when you gave the scenario of 120 percent, does 150 percent AMI qualify as well?

Jonathan Lait: I'm not aware of any provision of what we're calling the builder's remedy to – that includes 150 percent AMI. It's either 20 percent income restricted at 80 percent of area median income or it is a 100 percent project, a different project altogether, a 100 percent project at 120 percent area median income, not more.

Lydia Kou: Not m-, okay. I think we need to make sure about that because I think we need to kinda – I think the attorney's office might wanna weigh in on this. But also the 100 percent of residential units that are affordable to moderate income household at 20 percent AMI, that looks like AltaLocale, right?

Jonathan Lait: No.

Lydia Kou: No?

Jonathan Lait: That's a different project. That was...

Lydia Kou: [No 1:41:35]. Would that be something like what...

Jonathan Lait: No.

Lydia Kou: ...AltaLocale – no.

Jonathan Lait: That would not qualify.

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Lydia Kou: That would not qualify?

Jonathan Lait: Correct. And the reason that won't – would not qualify is that they do not provide – that project does not provide inclusionary housing at 80 percent AMI [inaudible 1:41:53] and it does not include 100 percent of the units deed restricted at 120 percent AMI.

Lydia Kou: Okay. [Inaudible 1:41:59].

Jonathan Lait: That project is a market rate project where I think it's 20 percent of the units are deed restricted at a local definition of what Workforce Housing [has 1:42:10] local definition at 140 percent AMI and 150 percent AMI. And to meet the City's Affordable Housing obligation, they also paid into the 15 percent fee that was required for that project.

Lydia Kou: Okay. Thank you for that...

Jonathan Lait: Sure.

Lydia Kou: ...differentiation. But can you please confirm with the attorney's office about the 150 percent AMI [inaudible 1:42:37]?

Jonathan Lait: Certainly will. I think we're pretty clear on it but thank you for that question and we'll follow up.

Pat Burt: Council Member DuBois?

Tom DuBois: Yeah. Hi. First of all, I also wanted to thank Jon, Tim, everybody in the Planning Department, the consultants, the Housing Element Working Committee. As been said, this has been a 19-month project at least at this point. And I just wanna thank everybody for the hard work. I have questions really about some of the new programs that are proposed. On the SOFA change, the goal here would be to have objective standards that basically implement

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this old specific plan. I mean what is – do we have to go back? Are there any other old plans that we would need to do this for or are there any side effects of messing around with SOFA at this point?

Jonathan Lait: Thank you, Council Member. So as far as I know and I welcome being corrected but I believe the SOFA plan is the only other Coordinated Area Plan that we have in the City. So it's – except for the one, of course, that we're working on for North Ventura. The consequences of – or actually I would say more significant if we do nothing because if we do nothing, the subjective criteria that is set forth in that plan, unless we're able to convert it to objective standards, will not be realized or may not be realized in a development proposal because they're not objective. And the state law, depending on if there was a qualifying project to come forward, requires that a developer only meet the objective standards. So we're feeling that we need to up-, for 2 reasons, 1) update the SOFA Plan so that our interests of codifying these subjective standards into objective standards are met. That's one reason. Another reason is it helps with housing production if it is a more streamlined and clear process. And that's the other component of why we think this is an important [inaudible 1:45:09].

Tom DuBois: Okay. But like the work we've already done on objective standards would apply? I guess you would just be looking at the SOFA Plan and kind of seeing if there's any additional objective standards to be added?

Jonathan Lait: I think we would tailor this next effort based on the SOFA standards. Otherwise and we heard a comment or maybe it was one of our commissioners mention we wanna capture all of the good work that was done with that planning initiative and not just unilaterally apply a set of standards that apply elsewhere in the City. So we would take a more tailored approach.

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- Tom DuBois: Yeah. [But 1:45:01] we did have some other plans maybe that had not been adopted but things like a PTOD district? Is there anything subjective in those?
- Jonathan Lait: So that would be – yeah. We can take a look at that. That’s not a Coordinated Area Plan per se. It is it would fall under – most likely it would fall under our objective standards that the Council recently adopted except that in that area, we allow for greater height and density. And so the objective standards that were approved would accommodate that.
- Tom DuBois: Right. Okay. Yeah. Council Member Burt or Vice – Mayor Burt may know about others. On the other program, the way I read it, it basically says that we'll comply with state laws, which we already do. I was wondering why we felt like we needed to add that program. I mean we already update all of our zoning when state laws change [inaudible 1:45:53].
- Tim Wong: So thank you, Council Member DuBois. In regards to this, that particular program, it is more to say that we will be, if you will, proactive in updating it in a timely fashion at a minimum annually to be in compliance with state or federal law.
- Tom DuBois: Yeah. But again, it feels like we do that. I just wonder if – are we committing ourselves – if there were a law that we felt was unconstitutional and the City wanted to fight it, could somebody say well, you're fighting it but you're also in violation of your housing element because you added this program? What is the advantage of being explicit about that versus kind of our past policy, which has been to be compliant with federal and state law?
- Jonathan Lait: Yeah. Understand your question and it may have a few different dimensions to it. And I wanna tee-up Brenna if she has some insight as to what HCD is looking for in that particular program. I will note that we don’t have an annual – we did a 1-time annual effort where I think we probably bit off more than we could chew

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with what we referred to as a [on-the-bus 1:48:21] suite of amendments many, many years ago. And we haven't really come back and done that again for a variety of reasons. But what we do implement is – and you see this most acutely with the accessory dwelling unit state regulations where in that particular provision it invalidates the local jurisdictions ADU regulations if the local jurisdiction doesn't update the standards before the start of the next year. So that's kind of a unique one. And so that's the one that you see and will see again in December on the Council's agendas. But otherwise we amend the code as we're able to, not necessarily annually unless compelled to do so. Brenna, did you have any other insight?

Brenna Weatherby: I mean I think just really HCD is looking for that commitment. So requiring that program forces the commitment of jurisdictions to make those changes. Palo Alto makes those changes on a regular basis. Not all jurisdictions do. So it was easier for them just to require across the board that sorta program rather than not requiring it and not getting that commitment from some of the jurisdictions that don't follow through with that.

Jonathan Lait: And I don't – the City Attorney has stepped away to provide visual access between the commissioners and the Council but when she returns could probably speak to the legal question that you had. I don't believe that we would – I would think that we would be able to do both things if we were finding that the state law conflicted with some constitutional right or other assertion that the City might make.

Tom DuBois: Yeah. Okay. It just seems really strange. State law already supersedes City law when necessary and having this additional requirement, I'm still not clear why they're asking for that. And then the last one, I just wanted to get clarity on the Lot Consolidation Program and maybe it was just the way it was worded, it – are we saying that people would get the benefits listed there, smaller setbacks, less open space only when they do

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a lot consolidation or – because there seem to be – I don't know if you wanna pull up that side. It wasn't clear to me the way it was worded if we were just giving away smaller setbacks, less open space. Were we requiring a lot consolidation or was that applying kind of across the board?

Jonathan Lait: So there's a couple of things going on. We – Tim had spoken about the Housing Incentive Program and that is something that we are working on and will need to implement in 2024 or by 2024. We're not reliant on those numbers for RHNA per se but we are – have identified some of our standards as perhaps being a barrier to housing production. And so we wanna use the Housing Incentive Program to reduce or eliminate those barriers, which will include, I would anticipate changes to height, changes to setbacks and some of the things that you see noted in this program. And there will be a public review process before the Planning and Transportation Commission and the City Council, before anything like that would ever get implemented.

A similar concept is looking to be employed for lot consolidation and there is some details that obviously still need to be worked out. But the – we want the property owners who own different lots to see that the City is – really wants to see housing here and that their cooperation to merge the parcels or sell the parcels or in partnership join the parcels to produce housing, housing that would be economically an incentive for them to do so, so we – if they consolidate, they would be subject to this. And I believe we're even exploring some kind of a sliding scale potentially of incentives based on the size of the lot or the number of lots consolidated. So those are some details that we'll need to sort through.

Tom DuBois: So if you could pull up Slide 16. Just wanna make sure I understood what you just said. The Program A, Lot Consolidation, there's nothing in that paragraph that says you're consolidating lots. Are you saying that that just applies to all lots?

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- Jonathan Lait: So there's 2 A's – I apologize – on the slide [inaudible 153:56].
- Tom DuBois: The one at the – the Proposed Program A, Lot Consolidation, the first paragraph.
- Jonathan Lait: Oh, okay. There's 3 – actually 3 A's.
- Tom DuBois: A lot of A's.
- Jonathan Lait: Okay. So in that first paragraph, your question is is this limited to just consolidated lots?
- Tom DuBois: It doesn't say. I mean the title of it is Lot Consolidation but it doesn't say you get these things when you consolidate lots. It just...
- Jonathan Lait: No.
- Tom DuBois: ...says...
- Jonathan Lait: Yeah. We...
- Tom DuBois: ...[inaudible 1:54:27].
- Jonathan Lait: That would be the intent, is that if you consolidate lots, you get these benefits, not just if your lot's already 10,000 square feet, you don't get these benefits. Though, there may be some zoning changes that we recommend based on the analysis that we're doing...
- Tom DuBois: Okay.
- Jonathan Lait: ...separate from this program.
- Tom DuBois: [Inaudible 1:54:44]. Okay. Yeah. If you could just be really clear and I guess, like you said, it just needs a little more flushing out. Okay. Thank you. Those are my questions.



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Pat Burt: Council Member Stone?

Greer Stone: Thank you, Mr. Mayor. I had the opportunity to serve on the Housing Element Ad Hoc, so I had the opportunity to ask and have most of my questions answered through that process. But I have a few more questions. But first just want to again kinda thank staff, especially Tim. You are wonderful to work with through that entire process, so I thank you for breaking it down into simple terms, being able to work with us, answer our questions as well as work with the community. You took a process that I thought was going to be absolutely dreadful and turned it into a very pleasant one. So I thank you for your leadership on that Working Group. Was as incredible PTC. I mean I was like Commissioner Summa [when I thought 1:55:37] – when we started this activity of having to identify over 6,000 housing sites, I thought we had as much of a chance of identifying those sites as I did in getting Taylor Swift tickets, which was zero, so unfortunate. But we found a way to be able to identify those housing sites, so I think that's really incredible.

And in addition to identifying those sites, some of the policies and programs that we're putting forth have been long overdue, things like the Palmer Fix opportunity to be able to ensure that new affordable housing [inaudible 1:56:18] required to have a particular percentage be below market rate is going to do a lot. And I'm also grateful for certain things that the state is requiring a lotta cities to do. I think the Affirmatively Furthering Fair Housing clearly is going to be a challenge but it's something that we and others had not been doing enough for and I think this is an opportunity for us and the rest of the state to be able to address those challenges. So I think there's gonna be a lotta good here. I also, of course, have my frustrations as well, which I will hold off until we get to more of our comments. But first I did wanna just thank everybody involved in this. Impressive that we are at this level. So just a few remaining questions. Kinda going back to this AMI discussion with the builder's remedy, the one

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thing I wanna be clear on for the AMI, do we know is that county AMI or is that the City AMI?

Tim Wong: Council Member Stone, that would be county...

Greer Stone: Okay.

Tim Wong: ...AMI.

Greer Stone: Thank you. Then so if a city is determined to be out of compliance by a court – this may be a question for our City Attorney – I understand that the Court must then issue a particular remedy. They have a menu to choose from. But ultimately it strips a jurisdiction of local control and essentially permits, my understanding, all housing projects essentially by right. Do we know is there an affordability requirement for those housing projects by right under that court-issued remedy?

Jonathan Lait: So maybe before Molly responds, let's – do you have the 3 remedies? I think it's in the Staff Report. So let's go over those 3 remedies. But I wanna preface remarks by saying long before that happens, I would expect that the City in consultation with HCD will be working toward a solution before it even got to that area where there is a dispute and a dispute such that we're dealing with this at a court level. So do you have the 3? Okay. So Molly's got the 3 and I believe they are up to the court's discretion.

Molly Stump: Right. So the short answer is we'll have many opportunities and we will make many efforts and we will not find ourselves in this position. But it is worth understanding what the consequences could be if we were not to do those things and that's why we have clearly [inaudible 1:59:16] Staff Report. So the remedies that are available to the court are suspension of the authority to issue building permits or related permits and that can be for any kind of building, even including a residential remodel or an installment of a heat pump water heater, for example;

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suspension of the jurisdiction's authority to grant zoning changes, variances and map approvals; and then mandated approval of residential housing projects at the court's discretion. So the court can essentially step in for the planning function.

Greer Stone: Right. But more specifically when the – if the court were to step in – and I love to hear the optimism from staff that we're not gonna get to that point. I don't anticipate we will. But in that circumstance if the court were to step in, do we know is there any type of affordability requirement that is a part of that? 'Cause I mean from here, it just looks like they strip local control. I think one of the things that we offer as a City, which I am not seeing included in much of these state offerings, is greater affordability requirements. Do we know are the courts going to remove those or require a particular threshold of that?

Molly Stump: Right. We don't – they're not required to...

Greer Stone: Okay.

Molly Stump: ...and the court's remedial authority is very broad. This initial what's been called the builder's remedy, so this initial ability of a owner/developer to propose a project does have affordability requirements, which were discussed earlier...

