



City of East Palo Alto

AGENDA

THIS AGENDA IS POSTED IN ACCORDANCE WITH
GOVERNMENT CODE SECTION 54950 ET SEQ.

DATED POSTED: NOVEMBER 18, 1993 - TIME POSTED: 10:30 A.M. *(handwritten)*

EAST PALO ALTO
SPECIAL JOINT CITY COUNCIL/REDEVELOPMENT AGENCY
MEETING AT - 7:00 P.M.
MONDAY, NOVEMBER 22, 1993

HOUSING ELEMENT/HOUSING MORATORIUM WORKSHOP

COUNCIL CHAMBERS, 2415 UNIVERSITY AVENUE

To facilitate your business with the City Council all agenda items should be in the Council Office no later than 5:00 p.m. on Friday one week preceding the scheduled meeting.

CITY COUNCIL/REDEVELOPMENT AGENCY:

MAYOR/AGENCY VICE CHAIR: SHARIFA WILSON
VICE-MAYOR/AGENCY CHAIR: WILLIAM VINES
COUNCILMEMBERS/AGENCY MEMBERS: R. B. JONES, ROSE JACOBS GIBSON
=====

7:00 P.M.

SPECIAL JOINT CITY COUNCIL/REDEVELOPMENT AGENCY MEETING

CALL TO ORDER AND ROLL CALL

APPROVAL OF AGENDA

POLICY AND DISCUSSION:

1. Housing Moratorium Issues
 - A. Illegal Construction and Code Enforcement.
 - B. Increased Population and Cost of Service without Revenue Increase.
2. Other Housing Element Issues
 - A. First Preference Housing Opportunities.
 - B. Income Standards for Affordable Housing: EPA Median Income vs. San Mateo County Median Income.

- C. Policy on Amount of Affordable Housing (e.g., low and very low income) in Replacement Housing Projects.
- D. Resources Needed to Implement Housing Element Action Plan - Schedule.
- E. Other Housing Element Issues Raised by Councilmembers.

COMMUNITY FORUM

Under "Community Forum" the public may address the Council on any subject "NOT" on this agenda. Under each agenda item, the public may address the Council on the subject at hand. Please clearly state your name and address or political jurisdiction in which you live, e.g. East Palo Alto, Menlo Park, Palo Alto, San Mateo County.

ADJOURNMENT

NOTE: IN CERTAIN CASES, IF A CITIZEN WISHES TO CHALLENGE IN COURT THE NATURE OF THE ACTIONS TAKEN, SHE OR HE MAY BE LIMITED TO RAISING ONLY THOSE ISSUES HE OR SHE OR SOMEONE ELSE RAISED AT THE PUBLIC HEARING OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE CITY AT OR PRIOR TO THE HEARING.

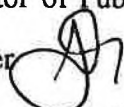


City of East Palo Alto

MEMORANDUM

TO: Honorable Mayor and City Councilmembers

FROM: David E. Miller, Acting Director of Public Works & Planning

APPROVED: Jerome Groomes, City Manager 

SUBJECT: Housing Element/Housing Moratorium Workshop

DATE: November 16, 1993

Background

On July 6, 1993 the City Council passes an Urgency Ordinance declaring a Building Moratorium on all residential development which produced new units or expansion of the number of bedrooms on existing units. The reasons for enacting the ordinance were to permit a hiatus period to deal with proliferating illegal construction; and to address the issue of increased population under the strain of providing services with an already over-burdened General Fund and no immediately foreseeable increases in tax base to support continued residential growth. This Building Moratorium was originally passed for a 90 day period and was extended on September 20 for an additional 60 day period. It is due to expire on December 6, 1993.

The body of this report addresses the requirements of the Housing Element Update to conform with State Law, the major issues raised by the Housing Element Update and the issues raised by the Residential Development Moratorium. There exists a direct relationship between the Housing Element Update and the Residential Development Moratorium. Some of the measures required in the Housing Element Update serve to support solutions to the issues that the Moratorium raises and some of the Housing Element requirements to provide the City's share of the regions housing needs do not deal with the commensurate burdens of increased population on the General Fund and the City's ability to deliver services.

Housing Moratorium Issues & Alternative Solutions

Over the past year over 70 separate reports of building code violations have been reported to the City's Building and Planning Departments. These building code violations often include violations of the Zoning Ordinance and other City ordinances. In cases where the violations have been reported to the Building Official stop work orders have been issued. In the past the Building Official has issued citations for fines for failure to respond to the stop work order and seek the legal remedy (e.g., tear down construction or obtain legal approvals). The City has experienced some difficulty in prosecuting building code violators in the courts according to the Building Official. The City does have in the Municipal Code Title 9, Building Regulations, Article 3, Organization and Enforcement general guidelines for the Building Official to issue stop work orders and to refer violators to the City Attorney for prosecution.

Internally there has been some confusion in the processing of building code violations where violations have been referred to the City's Code Enforcement Officer in the Police Department. Staff feels that this process should be clarified to keep building code violations under the Building Official's jurisdiction for enforcement. To this end staff recommends the adoption of an amendment

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to Title 9, Article 3, to specifically set forth a citation process which allows the violator who has been issued a stop work order 10 days to either submit applications and pay fees for obtaining legal permits or tear down the structure which was illegally built. If the ten days transpires without any action on the part of the violator to obtain compliance a second citation for a considerably higher fine is issued. A thirty day period for accomplishing the remedy suggested above would be granted prior to turning the case over to the City Attorney for prosecution. A clear process of citations, remedies and enforcement would serve to clearly direct both the violator and staff as to the process for obtaining compliance. Fines should be adequate to fund the enforcement process and carry enough of a penalty to encourage the violator to seek the appropriate remedy. Therefore the process would fund itself and place the City on its way to eliminating building code violations.