Greer Stone: Right.

Molly Stump: ...in response to the Vice Mayor's concerns.

Greer Stone: Okay. And then, Director Lait, just one final question to you. I know we've – I've asked this question but I think good for just kind of to ground us in our conversation tonight as a reminder, how – what percentage of the time does the state meet its market rate housing goals each year?

Jonathan Lait: The state or the City?

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Greer Stone: How about both?

Jonathan Lait: I don't know that I can speak for the state. Brenna, I don't know if you've got some information on that. But at the local level, the market rate housing, we've consistently been able to meet those numbers.

Greer Stone: Great. And, Brenna, do you know for the state?

Brenna Weatherby: I do not. I'm sorry.

Greer Stone: No worries. I frequently heard it's about the same, that the state traditionally meets those targets but good to reconfirm that. And then as far as affordable housing targets, what do we see across the board? I know we don't do well at the City level. How about at the state level? I guess has there ever been a year where the state has met its affordable housing targets? Maybe that's the simpler question.

Jonathan Lait: Probably not. But, Brenna, do you have insight.

Brenna Weatherby: I don't know. It's something we could do a little bit of research on and get back to you but I don't know off hand.

Greer Stone: Okay. Not a problem. Thanks. I just wanted to kind of make that point. I think it'll help us in our conversation [tonight 2:02:06]. That's it for now. Thanks.

Pat Burt: Council Member Filseth?

Eric Filseth: Well I was gonna ask exactly the first question that Council Member DuBois did, so that's pretty much taken care of. I did wanna ask on the lot consolidation issue, which it seems like that's a known obstacle but there's a lotta moving parts to change that. And I'm wondering – Southern California's a year ahead of us and this musta come up down there. Is there

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anything we can learn from the experience in Southern California about sort of mechanisms to address this?

Jonathan Lait: Yes. Absolutely. And we've been studying what's been taking place in the SCAG region. Brenna, do you have any particular insight as to some specificity? I think, Council Member, it's along the lines of what we've articulated in the paragraph and the details of which we would need to sort out for the local market. But, Brenna, wanna give you an opportunity.

Brenna Weatherby: I'm sorry. Can you repeat exactly the information you're looking for from...

Male: Yeah.

Brenna Weatherby: ...Southern California?

Eric Filseth: [Inaudible 2:03:16]...

Jonathan Lait: Just solutions toward lot consolidations or mechanisms that have worked in Southern California for lot consolidation.

Brenna Weatherby: Yeah. I mean I think the measures that the City has included in the Housing Element so far are what we have been seeing throughout Southern California and what have been acceptable. HCD's really looking at trends and so if there is that trend of lot consolidation being used to create lots for – to accommodate more units, then they are – they look favorably towards that approach. But again, the specifics behind the program itself are really – what we've included here is really what we've included in other jurisdictions and HCD has received that favorably.

Eric Filseth: All right. Thanks.

Pat Burt: Okay. Lemme just follow up first on a small question on that lot consolidation item. When we're talking about having reduced

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setbacks and reduced lot coverage, on the one hand, I can see that would work very well if you – say we have existing multifamily neighborhoods and we wanna encourage lot consolidation. Currently they have setbacks between the 2 lots. They also have – because that side yard and setback that exists from lot A to lot B, they also don't have lot coverage there. So that's kind of a no-brainer to you've eliminated setbacks between those 2 halves of the property. They're now 1. You have greater lot coverage because you don't have those side yard setbacks. But are you talking here about additional setback reductions that if you combine the lot it means that you don't have a rear setback or a front setback like you formerly would?

Jonathan Lait: Yeah. So what we're – potentially, I guess is the answer. And we don't have the exact provisions because we're still trying to figure out what they are. But what we're experiencing or what we appear to be experiencing is the existing codes do not provide sufficient incentive for 2 property owners to [either 2:05:39] one sell or the other one or partner. So we're trying to find how we could make that a better – more of an incentive to do so.

Pat Burt: Okay. So it's not flushed out yet?

Jonathan Lait: [Right 2:05:51].

Pat Burt: And this is – these are potentially knobs that you would turn but not necessarily ones?

Jonathan Lait: That's right. We're looking at a variety of variables that would make a project work physically and 2) economically.

Pat Burt: Okay. Thanks. And then when we looked at the housing sites at a previous Council meeting, we had discussion about first that we've gone through this process and identified the 6,086 plus an extra 15 percent almost and that's a great achievement. But we also had discussion on 2 other aspects of the site selection. One was a desirability to reconsider certain of the locations, like our

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downtown areas, which weren't selected as sites in part because we'd really have to do some zoning changes to be able to facilitate that and incentive housing in those areas. But they're really desirable areas to add housing. We have to do zoning updates for the other – many of the other housing sites as well. So even though those sites are not specifically included in our inventory, would we need to have – provide any program direction tonight to further staff's focus on including up-zoning in those areas? And I will add that we know that over the course of either the review or the ensuing years, many of those housing sites that we identify could run into obstacles and we'd have to come up with other sites to replace them. So those are additional reasons why moving forward with incentivizing housing in the downtowns still may be a good thing even if we haven't identified them at this point in time in our housing sites inventory. So what action would we need to do tonight to kind of further that process?

Jonathan Lait: So my initial response is you probably don't have to do anything right now and principally because the Comprehensive Plan Land Use Element already has a program to do a Downtown Coordinated Area Plan. So we have that on our sort of task list. It just hasn't been prioritized at the moment. And in that Coordinated Area Plan, I'm sure we would address a number of issues, including housing and where housing could go. If you wanted to provide more direction in that regard, you certainly could add a program to – and we don't have to come up with the language tonight, just general direction would be sufficient – to explore additional sites in the downtown area to – for achieve more housing production. So something like that and we can work out some language details.

Pat Burt: That sounds good because even though it would be ideal to have that up-zoning and zoning changes tied to a Coordinated Area Plan, we have a number of perspective Coordinated Area plans. They're very extensive processes. We've referred to the SOFA Plan process and we've had more recently the NVCAP and

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they've all been 2-plus years. And so I think we should recognize that anything that is going to be subsequent to a Coordinated Area Plan is in all likelihood not going to be giving us near-term results even if we can work to streamline that Coordinated Area Plan process, which I hope we will do.

Jonathan Lait: Mayor?

Pat Burt: Yeah?

Jonathan Lait: Can I just add one more component? So I will also note that the City Council, I wanna say back in June, gave staff direction to apply for a grant or accept a grant for a downtown housing plan. And that's an initiative where we've received a bid and we're gonna come back to the City Council in January. It was a 4-3 vote at the time to proceed on that effort. But the grant of \$800,000, as we noted, was – it's a good grant but it may not go far enough to implement the plan. So the City Council in January or February will have a chance to decide if you wanna pursue that initiative and that would actually fall right into the conversation that you're having about focusing housing downtown.

Pat Burt: Thank you. And then in other perspective housing sites, we have we did identify within the ROLM districts perspective sites which would need zoning upgrades to accommodate them. But we didn't do anything to address facilitating housing in the Stanford Research Park, the 700 acres of low-density development, 0.3 to 0.4 floor area ratio, low-density development on 700 acres when we say we don't have much developable land in Palo Alto. Maybe you heard me say this before but I just wanna get it out there. And those – that Research Park is not identified as for any of the housing sites in the inventory, to my disappointment. But nevertheless, that doesn't preclude us from having housing in that land over the next 8 years, especially if we have to identify additional housing sites because some don't materialize. Currently we have a Conditional Use Permit requirement on housing there.



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That was only enacted in 2006 or 7 really because we were having a wave of housing at locations that hadn't been identified, primarily out in the East Meadow Circle area and others and those commercial lands that weren't near a transit that we had schools overflowing, all those issues. But it was added to the Stanford Research Park, which had historically had housing by right since its inception, just none had ever gotten built there. We certainly have to look at incompatible uses for industrial processes wherever we add housing, so it may not be applicable for all of the Research Park. But if we wanted to begin a process of removing the Conditional Use Permit for housing in the Research Park in appropriate areas, would that be added as a program under tonight's discussion or what would be the process to do that?

Jonathan Lait: Yeah. So I think – thank you, Mayor, for that question. I think I'd wanna take another look at our programs. I believe it would fall under a program as an implementation objective or action to rezone [RP 2:13:58] to permit housing as a permitted use as opposed to a conditionally permitted use. I don't think we would need a full program but rather slide it in to an existing program. In fact, we have a program dealing with Stanford lands. We'd probably slide it under [that one right there 2:14:13].

Pat Burt: Good.

Jonathan Lait: [Inaudible 2:14:14].

Pat Burt: And that would only be for portions of the Research Park where we didn't have incompatible uses?

Jonathan Lait: That's right. We could include some provisions about that as well. And then again, just like any of these other implementing policies, there's a public process, Planning Commission, City Council before anything would get adopted.

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Pat Burt: Okay. And oh, and now I'm running long. Well and lemme just add one other question that I'd brought up at a previous meeting and that's really related to the Affirmatively Furthering Fair Housing or the AFFH component. And I just wanna commend the thorough report that's the final segment of the element. I do have a number of small comments on it to just make it more accurate, which I can provide some of that offline. But one issue that I brought up before is the potential for us to have within our affordable housing eligibility requirements for qualification for the wait list basically is a preference for historically disadvantaged communities. And so if we wanted to include that within our element here, this section, would that be appropriate to add tonight as a program under the understanding that City Attorney had clarified that we'll have certain legal constraints on what we can and can't do there but a program within those legal constraints?

Jonathan Lait: So yes. We do have that program dealing with AFFH and we would certainly consult with the City Attorney's office and our consultants to develop some language that could capture the City's interest. If you do wanna do that, that would be helpful to have that as part of a motion at the end of the evening directing staff to incorporate that.

Pat Burt: Okay. Thank you. All right. So that concludes this go-round of questions and our portion of the meeting with the Planning and Transportation Commission. I wanna thank all of them for their hard work on that. We're going to take a short break and then we'll come back and take public comments and then go into our deliberation and motions. So it's 7:06 and so we'll reconvene at 7:15. [background conversation] So at this time, we will begin. We're reconvening the meeting. Okay. At this time, we'll open up comments from members of the public on Item Number 9, our Draft Housing Element. And let's see, we have 7 speakers so far. Oh, and I see it has 5 minutes [instead of 3 2:27:56]. All right. Our first speaker is Hamilton Hitchings to be followed by Liz Gardner. Welcome.

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Hamilton Hitchings: Thank you. I'm a member of the Housing Element but this is – Working Group but these are my personal comments. I just wanted to start by giving a shout-out to Tim Wong who has led this process from the staff, who did a great job not only with his leadership but also with facilitating the conversations during our working groups, and also to Jonathan for providing a lot of insightful expertise. I have 3 comments. The first is about building affordable housing over parking lots. It's one of the few opportunities for the City to directly create very low income rental units in Palo Alto. The City Council passed a motion that said these sites need to contain 100 percent affordable housing but there's no minimum percentage in the Housing Element nor in the RFP the City's issuing. I understand that City Staff is concerned that the current density of 50 units per acre would not pencil out as a self-supported project and, thus, are considering other uses than below market housing. However, the goal is to attract funds for affordable housing for nonprofits, state and federal to complement our use of public lands.

And not doing so would be a huge missed opportunity that results in less overall below market housing in Palo Alto. So I ask Council to please add a minimum percentage of 100 or at least 75 percent below market housing to Program 1.4A, [allow 2:29:39] for higher density than 50 units per acre for these projects and require a robust outside funding component. My second comment is about Stanford property at 3300 El Camino, which will be up-zoned to 60 units per acre for housing. Please do not allow them to also build office on top of that higher density housing as this just erases the affordability gains for this project. Please do this by updating Project or Program 1.5C. And lastly, the GM and ROLM zones near 101 and San Antonio are ideal sites for new housing because they are large and, thus, allow economies of scale while going higher has minimal impacts. They're also older buildings, which are much more economically viable to tear down and rebuild. These sites are biking distance to Google. Almost all housing in Palo Alto comes from

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redevelopment and these sites are very suitable, so please leave them in the Housing Element. Thank you.

Pat Burt: Thank you. Our next speaker is Liz Gardner to be followed by Lauren Bigelow. Welcome.

Liz Gardner: Hi. I hope I get 10 more seconds like Mr. Hitchings did. I would like to, I guess, debate what Mr. Hitchings said as far as the ROLM District. Is he assuming everybody's gonna be biking to Google in the ROLM [COM 2:31:13] industrial area? I'm really confused by that. So what does our service workers do for you, give you and your lives? Where is our City economy as it relates to planned and pipelined home projects? What is meant by "affordable"? Define please. There's been an ask for the City Development Department to actually define what affordable is. At this point, it is a 100 and about 135 to \$160,000 to rent an 800 square foot 1 – 2B, 1 bathroom apartment on Alma. So it is absolutely necessary that we have a rent stabilization for the health and safety to guide our community grow and belong as active members and residents of the City. Paying 50 to 75 percent of our income to rent is totally unacceptable.

Taking or removing housing sites from rich transit, climate-friendly, close to walking and shopping areas, like Fry's site, which is an RM30 zoned area 30 years ago or University or Cal. Ave., surface City-owned parking lots, these are absolutely necessary to develop housing. Service workers who support the local high earners subsistence are getting the short end of the sticks. And our – there's 4,000 homes being pushed onto a sea level rise, climate unfriendly, on a freeway and 1½ miles from schools, public transit, City services, public parks and playgrounds, libraries – is not the answer. ROLM [COM] and industrial are far from feasible for climate change, children, elderly, disabled. This site is far away from City centers on a high vehicle traffic areas, pollution for vulnerable populations with health challenges as well as no development plan for a planned community that connects residents to City services, which are in

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place to serve residents. Why is the City removing wealthy, climate-safe areas from the City center? Service workers are very much living on the edge. Please address this as we move forward with this Housing Element. Thank you.

Pat Burt: Thank you. And our next speaker is Lauren Bi...

Lauren Bigelow: ...and Commissioners, thank you for the opportunity to speak and thank you to staff for all their hard work on the Housing Element. My name is Lauren Bigelow and I am the Board President for Palo Alto Renters' Association or PARA for short, which was formed in 2020 as a response to lack of renter representation and Palo Alto's civic discourse. After reading through the demographic information and the Draft Housing Element, I was surprised to see the information and figure [ES5 2:34:31] on Page 18, which showed that our renters have a significantly lower median income than renters across all of Santa Clara County, meaning that many of our renters have a higher need and are at greater risk of displacement than renters anywhere else in Santa Clara County. So I crunched some of PARA'S numbers. Last year, we counseled 44 individual households for a variety of reasons. This winter, we helped mitigate the mass evictions at Lane Court, which impacted more than 100 Palo Altans. And this year, we've counseled more than 30 individual tenants thus far. Considering that we do this as a young nonprofit with a small staff and budget coupled with the fact that there are 11,764 renter households in Palo Alto, the City's objective to educate 20 tenants and landlords annually seems like it is missing at least 1 if not 2 zeros.

Educating 20 renters and landlords is less than 1 percent of renters alone and fewer renters than we counsel annually. Renters in the City deserve to understand their rights and feel like less of an afterthought in this planning process. While there were protections included in the last 3 pages of the Housing Element, there were no identifiable metrics or milestones about how these programs or policies would be achieved or even

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definitions in terms of what these programs mean. I personally recognize many of these terms because I spent 2 years with the City studying and recommending these renter protections. But it should be more comprehensible for all Palo Altans and not require years of study to be accessible. As we think towards the future with the Housing Element and where these 6,086 state and mandated units will go, consider that many of these built units will be rental units, which will bring us even closer to a renter majority. We need to do more both to keep our renters housed and to build more housing so that we can follow through with our desire that Palo Alto be a diverse and inclusive community with an affordable cost of living. Thank you very much. And I look forward to hearing your discussion tonight.

Pat Burt: Thank you. And our next speaker is Stuart Klein to be followed by Greg Schmid. Stuart Klein?

Stuart Klein: Yes. Can you hear me now?

Pat Burt: We can.

Stuart Klein: Sorry. Good evening, Council Members and Staff, and thank you for the opportunity to speak. I'm Stuart Klein from the Campus for Jewish Life. The campus is the large structure on San Antonio Road and contains Moldaw Senior Residences and the Oshman Family Jewish Community Center. We urge the City to comprehensively plan for safety and amenities. Specifically at East Charleston and Fabian Way there's a need for bicycle safety due to the 101 bike bridge and Castilleja High School and also for pedestrian safety because seniors from Moldaw walk in the neighborhood and many of them walk slowly and use canes. Thank you.

Pat Burt: Thank you. Our next speaker is Gregory Schmid to be followed by Bob Moss. Welcome.

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Gregory Schmid: Good evening. Why is a written and verbal response to questions in the Housing Element important? Because Packet Pages 98, 99 state clearly the questions formally submitted by tonight will receive a written response from the City and possibly HCD. PAAS has raised 5 written questions. [The basic] [inaudible 2:39:05]. They concluded that aggressive concentrated jobs and housing growth in already jobs-rich areas, like Silicon Valley, was to be the basis of their forecast. Be explicit in how the world has changed dramatically since then. 2) Note the state has ruled there could be no public discussion of reducing job growth during the 8 years of the housing cycle. Will this affect compliance goals of business, builders, owners? 3) There is no written commitment of the 3 biggest gainers from concentrated job growth – big businesses, state government and Stanford – to pay their fair share of affordable housing and infrastructure costs. What share will residents pay of these affordable housing and infrastructure costs? 4) Clearly concentrated housing near jobs means less family housing. Put out an annual list of the share of new housing that's 2 bedrooms or more. Finally, HCD threatens to override local zoning control and reduce participation of local citizens in decision-making to protect the financial interest of the state and businesses. Why? Please make sure that the Housing Element is explicit in protecting local participation of citizens in their government. Thank you.

Pat Burt: Thank you. Our next speaker is Bob Moss to be followed by Mohamed Chakmakchi. Welcome.

Bob Moss: Thank you, Mayor Burt and Council Members. One aspect of housing in Palo Alto that seems to be overlooked is the hundreds of existing vacant housing units. And lemme give you some examples. There are 2 on [Oram 2:41:48], 4025 and 4045, which have been vacant for more than a year. 778 Los Robles has been vacant for more than a year. And there are dozens more in Barron Park I can identify in Ventura. So there are 3 options we – I think we have for addressing all those vacancies. One of'm is count them against our housing mandate. They're housing. We're

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supposed to be providing housing. The housing is there. It's not being used. Let's count it. Second, as some cities in Santa Clara County have already done, fine the property owners who have left these properties vacant for more than a year. I'd say a minimum of \$250 or \$500 a month and after a year double it. The third option is we have some surplus in the City's budget.

We might be able to buy some of these housing units and do 2 things with'm. Resell them to market rate or use them as housing for our unhoused people that we are looking for places to put right now. But if we're going to properly look at the housing issues in Palo Alto, we should look at every aspect of not just building new ones but using the ones which have been in existence and basically ignored by their property owners for years. They're there. They're assets. We should use them. Another thing we can do, of course, is to build housing on the upper floors of retail, as an example. It's a nice thought but it hasn't worked very well. In 1975, when the El Camino Design Guidelines were adopted, we said we'd put housing on the upper floors of retail. In the 45 years since then, only about a dozen such units have been built. That's inadequate. I think we should do more to build housing on upper floors of retail. Thank you.

Pat Burt: Thank you. Our next speaker is Mohamed Chakmakchi to be followed by Amie Ashton. Welcome.

Mohamed Chakmakchi: Hi. Thank you very much. My name is Mohamed. I am a local teacher. I've been teaching here in the Bay Area for about 17-18 years mostly in Palo Alto and in Mountain View-Los Altos. And I'm really interested in the work of the Council and what you guys are doing in terms of renter protection first of all. And as someone who's in education, we have a pretty tough job. We serve our communities and we make sure that the kids are learning. And it doesn't just happen because we have magic fairy dust that we carry around. We go – we carry – we work by putting up milestones, metrics, really focusing on when things are actually gonna get done, setting dates, who's gonna do it,



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how's it gonna get done. And these are very, very detailed plans that we create in order to make sure that your children get the education they deserve. The State of California has said Palo Alto needs to do some things and I'm concerned because it just feels really wavy gravy, like I'm not seeing – like where's the hard data? Like when is this stuff gonna come out? What are your decisions? It seems like just very gray and nebulous and that to me is very concerning. I can tell you in public education, that kinda stuff just wouldn't fly. It just wouldn't work.

Your kids wouldn't get an education. The other thing I wanted to mention is I'm really, really interested in seeing more housing in this area. Last year, as a teacher here working in Greene Middle School, we lost our housing in the middle of the school year. The landlords did not care. And Project Sentinel sadly did not know the law and I had to find a private – I had to pay for a lawyer to tell their lawyer, oh, you're breaking the law. And then I was able to stay for a few more months and because of the grace of God and the help of PARA, I was able to find housing. Otherwise I was looking at living out of my van, which is a really tough thing to do when you're teaching students. And so I really, really hope that you guys take seriously the idea that more housing needs to go up and it needs to be focused on – well. Let me back up. A big focus on that should be on protecting the people who are serving your community and so I just – with that, I think you. I know you're all doing your best and you're doing hard work. I do hope that, like I said, that we can get more specific information so that this whole process just – it just doesn't feel very transparent for me. Thank you.

Pat Burt: Thank you. We're now going to be closing public comments. Our next speaker is Amie Ashton to be followed by Emily Ann Ramos. Welcome.

Amie Ashton: Honorable City Council, Staff and Committee Members, I'm very excited to see Palo Alto outline concrete steps toward providing additional much needed housing. As a professional planner

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myself, I understand the amount of work, compromise and late nights involved in getting this Draft Housing Element across the finish line. So we should applaud that. I'm speaking tonight as an individual but am working collaboratively through Palo Alto Forward with a group of local citizens to prepare a comprehensive comment letter on the Draft Housing Element. We all want to see Palo Alto succeed in its lofty and difficult goal to build over 6,000 housing units in 8 years. Our group fully supports the policies that aggressively promote construction of new housing units and we will continue to support Council and staff as the Housing Element is implemented and sites are rezoned to accommodate these actual units. As Mohamed just mentioned, that's where the difficult work is actually done and where we need to focus on efforts – excuse me – focus our efforts. The Draft is just a start of making Palo Alto a stronger, more equal, more sustainable community. I'm excited to see this through the process. Thank you.

Pat Burt: Thank you. Our next speaker is Emily Ann Ramos to be followed by Winter Dellenbach. Welcome.

Emily Ann Ramos: Thank you. Can you hear me?

Pat Burt: Yes, we can.

Emily Ann Ramos: Wonderful. Mayor Burt and Honorable Council Members, my name is Emily Ann Ramos with Silicon Valley At Home. We plan on submitting a more comprehensive letter. [Silicon Valley At Home 2:49:14] was proud to be a partner with the City in the partnerships for the Bay's future grant for the last 2 years where together we undertook significant work on exploring tenant protections that meet the needs of your residents. This work is referenced on Page 5-37 or Program 6.6, Fair Housing, Section G. We support this section. But we believe that the City should provide a more in-depth timeline for these policies as the City has already started on building these policy details thanks to the

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extraordinary work by the staff and the leadership of this Council.

You have already done significant work to set up plans and metrics for these policies, such as the Tenant Relocation Assistance, which you passed earlier this year; Eviction Reduction Program; the Rent Survey, we're going through that through the Policy and Services Committee right now; Security Deposit Limit; Fair Chance Ordinance; and the Right to Counsel. The time frame given as begin implementation December 2023 does not reflect the work that you have already done and we believe that you deserve credit for that work. So we ask that you put a more in-depth timeline and the metrics that you have already started gathering for the Housing Element. We look forward to working with you to take these policies to the finish line. But we thank you for your leadership on tenant protections and believe that you should really take what you have done and put it into the Housing Element so you could get proper credit for that. So thank you so much for your time. I look forward to seeing what Council does tonight.

Pat Burt: Thank you. Our next speaker is Winter Dellenbach to be followed by Penny Ellson.

Winter Dellenbach: Hi. Thank you all for your good work on this. I agree with Hamilton Hitchings. Right into the housing – into this element, the City-owned sites, such as parking lots, should only be used for 100 percent BMR projects. We just heard tonight from staff that our City consistently meets its market rate housing goals. It's affordable housing that we need. It would be a shame to squander City-owned sites for the Housing Element on mostly market rate housing. It's nothing new to any of us here that developers say oh, something won't pencil out. We need to set aside these sites, groups, nonprofit developers, such as ALTA Housing and with our increased impact fees going into our Affordable Housing fund, hopefully can build what we actually need in this town, which is affordable housing. And these sites

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should not be just given to – or not given to – but the market rate developers build on this site. And you have to write it in or it's just gonna go through our fingers like sand. So please do that and ensure that we're using these sites properly. Thank you very much.

Pat Burt: Thank you. Our next speaker is Penny Ellson to be followed by our final speaker Aram James. Welcome.

Penny Ellson: [Thank you 2:52:54]. Can you hear me?

Pat Burt: Yes, we can.

Penny Ellson: Thank you. I'm Penny Ellson speaking as an individual. I just wanna say first of all that I appreciate the – and noticed the City's request to VTA for transit service planning on the San Antonio Road corridor. I think that will help with the housing that's planned in that area but it's not enough. And I want to say – I wanna add my voice to the earlier speaker who asked for bicycle and pedestrian improvements to the San Antonio corridor. This is gonna be necessary if you're putting housing on the south side of that corridor. Children are gonna need to get to school. Families are gonna need to get to community services, which are on the other side of the road and they're not always gonna be able to do that with cars. [coughing] Excuse me. Sorry. This new level of density was not envisioned in any comprehensive plan to date and so this part of town is extremely ill-equipped to support it. An area plan is absolutely needed. I wonder what will happen with the traffic that is going to be generated by all this housing when grade separation construction occurs.

We've had lengthy discussions at the City Council Rail Committee about grade separation, traffic studies. We're already – a couple of the options already showed intersections are gonna completely fail. I just wanna understand if this housing needs to be incorporated in the traffic studies for these major projects that are moving forward in roughly the same time period. So we

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need to be thinking about what we're doing here more holistically for South Palo Alto. And I guess for the moment, I think those are the 3 things. Oh, and one last thing is Cubberley. The City has been not taking action on Cubberley for a very, very long time and clearly there is going to be – if we're adding this level of housing to San Antonio corridor, there's clearly going to be increased demand for community services. People who live in small spaces need recreational spaces even more than people who live in single-family homes. We are going to need to redevelop Cubberley in short order, so let's get on it and that should be part of the area planning process. Thank you.

Pat Burt: Thank you. And our final speaker Aram James.

Aram James: Thank you, Mr. Mayor. So I know that you were talking about putting in language that talked about set aside housing in the general – in the Housing Plan but using the word historically disadvantaged. That really bothers me. You remember the award that you spearheaded for Bob Hoover from East Palo Alto, who – the golf program for youth. He's been working there for like 25 years and now in his late 80s. He wasn't historically disadvantaged. He told you he got a master's degree at Stanford in about 1968 and he came over to Palo Alto to try to buy housing here. He's a black man, very accomplished individual. You made sure he had an award. So I think that's the wrong term. These were historically intentionally deprived of housing, redlined out of areas based on their skin color, straight up racism. So I think, Mayor Burt, I know you're on the same page with me on this but don't be afraid to offend some people by using the real language. This City has promoted segregation.

We need to do a certain percentage. And I think 20 percent at least of the Housing Plan, the Housing Element for African Americans, another 20 percent for other people of color that have been treated by this City in a despicable fashion, the redlining, the restrictive deeds, all of that. And to use historically disadvantaged, that's just not what it was. It's been intentional,

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purposeful discrimination just like this police department in the City of Palo Alto, same thing. We don't have equality in any of the major services. We've got to come to grips with the racism and you can do it by making this Housing Element – also I believe that the school teachers and I do think people put in plan. I mean Greer Stone, look at the amazing thing he does. [Two adult 2:57:48] school teachers. He's on the City Council and he found time to be on the Housing Element. He can talk to the metrics that Mohamed might not think went into this discussion.

I don't think it's a lack of effort. I just think you folks are not dealing with the reality of racism in this culture. We've gotta shift the culture. You can do it by housing people. That's a huge priority. Let's bring back the black population that's been sent out. Let's – pushed out of this community. Let's make sure that the cops have to live in Palo Alto and housing here so they're part of the community, service workers, the teachers, all of that sort of stuff. And if we don't have that into that plan, well God bless us. Thank the *Post* for putting out that piece on the builder's remedy. That's what we're gonna be facing if we don't put this kind of planning into it for equality for all in the housing and forget the market housing – the market rate housing. The *Post* piece says we did not approve 1 low-income house this year permitted for very low-income housing. That we should be ashamed of. Okay. Thank you much.

Pat Burt: Thank you. So that concludes our public comments. And we'll now return to the Council for discussion and I suspect we'll have a fair amount of additional questions in discussion before moving forward to motions. So who would like to go first? Vice Mayor Kou.

Lydia Kou: I guess I will. I was noticing in this Housing Element there were – I think that we should add in to this Housing Element the Auditor of the State of California when it issued the Regional Housing Needs Assessment Audit. I think that should be included in to Chapter 2 when it goes in to the Regional Housing Needs

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Assessment. The other thing is the – in the 6-cycle RHNA, there were inaccuracies as to the number of housing units needed. In 2019, McKinsey & Company threw out the need for 3.5 million housing units by 2025. They used the wrong housing model. And I think that there is a debate on that where Embarcadero Institute had issued a report analysis about that. And I think that that should be something that should be added in there because it does convey that there has been wrong analysis and also housing figures that were just put out and using wrong models. The other thing that supported the Embarcadero Institute's research paper was Freddie Mac's research and perspective paper highlighting that the entire United States housing shortage number to be between 2.5 million to 3.3 million and that is the housing supply shortage.

Their paper is called *The Housing Supply Shortage: State of the States – Freddie Mac*. So I think that is another collaborating document to the Embarcadero Institute's document that should be also added in to the Housing Element. The other document that I think that should be put in there in order to have all the facts in this report is the Department of Finance's California population, which has declined by 173,000 persons between July 1, 2020 and July 1, 2021. And that is actually another report. It's E2 – California County Population Estimates and Components of Change by Year. Another report by the Embarcadero Institute is the double counting in the latest housing needs assessment. That should be included due to Senate Bill 828. It was also a bill that was cosponsored by the Bay Area Council and Silicon Valley Leadership Group, all advocates for the tech company and big business. This is all just to raise the count, the numbers for the housing need and it's inaccurate. So I believe that those are some of the documents that should be added. The other thing I also wanted to add in there is in October 2022, this year, a study session in San Jose, which shows the cost of residential development in San Jose, so they've actually had a study session.

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They had a report done and it shows and confirms that for multi-residential for – to build a unit, it will cost almost 800,000 in order to do so. So I guess what I'm looking at is where is the money? All of these mandates, including this Housing Element that the state is forcing or HCD is forcing onto cities is actually unfunded. And I hear people talking about public and private partnerships. When it comes down to it, in order for a affordable housing to be built here in Palo Alto, like Wilton Court, money from the City was put forward. So not to acknowledge that in this report just does not let HCD or legislators know that it's a impossible task. It's a impossible task to build housing and developers are not gonna want to build below market rate because it doesn't pencil out for them. And even with the market rate, they're not – they're still asking for higher density. Building more forced up-zoning also results in the need for higher levels of services, everything from police, fire to park rangers and librarians, everything and the state is not providing the funding for these incremental costs either.

So I think that the City should be looking to make sure that we recoup all that costs and take legal action to force the state to pony up. Without subsidies, we give out an – especially since the redevelopment funding and the Great Recession, the state does not have funds needed to fulfill even the RHNA Affordable Housing goals. The Sixth Cycle RHNA goal is 1 million new affordable housing units in the next 8 years, a cost of 800,000 each. The total bill will be 800 billion. Even with widely optimistic assumptions, this cost cannot be reduced enough to be realistic. Like I said, where is the money coming from? The governor reports that there was a 97-plus billion surplus. Of the state's total 308 billion budget, only 2 billion has been appropriated for housing investment and that is 1 billion for homelessness and 1 billion is for shelter. Where's the money for housing? But just this week in the CalMatters reports in the summary that California's projected 97.5 billion budget surplus have failed to materialize and the state now faces at least a 25 billion deficit and it will require major adjustments to the budget.



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So where's the money? And then the governor by signing SB 330 declares a statewide housing crisis and for a 5-year period freezing nearly all development-related fees once a developer submits a preliminary application, including essential project-specific fees. So it freezes fees. It does not allow us to access these fees or even to look at new fees even for affordable housing. So again where is the money? I also wanted to say in the presentation that we received tonight, one of the programs says to send this plan to the water suppliers. So when it comes down to it, even with water shortages, we're supposed to build even more and so raising costs for most of the people who need to use the water. I mean there's flaws in this plan and not with you guys, not the staff. No. You guys are all kinda put on a really difficult path by what the state is mandating. So I wanna submit that I would like to see these reports included in to this Housing Element just so that we have record here. Thank you.

Pat Burt: Thank you. Council Member Stone?

Greer Stone: Thank you, Mr. Mayor. Yeah. I wanna kinda follow up on some of the points that the vice mayor was making and it's [inaudible 3:07:53]. I find it really absurd that most jurisdictions are not receiving certification after their second review and because of this, my understanding is HCD is even recommending jurisdictions plan for a third review and that's just insanity to me. I mean I think the state has created a system where cities are destined to fail and we're looking at Southern California as an example. They've – 61 percent of cities in LA County are out of compliance. That's a 61 percent fail rate. I mean as a teacher, if I administered a test with a 60 fail rate and I expected my students to have to take that test 3 times in order to pass, that's not a failure on them. That's a failure on me. This is clearly a failure on the state. So I think if the state is serious in addressing housing, as the vice mayor was discussing, they would adequately fund it. California is about to become the fourth largest economy in the world. What a shocking statistic that is and something I think we

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can all be proud of but the fact that out of a \$307 billion budget and a \$100 billion surplus, \$1 billion goes towards affordable housing production – I mean don't get me wrong.

I'm really grateful for the money that we have received, especially for Project Homekey. I mean that project – the funding for that project was critical. It's making that project feasible. But just imagine what we could do if we had more. I mean if I'm starvin' and you offer me a slice of bread, I'll take it but if you're sitting there on a king's feast and that's all you offer me, is a slice of bread, that's insulting. It's immoral. And that's essentially what the state is doing. They are offering a slice of bread to communities that are dying for affordable housing and they're not giving it to us. Where we spend our money reflects our values. Clearly our state is not seriously attempting to address an affordable housing crisis. And what they're doing is they're placing the blame and the onus on cities to be able to create that affordable housing. Now, do cities share in the responsibility to create housing? Of course. And can Palo Alto do better? Yes and we must do better. And I'm hopeful that this Housing Element and a lot of the policies that we're gonna be discussing tonight is gonna be able to help us address that, things like [renter 3:10:30] policies, etc. But just as a practical matter, Palo Alto cannot create 3,500 affordable housing units in the next 8 years on our own.

And I think as policymakers we deal with the world as it is, not how we wish it were and we simply don't have the money to construct the amount of affordable housing that the state is requiring. And if we simply rely on market rate housing, which seems to be the state's kind of disjointed strategy here through – and we were to do that simply through inclusion area zoning, we would have to construct 20 to 22,000 new housing units in the next 8 years. That's almost doubling our current housing stock. So would we all be better served if the state acted as a partner in solving the affordable housing crisis? Absolutely. I think rather than continuing to pass just additional unfunded mandates that

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really do nothing to make housing more affordable, so I think the state needs to get onboard and all of us communities have to recognize what is the true crisis here. Is it a market rate or crisis or is it an affordable housing crisis? And as Director Lait pointed out, Palo Alto, we meet our market rate housing numbers every year. I'm sure the state does as well. We have never met our affordable housing targets nor has the state. That is where the true crisis is. I mean I could look around my own apartment complex. There are several vacant 1- and 2-bedroom apartments but they haven't been rented out in months. Why?

You look at how much they're charging for those units and it is an absurd amount. And so I think that's where the real problem is. Of course, market rate production is going to be a tool in getting us there. But I think the state is not taking serious the amount of money that's gonna be required in order to be able to get us out of there and we as Palo Alto can't do enough. One real question – sorry – on – after that rant – I think there's confusion in the community maybe about kind of the policies that are identified in this long report. And if you're just reading the policy, it seems very scarce. It's not fully detailed. Can staff kind of explain sorta what this document is intended to show and where that detail is? I mean, for example, under Tenant Protections on Page 537, lots of concerns in the community as there should be. This is one of those areas where we have to be able to do better. And it just has a few – it says institute tenant protections to prevent anti-displacement, including the following: Relocation Assistance, Eviction Reduction Program, etc. That doesn't give the community much information. Can you maybe kinda talk through the process how these policies are being developed and will be robust policies when they're actually implemented?

Tim Wong:

Thank you very much, Council Member Stone. In regards to the policies, they are policies so they are – they generally supposed to be a little vague but with the purpose and intent that these programs will help carry out the policy. So in regards to greater clarity or transparency on some of these actions, we can tease

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out – for example, using the tenant protections, we don't have to put it as 1 implementing objective or action per se. To get more detail, to provide more information to the consumer, if you will, we can tease those out even more and provide a little more description about, for example what is a Fair Chance Ordinance or those type a things if there is this perception that there's confusion out in the community. We can certainly do that.

Greer Stone: Great. Thank you. And just kind of a quick follow-up to this, can you just respond to some of the community comments 'cause I thought that was a bit concerning to me as well, this idea that a goal of Program 6.7 was reach at least 20 households annually through work with Human Services. That does seem to be a very small number for 46-47 percent of our community being renters.

Jonathan Lait: Council Member, which number?

Greer Stone: Program 6.7. It's on Page 5-38.

Jonathan Lait: [Inaudible 3:15:25]. So I see and it's Implementation Objective A.

Greer Stone: Yep.

Jonathan Lait: Yeah. We can take a look at that. It's not obvious by the way that's written right now but I think it might be tied to funding that we receive and it might be what we've traditionally done with those funds year after year. So let us take a look at that and see if we can clarify that.

Greer Stone: Okay. I'd appreciate it and I appreciate the members of the public who brought that up 'cause – yeah – that seems like a very, very small number. It would be great if only that amount required help but I don't think that is the case. So thanks for some of those clarifications. And that's all I have for now.

Pat Burt: Council Member DuBois?

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Tom DuBois: Yes. So first of all, thanks to the public speakers. We had some good points there. And again, we've worked on this for 19 months. There's been a lot of public participation. There's been 15 meetings of the Working Group, 8 meetings of the Ad Hoc, multiple community meetings, PTC meetings and as well as speakers pointed out, it seems like we have a thousand page Housing Element. And so I mean there were a few comments that the process wasn't transparent or detailed enough. I think we've done what we could. I think it's been pretty extensive and I do hope people will read this Housing Element, at least read the Executive Summary. And I guess for the Council, I think it's really critical that we get this new element in place. This is the final step in what's been a long process. And I think there's probably pieces of this document that we'd all like to change but I would suggest we should probably just view this as a work in progress more than other parts of our comp plan. This thing tends to morph.

I mean when I think back about how many changes we've made in the last 8 years, under the previous Housing Element, we've continued to add incentives and modify our housing ordinances in ways that I don't think we contemplated 8 years ago when we wrote the previous element. So I would just put that out there – that we should expect this thing will morph over time and we should get it in place. In the Executive Summary, it states the goals [to meet 3:18:07] housing needs of all Palo Alto residents through 2031. And as Council Member Kou and Stone kinda pushed on already, we have some really steep challenges to do that. We are a global destination with global demand and it's really driving very high incomes, which is driving high housing costs. And I wanna go back. I appreciated the comments of the PTC Chair, Ed Lauing, when he started with really having a duty to look at providing real housing for real people with a quality of life versus kinda this central planning from the state.

And we do need the state government to release funds for homelessness for affordable housing and [now 3:19:00] the

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Council needs to make sure we maintain a balanced City, places for businesses and housing. We need some light industrial. We need retail. We need R&D space, open space. And finally, I think we need to protect our right to self-determination as a City under the City Charter and we need – that’s kinda the challenge for the Council. In terms of market factors, I think one of the things that was missed in this summary was really the rise of these mega companies that really have had explosive growth. [And 3:19:40] I'm talking about Apple and Meta and Google, Amazon. There’s kind of a passing reference to the internet boom of the 1990s but – and again I know it's just a summary but I'd ask staff maybe to go back and take a look. I think the significance of that high-income job growth really can't be overstated. And I do think if we look at how we're gonna fund the solution.

We are gonna have to tap additional sources and that’s likely to be the higher taxes on some of these mega companies. We're also facing real market constraints right now with inflation and mortgage rates and it seems like the state is not gonna ease up on any of these goals even though the construction industry may not be constructing. So I kinda have a question for Molly. I mean it seems like we may be going to kind of an unprecedented situation where cities are doing their damndest to get housing elements approved and get – 40 to 50 percent of the cities are being rejected. And then we've heard about all kind of legal jeopardy we could be in without having an element. But this seems really like unprecedented. In the past, it seemed like cities were late and they didn’t file their housing elements more on purpose but this seems to be cities trying to comply. I mean do you have any comments on how you think that’s gonna play out or how some of these penalties would apply when a city’s making a good faith effort.

Molly Stump: Right. It's definitely different this time. So I guess I wouldn't necessarily characterize what's going on in Southern California as elements being rejected but they're being returned with comments and the iterative process...

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Tom DuBois: [Yeah 3:21:47].

Molly Stump: ...is continuing for a longer period than I think those cities had hoped. And so I guess you directed your question to me with the thought that isn't there something that the legal system can offer here in terms of redress. And there's a structure to the process that allows for very limited, actually, points for challenges and feedback. And I think the City did a really good job of responding to those structured points. And we find ourselves where we find ourselves and obviously we're not alone. So I think really it's – at this point, it's about working with the State Legislature and looking forward to the next Housing Element in ways that the process might be refined, arguments that might be made about how that process can evolve for the next cycle.

Tom DuBois: Yeah. Appreciate that.

Molly Stump: I know it's not very satisfying. It's the best I've got for you tonight.

Tom DuBois: Yeah. No. I get it. It just feel like a strange situation when you're looking at potential penalties when you're doing your best to pass an element. There's another point in the Executive Summary I think it's worth mentioning is that Palo Alto has really long been a leader in affordable housing. We're still number 2 in the county – Santa Clara County in terms of affordable housing per capita. And I was really looking at a lot of the tables about the burden rate. And again, we do have very high incomes and very high housing costs with an overall 34 percent of the households being burdened under the definition of spending 30 percent or more of their income on housing. And again, it's not really for tonight but I think it'd be good to understand how even the highest income levels how many people are housing burdened when it – perhaps it's even more of a choice. Are people spending more on housing when they have an option to spend less? And I wanna flip gears now and go back. I think,

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Molly, you were out of the room when I was asking about the new program that basically says we agree to comply with state laws. HCD, I guess, is asking for this kinda program. It's making me uncomfortable because we already have an obligation to comply with state law. And my question was [along 3:24:33] we were going through a legal process, would they say well, you also have this other commitment that you said you were gonna comply with all the laws. [What 3:24:42]...

Molly Stump: I don't think – yeah. I don't think...

Tom DuBois: [Why 3:24:43]? What's the [inaudible 3:24:44]?

Molly Stump: Right. So I heard the consultant respond on that. I was actually sittin' in the back during that part of the conversation. I think Palo Alto's pretty rule abiding and so when we need to amend our laws to comply with state law, we do that. But I heard her say that that's not the consistent process throughout the state. And I think these things are not automatically self-executing, so my guess is that the state is looking for all the tools it can get to kind of gain a higher level of compliance, including other jurisdictions that are not as careful to understand their obligations and respond to them as we are. I don't think that it cuts us off from challenging something that we believe violates, say our home rule authority or is illegal for some other reason.

Tom DuBois: Okay. Well and my colleagues have heard me. I'm curious what they think. It feels like we're being asked to do something that we already do and – or expected to do. I think the other thing that struck me as a thread to this Housing Element is we have this [new aspect 3:25:55] of private employee/employer housing with Stanford University restricting usage to a large number of units to its own employees. And I think we should move forward with this element but it's something we may want to think about. Like [if we 3:26:11] really want that to continue. How would we feel if it was Google-only housing or Facebook-only housing as part of our Housing Element? And then the last comment I have



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right now is that I do support the idea that the City property [inaudible 3:26:30] should be used for below market rate housing and if we're not doing that, I really think we should change and do that going forward in terms of [these] [inaudible] [fees 3:26:39]. Thanks.

Pat Burt: Okay. I'll go ahead and wade in. First question: Throughout the report we – especially in the AFFH section, there's a lotta references to the 2016 through 2020 – I forget what's – the survey that's done. What's that called? The ACS. Yes.

Jonathan Lait: Yeah.

Pat Burt: But I didn't see any reference to the current census data. Is there a reason that they used that survey, which is less contemporary than perhaps the census data is?

Tim Wong: I'll defer to our consultant, to Brenna to respond to that question.

Pat Burt: Okay.

Brenna Weatherby: I'd have to go back and look as to why that is. It was likely just when we prepared the documentation that not all of the census data was available. We made a number of updates late in the process to incorporate the latest census data that was available but that may be just be one spot where it did not get changed.

Pat Burt: Well I think it's more than one spot that it – I saw numerous spots where it looked like it wasn't updated where the census data's more contemporary. So...

Brenna Weatherby: That's...

Pat Burt: Yeah.

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Brenna Weatherby: It's definitely something that we can look at to see if the data is available for those portions. But with my recollection, we – the data that was most readily and easily available at the time that those sections were prepared is what is used and referenced. If the – like I mentioned, if the data wasn't available at the time those sections were prepared – we go through a process where we prepare the sections, they get reviewed, we make edits, so it may just have been that those sections were prepared earlier than others. But it's definitely something that we can take a look at and make sure – we'll make sure that the...

Pat Burt: Yeah. I...

Brenna Weatherby: ...most up-to-date information is included before the [draft] [inaudible 3:29:03].

Pat Burt: I don't know when they were prepared but the census data I'm familiar with that stood out to me has been available throughout this year. So I'll leave it at that. And then I did wanna note that in the introductory section it was great that there was added some listing on Palo Alto's not only past historic – or Historic Affordable Housing Record but our current pipeline but it referenced several Affordable Housing projects [in 3:29:52], for instance – but it omitted others in the pipeline. So I don't see the – there's no reference to the Wilton Court Project – yeah. None that I can see on the Wilton Court Project that is just opening. I don't see anything on the 525 Charleston Project that's 50 units. And each of those actually have relevance for the AFFH programs in part because they preferentially served developmentally disadvantaged adults and that's a population that needs particular care. It doesn't reference the Grant Avenue Teacher Housing Project, 110 units. We had teachers speak tonight and we – not everybody's aware of these things and [it 3:31:10] being left off there.

And even on the Buena Vista Mobile Home Park, [it said 3:31:18] preserved mobile home units but it did more than that. It went

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from units that were market rate non-deed restricted but affordable to deed restricted affordable projects and that's an important difference. Next I wanted to touch base on what we talked about earlier on all of the requirements that staff's going to have to update the Comprehensive Plan this coming year, numerous zoning changes, which each of them have to go through significant process and then our multiple Coordinated Area plans that we'd be beginning and have on the horizon. And I know from over the past 2 years or so that having adequate staff capacity to do a number of the things that we wanted to do [to do 3:32:19] really good planning that looks at how we not only add housing but we build communities and services that support those new residents, I don't understand where we have staff capacity to accomplish all this. So is that an additional need that we need to recognize and...

Jonathan Lait: Yeah. Thank you.

Pat Burt: [Yeah 3:32:48].

Jonathan Lait: Thank you, Mayor, for flagging that. And we'll acknowledge that that does keep me up a little bit at night as we go to implementation of the Housing Element when I consider all of the Council priorities that we have for Long-Range Planning Group, which is currently fully staffed and having to make choices about which items that we advance. Right now Renter Protections is receiving our focus but I think there's more that we – [there 3:33:18] would like to be more movement on that. And we share that interest. So I will – we have an upcoming budget cycle and I'll be in coordination and talking with the City Manager's office and our staff to understand what our staffing needs as we look to the future toward implementation of these programs. And whether it's a combination of consultant dollars or needing to bring folks onboard, we'll certainly want to consider that in context to some of the hiring challenges that I think the Council's more than familiar with and see what's the best option. So thank you for...

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Pat Burt: Okay.

Jonathan Lait: ...[inaudible] [that 3:33:54].

Pat Burt: Well as long as we're on budgetary matters, as they relate to this topic, on C14, Page 14 and 15, we have the local trends in fair housing enforcement and outreach. And in the opening paragraph on top of Page C14, we talk about that Palo Alto's served by the Legal Aid Society of Santa Clara [County 3:34:34]. The City is providing references 37,000 plus in FY21 of CDBG dollars to Project Sentinel to resolve Fair Housing complaints via investigation, mediation, education and outreach. So that 37,000 that I see elsewhere, on the following page, it says the anticipated impact of these outreach efforts is 15 individuals. Is that the same number of individuals that – is that the number of individuals that are served by that funding?

Jonathan Lait: Yeah. So Tim and I think these are numbers from the Annual Action Plan that we submit but we'll have to crosswalk that to see if that dollar is those 15 individuals.

Pat Burt: Okay. And either way, it goes to the question of if we're really going to be committed to this AFFH Program, do we have the resources to support the needs of these members of our community whether they are renters who are receiving improper or unjust or illegal actions by landlords or whether they're other people with disabilities or other needs? It just seems like we have far too few dollars to actually live up to our – the commitments that we're making here. And so without seeking an explicit answer to that, I'd like to put that on the table that in our budgetary process we need to reexamine our funding there. In the grand scheme of the budget, this is a pretty small dollar amount. In terms of providing the services that are needed to protect renters and low-income residents, it's an important allocation. And I've certainly heard anecdotally that the current resources just aren't adequate. And so if we're going to put this

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in writing and talk the talk, we need to have the resources to walk the walk. Okay. And then I also have become more aware recently of – and it's referenced in this report. Let's see. I forget which page but non-income eligible disabled residents and when they run up against housing issues that are violating state and federal law, I should say, on accommodating disabilities, how do we really assure that we are able to adequately address those needs?

Jonathan Lait: So we do not have a local multi-family or housing sort of code enforcement program to investigate those initiatives. When it comes to ADA compliance, there is a federal office – and I don't have the contact information but perhaps we can communicate it through our channels – where individuals who are aggrieved by housing accommodations that don't take into consideration their disability needs, there is a process by which the federal government can pursue investigation into those cases.

Pat Burt: Yeah. That's a pretty involved process for someone to seek redress. And I know that we've discussed recent issues at [Casa Reale 3:39:18] that has had multiple occurrences of elevators going out and disabled people having real serious problems as a result. And so I just as part of this program, I'd like to – us look at how we can strengthen obligations of landlords to comply with City regulations as they apply to disabilities. And so I'll just put that out there as a future consideration. And then just a couple of comments. Vice Mayor Kou had referenced really a number of these studies that have really disagreed fundamentally with the basic premiss of the RHNA allocations. And initially it was this McKinsey study that asserted 3½ million shortage of housing units in California that the governor had repeated and many housing advocates had taken as gospel for a number of years and said that that needed to be the basis for the housing supply. It didn't make any sense. If you look at the number of housing units in the state, it meant we were something like close to 20 percent fewer housing units than the current demand was there for. So in any event, we've now seen a number of very credible studies,

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including Freddie Mac and most recently a study by the leading – a leading national housing and affordable housing advocacy group, Up For Growth, that said that the nationwide shortage was 3.8 million and California's was 978,000.

And the reason why that matters so much is that the RHNA numbers – my understanding is HCD is actually now using a 2.5 million shortage. But it's a little opaque on how they're coming up with their statewide shortage numbers that then get assigned to regions and the regions then assign them to cities. But we're talking about numbers that very credible resources that are housing advocates are asserting are perhaps 2.5 times higher than the reality. And I appreciate that that is not something that's within our purview to change. But I want to really say that we have housing problems and in terms of low- and moderate-income housing. We have housing crises in our state, our region and even – and in our City. But the state allocating a artificial and incorrect goal doesn't help matters except if the objective is to remove local decision-making and local democracy from addressing those problems. It's the only way to me that it really makes sense as to why they would be embracing numbers that are being refuted by highly reliable sources. So having said that, I'll move on. Two last points that brought up before is that under these RHNA allocations, all cities are assigned housing units and all housing sizes are treated equally. So studios are a housing unit.

Three 3-bedroom townhomes are a housing unit. Cities are thereby – they're struggling to meet their housing mandates and so their incentivized to approve small multiple housing units, studios and 1 bedrooms, over families, 3 bedrooms, 2- and 3-bedroom units. And the market in many cases is favoring those same small units. And at the same time, the state has recognized what we're experiencing locally is a rapid decline in school-aged populations and the state is saying we have a crisis; how do we deal with it? And my answer would be look in the mirror because the way that this – the allocations are set up are incentivizing

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anti-family housing. And what we should instead be doing is some formula that is bedroom-based and have some balance of types of housing units that are being mandated. And right now we're all being incentivized to build massive numbers of studio apartments. And I think that's destructive to the social and the economic diversity that we all value. And then similarly, we have under the way in which we define or in the way in which the state defines different affordable housing categories based upon the county mean incomes. It looks at the size of the household and then it looks at the number of bedrooms. And so just like we saw on – what's the locale? What's it called?

Lydia Kou: Alta.

Pat Burt: AltaLocale, they came forward with a whole bunch of very small studios. And they were able to say that the price that they would be assigning or asking on their moderate-income units fell into that 120 AMI category. And then lo and behold, they were \$50 less than the market rate units except now they've dropped the price on the market rate units, so I'm not even sure that they're actually less than the market rate units. And the reason that is is because if they were larger units, instead of \$3,500, they'd be charging \$4,500 and they wouldn't qualify as 120 percent AMI. But because they shrink the size, they qualify under an AMI category. So what we have is a system that incentives shrinking the size of units in order to qualify under different income categories and that's a real problem going forward.

So I just wanna put that on the table. It's not something any of us can resolve but when we're talking about our broader housing issues and how we reconcile meeting the state mandates with trying to have balances of housing types, to have our affordable units actually be livable units and not microunits just because people are lower income, the ways in which the state has set up these rules are working against these values. And how we end up correcting that is – remains to be seen but I wanted to put that out there as part of our broader housing discussion. And I'm not

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seeing any other lights, so maybe we're getting ready to move forward to motions. Vice Mayor Kou?

Lydia Kou:

Actually I don't have a motion but I just wanted to add that with these bills, with these widely inflated RHNA mandates, which require cities to change the zoning to allow bigger and taller projects on the lots, this is all up-zoning. And so by creating a bigger development envelope, up-zoning allows more apartments to be built, raising the economic value of the up-zoned lot. Up-zoning also creates windfall increases in property values, especially for undeveloped commercial and multi-family residential lots making the cost of housing more expensive and it certainly does not trickle down. So with all of this building, if this government or HCD or these legislators thinking that all of this up-zoning is gonna create more affordable housing, it is not. And with our – with the way – there's also the job multiplier where employers and workers come into a city. They bring in a number of people who help out, who work here in the City in order to serve that group of people, specifically in the past, a lot of the tech workers. And so for these people to have to drive so far to get over here, this government is not doing the right – the state legislation is not doing the right thing in order to ensure that people can live close to their communities where they work. So again, it is just a set up to fail.

The other thing I wanted to also say is that with SB 828, what it also allows for is that – actually it's SB 35, it also allows the developers, once they're entitled to get the property, they allow to developers – I mean it doesn't give the City the number of units that we have actually entitled or approved the application for. Developers – it doesn't – the developers will have to [pull 3:49:43] the building permit in order to allow for those numbers and often times the developers don't do it. I mean we have a example here where when I first joined Council, I think that building used to be Mike's Bikes over on El Camino on the [inaudible] [part 3:50:02] of Palo Alto past Page Mill, we entitled them, approved their permit and they never built the housing. I



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know that there's other housing going in right now but it's been many years and that could be accounted towards our RHNA numbers back then. So there is definitely a lot of holes that does not help the City and I think that that's something that should also be included, that perhaps they should look at changing that because at the end of the day, City doesn't build these units. We approve the permits or the entitlements to it. So I'm done. Thank you.

Pat Burt: Council Member Filseth?

Eric Filseth: Yeah. Thanks. So I'm not gonna add too much here. I think where we are tonight, I think, first of all, most of the heavy lifting on this is done. I think we're working through the latter stages of the process here. So I think there's things in here we all like. There's things in here that boy, we wish this could be different but at this point, I think we're working toward a rather draconian deadline. I think basically we're in a position that theoretically if HCD doesn't – decides they don't wanna approve our application on the first round, we might have – I think Santa Monica's got what, 20 builder's remedy applications goin' on right now or something like that? And that could be us on February 1. So I think we need to move forward. I think this is good enough to get us where we need to go, although I think staff's direction on flushing out a few last areas, I think is useful and I think we should proceed with that. And then as somebody pointed out earlier, this is going to continue to evolve. And as we map stuff to it, it's gonna give us a direction.

But it doesn't necessarily constrain every single project that happens over the next 8 years. I did wanna ask a question somebody brought up about the issue of affordable housing on City parking lots, which is City land. So my inclination – I recall when we discussed this, we said this is public land; we have a duty to be good stewards of public land. And we said well, okay, affordable housing is arguably a public good but other kinds of land uses maybe not so much. And so as somebody else pointed

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out, I think we're gonna hit the market rate target on this. I actually think we've got a very good chance of doing that. I didn't think so before the Housing Element process started but I think our chances of hitting the market rate target are pretty good. I think we're gonna really struggle with the affordable housing, [so 3:53:05] below market without sort of lots and lots and lots of money, as other people have pointed out, which doesn't seem to be coming forth coming from the state. So my inclination is that if we are gonna give up public land or commit public land to specific uses 'cause then it's sort of not changeable for the next century, we oughta reserve that for 100 percent affordable housing.

I think – I'm not sure we need to for market rate housing and, furthermore, if you look at all the state mandates, down in the fine print, it says well, you can have – they gotta be at least two-thirds housing but you can have a third commercial too. And I certainly don't wanna give up public land for office space, for example. So I guess my question to staff is that the language in 1.4 isn't specific to 100 percent affordable housing and the question is should it be? On the one hand, if we put that, is HCD gonna look at this and say oh, that's another constrain or something like that? And obviously we can't constrain future councils. I mean the next council could come along and say we really think it makes sense to put an office building on the parking lot – a public parking lot. But maybe we should sorta be trying to communicate our intent, if that makes sense. So what's – a very long-winded question of what's staff's reaction to the idea of adding 100 percent to the line about – in 1.4 about – and that's on Page...

Jonathan Lait: Yeah. I think it's 512 – 510.

Eric Filseth: Page 510.

Jonathan Lait: So...

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Eric Filseth: [Inaudible 3:54:38].

Jonathan Lait: ...I think Hamilton Hutchings had spoken to this and this is an area where the Housing Element Working Group spent a lot of time and I...

Eric Filseth: Yeah.

Jonathan Lait: ...their intent was that it be 100 percent affordable as you're articulating it now.

Eric Filseth: That's my recollection too. Yeah.

Jonathan Lait: The reason it's drafted this way is just to provide flexibility. Knowing that if the City's providing the land, that is good and that takes a lot of the pressure – a big constraint to a housing provider if we have a favorable lease term on the long-term use of that property. And so it's a policy question for the Council. The reason it's in there is just in case we needed to add a little bit more incentive to a for-profit housing developer to build there.

Eric Filseth: [Yeah 3:55:36].

Jonathan Lait: A low-income – a nonprofit homebuilder probably wouldn't do market rate because they probably wouldn't be eligible for the low-income tax credits, which...

Eric Filseth: Right. I mean my...

Jonathan Lait: ...would require...

Eric Filseth: I think all of our intent was this would be – we'd be talking about another project like Wilton Court or 525 Charleston...

Jonathan Lait: Yeah.

Eric Filseth: ...or 231 Grant or something like that, right?

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Jonathan Lait: So...

Eric Filseth: Well...

Jonathan Lait: ...I guess the answer is if that's the Council's interest, then that – you can send us that direction. Just before we move off that, I just wanna give our consultant a change to weigh in if there was more beyond a policy...

Eric Filseth: [Right 3:56:13].

Jonathan Lait: ...consideration...

Eric Filseth: [Yeah 3:56:13].

Jonathan Lait: ...if there was something from HCD.

Eric Filseth: That would be helpful.

Jonathan Lait: Brenna, any insight on that?

Brenna Weatherby: Yeah. I don't think so. I mean I agree with what you said earlier. We crafted this to allow for some flexibility but that it was the Working Group's intention, as we've stated. So yeah, I don't have anything else, I think, to add on top of what you already said.

Eric Filseth: So I'd be inclined to support the Working Group's [inaudible 3:56:42] the Working Group's attention here. And again this doesn't constrain a future Council from doing something different. We can't do that. And they could come back and say no, we wanna go a different direction. But it's just that after 7.99 years of doing this and having seen a bunch a projects, it just seems like we get into these discussions with sorta parties on the opposite side and we say okay, this piece is ours and this piece is yours and then it just seems like they always come back and say

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well, how about a little more a yours for us. And then we deliberate and we agonize and we say well, how about we split the difference. And they say okay and then they come back later and they say well, how about just a little bit more [and so forth 3:57:28]. And I think maybe we're better off being clear about this. So I would support adding the word 100 percent in between requires and affordable on Item A on Page 510. And I don't know if you need a motion for that or not.

Jonathan Lait: Yes, we would.

Eric Filseth: I move that we add the word 100 percent in between [the line 3:57:56]...

Pat Burt: Why don't we...

Eric Filseth: ...the line [inaudible 3:57:57]...

Pat Burt: Why don't we wait and when we get a motion, we'll...

Eric Filseth: Fair enough. Fair enough.

Male: [Inaudible 3:58:01].

Eric Filseth: Okay. Thanks.

Pat Burt: Okay. Council Member DuBois?

Tom DuBois: I was gonna make a motion if Council Member Filseth wasn't. But – so I would move – make the staff motion with the amendment that we just talked about to Program 1.4.

Pat Burt: And I will second that.

Tom DuBois: Okay. And [inaudible 3:58:52] get the language for the amendment or we could just say that Program 1.4 is for 100 percent Affordable Housing projects.

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- Pat Burt: Okay. Did you wanna speak to your motion?
- Tom DuBois: No. I mean – well just a minute I guess. Like I said in the first 2 rounds, again I think this really represents a lotta work by a lotta people. I think it's a pretty good Housing Element. I think our last couple Housing Elements won awards. I hope we win an award for this one. And hopefully we get it passed early next year.
- Pat Burt: Thank you. And so I would – speaking to the motion, I'd like to offer 2 amendments. The first is to – and, Director Lait, you can help me on how to frame this but it's to direct staff to bring forward zoning changes that would remove the Conditional Use Permit for housing in the Stanford Research Park where housing is a compatible use.
- Jonathan Lait: Yeah. And I think, Mayor, we would wanna put that under Program 1.5 and add an implementation objective, maybe letter F, to do what you just said, which is to allow – to remove the CUP requirement for housing in the Research Park where appropriate and what I mean by that is not adjacent to hazardous areas or where we conflict with our local ordinance on that already.
- Pat Burt: Good. Is that one acceptable to the maker?
- Tom DuBois: Yes.
- Pat Burt: And then secondly and I again am looking for assistance from the staff on how to frame this but to capture the issue I raised earlier about pursuing affordable housing preferences for historically disadvantaged populations. And I'll take any advice on how to word that.
- Tom DuBois: Can I ask a question while – so I mean staff said that they are going to work on some additional objectives. I guess we really haven't heard what they were – had in mind, right?

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Jonathan Lait: So I can speak to that. So Attachment A shows the 4 programs that we highlighted in the presentation and it speaks generally to the other types of what we'll call non-substantive changes that we would anticipate making. But we're asking the Council to give us some discretion or leeway to make changes to the document that you're reviewing tonight in response to additional public comments that may come in and in our sort of last-ditch effort to review the comments from other jurisdictions to minimize to the extent feasible the number of comments that we're gonna get from HCD and...

Tom DuBois: [Okay 4:02:43].

Jonathan Lait: ...so that's how we would approach that.

Tom DuBois: But specifically to AFFH, which the mayor's composing an amendment here, what kind of – [that 4:02:56] separate from the programs you already mentioned, you said you would implement additional objectives for...

Jonathan Lait: Yeah. [No. So 4:03:03]...

Tom DuBois: ...AFFH. So does this fall in line with that or did you have other things in mind?

Jonathan Lait: So I don't have a precise response to your question because we're still vetting that out. The – but I will say this proposed implementation objective that the mayor has articulated, that's a policy change that is what we would call substantive. You wouldn't want us to make that unilaterally on our own. So if you want that specific provision, we would encourage that to be included in the motion because our edits are gonna be more to comply with HCD's expectations of how does of a AFFH chapter in a housing element comport with state law. This goes beyond what is required of us for the Housing Element.

Tom DuBois: [Inaudible 4:02:02]...

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- Pat Burt: Can I add that we have – we and really society more broadly have struggled with not only how we move forward as a society and in our housing as a major part of that in ways that are inclusive and truly nondiscriminatory but it's a much greater challenge on how we act to redress past discriminations. And I think this is one of the ways that we could do so that would be meaningful and I think it would be a real step in the right direction for us to do this to the extent permissible by law.
- Ed Shikada: Well I think – and Molly can certainly speak to any legal permissibility questions. From an implementation perspective, I think that quite frankly this leaves a lot of room for interpretation [and 4:05:18]...
- Pat Burt: Well and I will say it's not intended to be narrowly prescriptive and that this would need to be flushed out.
- Ed Shikada: Understanding [then 4:05:28], I will invoke the phrase the devil is in the details because I suspect it really is in this case. And so this could be a small undertaking or a humungous undertaking. And it's within that range of interpretation that I think staff needs some clarity as to what you have in mind and ultimately that the Council has in mind for what this would be in order to allow us to do this in a manner that keeps it from being somewhat [inaudible 4:06:10].
- Pat Burt: [Inaudible 4:06:10]. So my assumption is that this would need to come back for a deeper discussion and that this would be a policy direction. There's no way that we're going to be able to answer those questions that you have tonight.
- Ed Shikada: Yeah.
- Pat Burt: And...
- Tom DuBois: Can we...



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Pat Burt: Yeah.

Tom DuBois: Can we word this in a way, again, that would let us complete the Housing Element? I don't know if there's a way we can word this which is a little bit more flexible. I mean I kinda had that same concern that Ed just mentioned, [which is 4:06:42] it could mean a really wide range of things and it's – I don't think we wanna hold up the whole Housing Element to go deep on this right now.

Pat Burt: Nope. And that's part of why I was asking staff for any recommendations on the wording. At the same time, I don't wanna lose the opportunity to begin to move forward on this and at least set it as a policy direction while we then have to work through what would be programmatic elements to it.

Tom DuBois: Yeah. So again [the 4:07:16] typical ask staff to explore Affordable Housing preferences [and then 4:07:23]...

Pat Burt: So does that language – I'm not seeing much from staff in terms of recommended language but...

Ed Shikada: Well...

Pat Burt: Yeah.

Ed Shikada: ...if I might, Mayor...

Pat Burt: Yeah.

Ed Shikada: ...just a little sidebar here that – and again this [bit 4:07:43] of a spontaneous reaction. Typically an order to address an issue that has been phrased as has been would require some form of disparity study that would identify and quantify differential – this – and define basically what is historically disadvantaged mean and how would that then be measured not only in terms of what

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the disadvantage was but then what is the level of compe-, or method of compensating for that.

Pat Burt: And including in that is what – how we differentiate where those past practices are having remnants today and where they may not. These are complicated issues. So the intention here is to begin this process developing what a program like this might look like, to research what other cities and jurisdictions have done amongst those few that perhaps have done this and begin this process. So that's the intention. And I'm open to staff recommendations on language that recognizing...

Male: Yeah.

Pat Burt: ...that it is not the intention tonight to attempt to pre-...

Male: Yeah.

Pat Burt: ...-scribe or determine the answers to set of questions that will be relevant here but...

Male: [Okay 4:09:18].

Pat Burt: ...to move forward in terms of saying this is a program that we wish to develop and it won't be simple.

Ed Shikada: So lemme me ask Mr. Lait to perhaps make a suggestion here with the context for our little huddle here being a suggestion of perhaps articulate the next step as opposed to necessarily the outline of a program itself. So go ahead, Jon.

Jonathan Lait: Yes. If we did a program – if we – I think it's important to distinguish a program, the effort itself, which is a year's long effort from the – what I heard you explain a moment ago, which is research, find out what other people have done to address this issue, come back, share what you've learned and begin to sketch out some options on how we might go forward. If we did that,

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that is a more discrete action that presumably we would get Council direction on with understanding the scope and time and effort thereof. If we do it as I just described, we can put that in as a implementing objective as opposed to a brand new program.

Pat Burt: Okay.

Jonathan Lait: And maybe we put it under Program 6.6, Fair Housing. Maybe we'll figure out where best to slide that in. The other thing I wanted to just flag is on the timeline because this is not a requirement for RHNA compliance. It's not a requirement for Housing Element. The timeline will follow after we get all those mandated code changes that we need to change. So we'll need to slot it in at an appropriate time in our...

Pat Burt: Well and...

Jonathan Lait: ...schedule.

Pat Burt: ...I would suggest that there could be some overlap where we begin to have initial discussions without being able to move forward on a flushed out program.

Jonathan Lait: Okay.

Pat Burt: But we don't necessarily wait sequentially for all those other things to be implemented before we start putting some meat on the bone on this. And maybe this is a referral that we – what's the role of HRC in this? What the role of the Planning and Transportation Commission? So whenever we would have a first substantive discussion at the Council on this, that's when we can figure out kind of a little more guidance with an understanding that this will take time.

Jonathan Lait: Okay. So, Clerk, if we could add language to see – that says add an implementation objective to Program 6 – we'll just leave it at 6 for now – and to study and research what other jurisdictions

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have done to provide affordable housing preferences for historically disadvantaged populations.

Pat Burt: And would that be instead of this initial...

Jonathan Lait: Yes.

Pat Burt: ...[clause 4:12:59]? Great. Okay.

Jonathan Lait: And report back to the City Council...

Pat Burt: Okay.

Jonathan Lait: ...at the end. And then we'll fine tune the language as we get that ready for publication. But again, if we're – I just wanna check in with our consultant to – Brenna, if your – if you have any input on this letter C on the screen.

Brenna Weatherby: Not right now but we should just talk a little bit more to Veronica as she's – Veronica Tam is assisting us with the program development. So we should talk to her a little bit more, Jonathan. She'll know if – what else is – maybe something similar has been done elsewhere that she'll have better language for.

Jonathan Lait: Great. And so for the Council, this is to guide us and we will work on getting some more language that tightens it up a little bit.

Pat Burt: Okay. Thank you.

Tom DuBois: Great. So I think with those changes, I'll go ahead and accept that.

Male: Okay.

Pat Burt: Okay. Vice Mayor Kou?

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Lydia Kou: On A, adding in the word hundred percent, is good. But as you know, affordable is also defined by the City up to 120 percent and now the state has actually gone to 150 percent AMI. So is the intent to leave it open so that should a project come in looking at doing 150 percent AMI, 100 affordable, is – that’s almost market rate. So well that is market rate and is that the intent to leave it at that without prescribing a range...

Male: [Inaudible 4:14:52].

Lydia Kou: ...of...

Male: [Inaudible 4:15:54].

Lydia Kou: ...truly affordable to such and such AMI?

Jonathan Lait: So our local ordinance defines what affordable housing is and it's at 120 percent area median income and the City's going to be involved in the process of if we get interest from a nonprofit home builder, we may want to articulate the number of bedrooms. And I think when you get to these – the bedroom sizes of the units and I think as your units get larger, the 120 percent AMI number is more consequential to the tenant than it may be if it's a studio for the reasons that have been articulated this evening. So the City's gonna have a role in the unit and mix – bedroom mix of any development that would come forward. So I guess again I think if you wanted to just provide the most flexibility from an affordable housing standpoint, you could say 120 percent. I do think that most nonprofit home builders are probably gonna come in under that because just for the tax – the financing to support the construction of the project. But you may get a market rate builder who could build at 120 percent AMI. That might be possible, so...

Lydia Kou: Yeah. I mean that’s where my concern is, that anytime somebody comes in, a developer says oh, we need the higher AMI because we're not gonna pencil out or it doesn’t work out for us. I think

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on this one here, we, the City and the Council needs to kinda really hone in on this public property, that it does benefit those that are most in need and that we're able to hit those numbers for the low and the low-low folks. So I would just feel much more comfortable if it's designated for a certain – like 80 percent and below or even 100 percent and below but definitely not leaving it open for above 100 percent...

Jonathan Lait: [So 4:17:17]...

Lydia Kou: ...and above.

Jonathan Lait: Yeah. So I don't think A – the small A – again we got a lotta A's tonight – the second A on this screen, it's capped, as I read it, at 100 percent affordable housing up to 100 percent.

Lydia Kou: I thought the hundred percent...

Jonathan Lait: Oh, I see.

Lydia Kou: ...was the entire...

Jonathan Lait: No. I'm reading...

Lydia Kou: ...project...

Jonathan Lait: ...that wrong.

Lydia Kou: ...being 100.

Jonathan Lait: Yeah. You're right. So that would include 120 percent AMI. And what you're saying is you'd like to see it capped at 80 percent AMI?

Lydia Kou: Eighty percent or below.

Jonathan Lait: Okay.

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Lydia Kou: Yeah.

Jonathan Lait: So that's a...

Lydia Kou: So I wanna...

Jonathan Lait: We can do whatever the Council wants to see on that.

Lydia Kou: Would the maker and the seconder comment and accept?

Jonathan Lait: And as you're doing that, I'll just note, I think we have this – it was mentioned tonight, there's an active RFI out for – to solicit feedback from people on development on this. So just there may be a shift in that effort as well if this change goes forward.

Lydia Kou: You were...

Ed Shikada: Right. And...

Lydia Kou: ...kinda muffled.

Ed Shikada: ...I would just note that given that process underway and if – essentially how we're now defining the type of proposals we're seeking, we will not attract market rate developers. This will be purely affordable developers that will express interest in working on these projects. And I would I think be willing to venture that the discussion of affordability will be something that the Council, the City and the Council specifically will be able to define as you get further down the road.

Tom DuBois: So how was the RFI put out? What was requested?

Ed Shikada: We actually do not have the specific status of that at this moment. So I cannot report to you on that.

Tom DuBois: [But there 4:19:20] was no affordability mention?

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Jonathan Lait: So again we don't – I may have misspoke earlier. We don't actually know if the RFI has gone out. If – I know that we've been working on revisions of that. I don't believe it had stipulated a – I think it had the opportunity somebody to propose a mixed affordable and market rate option. But if this motion goes forward, we will obviously need to pivot on that and update it so that it's really geared toward affordable housing nonprofit homebuilders, which is fine. We can do that if that's the Council's interest. And again I just think, again Council's call. We define affordable housing as 120 percent AMI so – and just to echo what City Manager said, this City Coun-, the City Council is going to have the option to accept a proposal, to approve the proposal. So you've got many points in the process to set the direction and be able to approve the project.

Lydia Kou: Yeah. And I can appreciate that – when the project come forward that we can decide whether to move forward or not. At the same time, with this very clearly that we're seeking deep affordability, 80 percent and below, that the folks that are gonna respond to the RFI are not gonna expect that they can do more. They are gonna get 120 or more. So I would feel a lot more comfortable if we're really concise with our messaging and with our direction. So I would feel much more comfortable with that. And I'd love for comments from the maker and the seconder.

Tom DuBois: One more question for Jon. Would it be different to say 100 percent BMR housing versus 80 percent?

Jonathan Lait: That would allow up to 120 percent AMI.

Lydia Kou: Still?

Tom DuBois: Oh, I thought below market rate was below 100.

Jonathan Lait: Below market rate is our overall program that implements the affordability restrictions up to and including 120 percent AMI.



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Tom DuBois: Okay. I thought we were using affordable 120 but below market rate was below AMI. Maybe I misunderstood. I mean I – again I feel like land cost is such a big part of below market rate housing, I would be open to the 80 percent. So I would accept the change.

Lydia Kou: Will the seconder? Thank you.

Pat Burt: Yes, I'll accept that.

Lydia Kou: Thank you.

Pat Burt: Okay. I see no further comments. Oh, Council Member Tanaka?

Greg Tanaka: Yeah. So first of all, I just wanna thank everyone for your guys' work on this. I know I looked at this myself several times both on Council and on the Planning Commission, so it's a ton a work. Appreciate everyone's input on this. I agree that we wanna make sure that we retain our zoning rights and so I think getting something out is important, so I agree on that. I think overall what staff did here largely right. I can't agree with big letter A. I can agree with B. I think the main issue I have is that – and I said this before. But I think the idea of 100 percent affordable housing is very noble. I think it's something which is kinda like cherry pie and all that good stuff in life but the reality is we have to ask ourselves who built this housing and how does it get built and how does it get funded. And my main challenge with affordable housing, while it sounds really good, the main challenge I have with it is that you're expecting developers to lose money to build something and I just don't think that's realistic.

[Somebody'll 4:23:54] say well, look, well we'll just get the state to fund it. The state, I think, this coming year is actually projected to have a \$25 billion or \$30 billion deficit. I don't know if you guys know but 3,000 people in California paid something like 75 percent of the state revenue and those people are starting to move out. So I think this is something where if we really do want

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it to solve the housing crisis, I think that mandating – I think staff is right. I think what staff said earlier was correct. I think we wanna have that flexibility so that maybe something that's closer to this but not exactly can be built because this is what puts money into our affordable housing fund, that this is what actually allows things to be built and more BMR units to be created. So while I think this is a very noble idea, I just think it's practically not possible and so I wanna ask that we split the motion between big A and B. Thank you.

Pat Burt: You want just B under A split out? I'll briefly speak to that. I'm surprised that there's a question as to how this would be built. This would be by nonprofit affordable housing developers in all likelihood, like the vast majority of our affordable housing. The difference is that in this case they hopefully will have a significant land discount and there's still a parking issue and replacing the existing parking. But we have the Charities Housing Project for 120-plus units that is coming forward where they had to purchase that land, similarly on Wilton Court site and most of our affordable housing projects where they have to outright purchase the land, which is a huge hurdle. But in general, once they have the land, they can bring together the various funding sources from regional, state, federal and philanthropic resources to build these projects. So that's my answer to Council Member Tanaka's question.

Ed Shikada: Mr...

Male: [Inaudible 4:24:24].

Ed Shikada: ...Mayor?

Pat Burt: Yeah.

Ed Shikada: At the appropriate time I would like to make a comment as well.

Pat Burt: Sorry?

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- Ed Shikada: At the appropriate time I wanted to make an additional comment.
- Pat Burt: Okay. But let's see. We're – that's A-B we wanna break out, small letter B under A is a – to be voted on separately. And go ahead, Mr. Shikada.
- Greg Tanaka: [Well actually] [inaudible 4:27:59]...
- Ed Shikada: Two...
- Greg Tanaka: ...clerk did it right the first time.
- Male: [Inaudible 4:27:03].
- Male: [Inaudible 4:27:03].
- Greg Tanaka: Yeah. Yes.
- Ed Shikada: Thank you, Mayor, members of the Council. Two things: One, did confirm that RFI is not out, so we do not need to revise anything. We will simply take whatever direction the Council or specification that the Council approves and bake it into that request for letters of interest. The second point may be a little more difficult because this is a bit of a stretch but I did want to call to the Council's attention the question of Workforce Housing. We haven't really had a specific discussion but there certainly has – have been a number of inquiries there. If the concept for this use of the City-owned lots were to include an interest in Workforce Housing, specifically City Workforce Housing, I am again stretching here but I believe the 80 percent AMI may exclude a large portion of our workforce. So if that were – again City workforce were a part of the goal here, I want to bring it to your attention that it is likely that that threshold would exclude much of the City workforce.

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Pat Burt: All right. So let's when we go back to the main motion, let's see if we want to consider implications of that. So just on – we're now just speaking to this – what we've broken off as B there. Is that right? Let's see. We were trying to separate small letter B.

Greg Tanaka: [Inaudible 4:29:11].

Male: [Inaudible 4:29:11].

Greg Tanaka: All I'm tryin' to do is just basically I personally like the staff's original recommendation...

Male: [Inaudible 4:29:19].

Greg Tanaka: ...[if it's the 4:29:19] correct one. And so B is an altered one and so that's why I say split it. So I'm not asking that we make an amendment here or we have a separate motion. It's just literally to split the motion. That's it.

Pat Burt: I'm sorry. And maybe I misspoke. So which one did you wanna peel off?

Greg Tanaka: The one that the clerk has done right now.

Pat Burt: [Inaudible 4:29:38] direct staff. Sorry?

Greg Tanaka: This – the clerk's already done it, splitting A and B. That's it.

Female: [Inaudible 4:29:48].

Pat Burt: You wanted all of A split off, you're saying?

Greg Tanaka: Just splitting...

Pat Burt: Large letter A?

Greg Tanaka: Just splitting large letter A and B. That's it.

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- Pat Burt: You want to vote on large letter A separately?
- Greg Tanaka: That's right.
- Pat Burt: Okay. So then in that case, then we – I thought you were just talking about small letter B. In that case, we can then under the City Manager's – the issue that the City Manager raised, I guess I'd like to suggest we consider adding language [inaudible 4:30:42] after the comma or for City Workforce Housing for City employees. Does that open it up well enough? And...
- Ed Shikada: Again acknowledging that we don't have the math behind that right now but I think it certainly captures that goal should that be the Council's interest.
- Pat Burt: Okay. So does the maker of the motion accept that? And I don't know the sequence because it was Vice Mayor Kou who really asked for the – this change and so [I'm gonna 4:31:27] ask consent from both of them.
- Tom DuBois: Yes. Council Member Kou, is this...
- Lydia Kou: Yes.
- Tom DuBois: So generally I would say I think public land should be used for affordable housing, not generally workforce but I guess I would accept this for City employees.
- Male: Okay.
- Pat Burt: Okay. All right. Council Member Filseth?
- Eric Filseth: Well I just wanted to speak briefly to the big A-small A split here. I think there's actually 2 really distinctly different world views here and which one you have sort of gives guidance to which way you're gonna vote on this. In one world view, basically regulation

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is the problem and if we deregulate everything, then the private sector will produce a good society for us. The other view is that actually society needs to be paid for and it's really government that needs to decide our job – who pays for society? Because we can't really lay that on the private sector. I mean their job is to – returns to their shareholders. It's really [not 4:32:36] our job. And then so depending on which of those 2 world views you have sort of gives guidance on how you're gonna vote on Item A here. Thanks.

Pat Burt: Council Member Stone?

Greer Stone: Thank you, Mr. Mayor. I'm willing to accept A, little A, the Workforce Housing inclusion if we also include teachers in that because they're not technically City employees but they also serve our community and would meet that same issue of not being qualified for 80 percent AML, probably make more than that but don't traditionally qualify for other affordable housing. [Inaudible 4:33:17] the maker and the seconder would be willing to include teachers into that or for Workforce Housing for City employees and teachers.

Pat Burt: I would be willing to accept that. Council Member DuBois?

Eric Filseth: Do you want teachers or PAUSD employees?

Greer Stone: I don't know if we want to be as prescriptive as that at the moment.

Tom DuBois: I'd prefer again...

Male: [Inaudible 4:33:50].

Tom DuBois: I...

Male: [Inaudible 4:33:51].

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Tom DuBois: ...don't think – I don't really want to accept that one. I think again we should be using public land for below market rate housing. But again because this is a City lot, I think the City employees made sense.

Greer Stone: I offer it as an unfriendly then.

Pat Burt: I will second that.

Male: Great. Thank you.

Greer Stone: [Inaudible 4:34:24] I think the logic is the same here. If we're trying to encourage City employees being able to live in the same community that they serve, I think we should extend that to teachers. And we continue to see an exodus of good teachers out of the region because they can't afford housing. My wife and I struggle with this all the time. We've heard public commenters today and we've heard them in the past on the importance for this. This seems like the golden opportunity to be able to provide some of that housing. I don't see how this isn't logically connected to same thing for Workforce Housing for City employees.

Pat Burt: And I would just add that what we have here is that a focused on low-income Affordable Housing and then including low-income and missing-middle Workforce Housing for City employees and teachers. And we're not talking about really high income people in either of those cases. So I think it's – it addresses both the focus on true low income and an additional focus on critical employees in the public sector. Okay. Lemme clear this. Does anybody wanna speak to the – yeah?

Tom DuBois: [Inaudible 4:35:53] on this.

Pat Burt: Okay. Go ahead.

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Tom DuBois: Yeah. So again I'm not a teacher by any means but PAUSD has been banking land for some time. They didn't wanna participate in the [County 4:36:09] Teacher Housing Project, so – and again our City land is quite limited. So if PAUSD doesn't want to support these programs, again I'm concerned about using our very limited City land for this specific purpose. And [they're 4:36:29] making the teachers generally – there are a lot of private schools in the area. It just seems like we've gotten far away from using these limited – there's 6 City parking lots. We need to get that very low affordable housing and I was willing to add City employees but I think we're going far afield of where...

Male: [Inaudible 4:36:51].

Tom DuBois: ...I thought this program would be, so I can't support this.

Pat Burt: Council Member Filseth? Okay. Vice Mayor Kou?

Lydia Kou: If it's PAUSD teachers, would you consider adding that in? I think...

Greer Stone: I'd be fine restricting it if we want to restrict it down to PAUSD and maybe open it up to just PAUSD employees. There are a lot of instructional assistants and others who work within the district, who could desperately use this housing and who frequently make less money than teachers. Even so, I'm fine with further restricting it to PAUSD personnel.

Lydia Kou: That would help...

Male: [Inaudible 4:37:34].

Lydia Kou: ...a lot, especially with the substitute teachers and the aides and so forth. They're very valuable. So I appreciate you considering it. Thank you.

Greer Stone: Yeah. As long as the seconder is fine with that.



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Pat Burt: Okay. Yeah. I see no more lights, so let's vote on this revised A-A.

Lesley Milton: Council Member Tanaka?

Greg Tanaka: Yes.

Lesley Milton: Council Member Stone?

Greer Stone: Yes.

Lesley Milton: Council Mem-, or Vice Mayor Kou?

Lydia Kou: Yes.

Lesley Milton: Council Member Filseth?

Eric Filseth: No.

Lesley Milton: Council Member DuBois?

Tom DuBois: No.

Lesley Milton: Mayor Burt?

Pat Burt: Yes.

Lesley Milton: And I'm not seeing Council Member Cormack. Motion carries 4 to 2.

Pat Burt: Okay. All right. So we'll now vote on Section A [with 4:39:03]...

Lydia Kou: Could I...

Pat Burt: Yes.

Lydia Kou: May I ask...

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Pat Burt: Vice Mayor Kou?

Lydia Kou: I wanted to ask the maker and seconder if they would consider adding a D and to add to the Housing Element document the Auditor's Regional Housing Needs Audit, the Freddie Mac's Research and Perspective paper highlights titled *The Housing Supply Shortage: State of the States*, Department of Finance's population for the period between July 1, 2020 and July 1, 2021, and Embarcadero Institute's analysis double counting in the latest housing needs assessment?

Pat Burt: So I would not accept it because I think those are valid political arguments that we should be making but are not appropriate for the Housing Element.

Lydia Kou: Then if...

Male: [Inaudible 4:40:20].

Pat Burt: [And 4:40:20] – I'm sorry. Maker? Council Member DuBois?

Tom DuBois: You stated it well. That's the concern I have as well.

Pat Burt: Okay.

Lydia Kou: If I might just take a chance and put it to a unfriendly amendment if I...

Pat Burt: Okay. If you have...

Lydia Kou: ...get a second...

Pat Burt: ...a second.

Lydia Kou: ...I get a...

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Pat Burt: Yeah.

Lydia Kou: ...second? If not, not.

Pat Burt: I don't see a second.

Lydia Kou: Okay. Thank you.

Pat Burt: Okay. Now looks like we can vote on this motion.

Lesley Milton: Okay. And just noting for the Council I was not aware that Council Member Cormack was recused from this item, so I reflected...

Pat Burt: Yes.

Lesley Milton: ...that on the previous vote as well. Okay. All right. Council Member DuBois?

Tom DuBois: Yes.

Lesley Milton: Council Member Filseth?

Eric Filseth: Yes.

Lesley Milton: Mayor Burt?

Pat Burt: Yes.

Lesley Milton: Council Member Tanaka?

Greg Tanaka: We're voting on A, right?

Lesley Milton: Just on A [inaudible 4:41:25].

Greg Tanaka: [Yeah 4:41:25].

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Pat Burt: Large...

Greg Tanaka: [No 4:41:26].

Pat Burt: ...letter A.

Greg Tanaka: Large letter A, no.

Lesley Milton: Okay. Council Member Stone?

Greer Stone: Yes.

Lesley Milton: Vice Mayor Kou?

Lydia Kou: Yes.

Lesley Milton: Okay. Motion carries 4 to 2.

Pat Burt: Okay. Great. And now well go to the main motion.

Lesley Milton: I have the residual motion, not the main [motion 4:41:51].

Pat Burt: Residual? Okay.

Lesley Milton: Yes. [Yeah. That's okay 4:41:53]. So just on Item B now? Okay.  
Council Member Tanaka?

Greg Tanaka: Yes.

Lesley Milton: Council Member Stone?

Greer Stone: Yes.

Lesley Milton: Vice Mayor Kou?

Lydia Kou: Yes.

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Lesley Milton: Council Member Filseth?

Eric Filseth: Yes.

Lesley Milton: Council Member DuBois?

Tom DuBois: Yes.

Lesley Milton: And Mayor Burt?

Pat Burt: Yes.

Lesley Milton: Motion carries unanimously with recusal of...

Pat Burt: All right.

Lesley Milton: ...Vice Mayor – or recusal of Council Member Cormack.

Pat Burt: Well thanks to everyone involved. The work's not done but it's a major milestone and thank you to the public who participated and to the members of the community who put in many months working on this. So it's a great accomplishment and thanks again for everybody's work.

Jonathan Lait: Thank you, Mayor.

Male: [Inaudible 4:42:46].

Jonathan Lait: Thank you, City Council.

Pat Burt: Yeah.

## COUNCIL MEMBER QUESTIONS, COMMENTS AND ANNOUNCEMENTS

None.

Adjournment: The meeting was adjourned at 11:08 P.M.