This process would require additional hours of service from the Building Official specifically to conduct building code violation enforcement, but it would also fund this effort. Given the high number of building code violations existing in the community a monthly reporting of the enforcement activities including the number of citations issued, percentage of compliance achieved, revenues collected and number of cases referred to the City Attorney should be compiled by the Building Official to measure the success of the building code enforcement program.

Increased Population & Cost of Services Without Revenue Increases

Economic development which produces increased revenues to the City in the form of development fees, increased property tax, increased sales tax and increased transient occupancy tax will enhance the City's revenue stream and so assist to fund required municipal services to the citizens. Commercial and industrial land uses are traditionally the types of uses which enhance these revenue sources as opposed to housing which traditionally costs more to serve than it produces in revenues. There is one way in which increased housing can contribute directly to economic development in the City of East Palo Alto given the cost of housing relocation and housing replacement in redevelopment project areas. This contribution could be made through inclusionary zoning. Inclusionary zoning is the requirement for new housing developments to contribute either in lieu fees to an affordable housing fund or to produce a percentage of the housing units in the project as affordable to low or very low income families.

If an affordable housing fee for all residential building permits for any remodeling or expansion or new units up to 10 unit projects were levied. Additionally an inclusionary requirement for the production of 20% of the housing units in projects of 10 units or more as affordable to low or very low income families or an in lieu affordable housing fee were levied to projects of 10 units or more; an affordable housing fund could be established in the City's General Fund to be used to fund either relocation or replacement housing. This would lessen the costs and financial burden on redevelopment projects significantly and would provide solutions for relocation payment and replacement housing funding, and for the actual production of replacement housing within private housing market forces. In this way redevelopment projects which will provide additional tax revenue to the city will be assisted in meeting their legal and financial requirements by the production of housing in the community. Considering that the housing relocation payments for the Gateway 101 Project alone amount to approximately an estimated \$7 million, housing costs to redevelopment constitute a significant financial burden which requires assistance from outside funding sources.

The enactment of a specific building code enforcement and citation process along with the enactment of an inclusionary zoning ordinance are two proposed measures to deal with issues forcing the current Residential Building Moratorium. As the City Attorney has advised staff it is essential that the City Council address the issues prompting the Residential Building Moratorium and provide some remedies to permit the Moratorium to be lifted.

Other Housing Element Issues

There are several potentially significant issues raised by the Housing Element and policies proposed to deal with those issues which deserve highlighting. The first is the issue of First Preference Housing opportunities in replacement housing projects for residents displaced by redevelopment projects. The policy proposed by the staff which responds to this issue indicates a willingness of the Council to support first preference to those displaced by redevelopment projects providing that the displaced can meet the affordability requirements of the rental or for-sale housing project produced as replacement housing. Policy 5.2 First Preference Replacement Housing provides: "The City and Redevelopment Agency will support first preference to residents displaced by redevelopment activities from sites located within redevelopment project areas provided that all State and Federal laws regarding fair housing are met and that the particular income qualifications associated with "for sale" or rental housing can be met by the families being displaced." Obviously affordable housing can be made affordable to moderate income, low income or very low income families. For-sale housing generally has more rigorous financing requirements than rental housing. The degree of affordability which is dictated by financing criteria will direct the rents and mortgage and down payment requirements for replacement housing. The staff recognizes the potential financial benefits of funding one replacement unit rather than one relocation payment obligation plus the required replacement unit and therefore supports First Preference where it can be financially accomplished.

The second major policy issue is the use of income standards for affordable housing; either the San Mateo County median income standards or the City of East Palo Alto median income standards. The attached Table illustrates the difference in the County Median income level of \$54,300 (HUD 1992 figures for San Francisco PMSA) the City of East Palo Alto median income for a family of four is \$32,900 (U.S. Census, 1990 for 1989 income levels). The County very low (35%) income level is about equal to the 60% (low to very low income) level of the East Palo Alto median or to state another way, 60% of the County median income is equal to 100% of the East Palo Alto median income. It is much more difficult to receive accurate data for the EPA Median, since it is not a standard used by HUD. Although the figures for the City of East Palo Alto are not available for 1993, San Mateo County income figures are clearly higher than those in the City of East Palo Alto. However the higher the income figures which are used the more likely the City can meet ABAG's fair share housing allocations.

Staff suggests that an East Palo Alto median income standard be used for replacement housing only, subject to financing criteria rules as to percentage of units which are produced affordable to low and very low income families. The reason for this proposal is that the production of new housing affordable to East Palo Alto median incomes for low and very low income families is extremely difficult to finance. It therefore seems advisable to encourage the greatest amount of low and very low housing for replacement housing needs as can be financed under the restrictions of tax credit financing which is the most effective and widely used financing for below market rate housing.

In the case of affordable housing which is not being produced as replacement housing it seems beneficial to the City to assist in reaching its regional housing requirement for affordable housing under the same standard that all cities in San Mateo County use, under which it is much easier to reach housing affordability for low and very low income families than the City of East Palo Alto standard. Using the County standard for non replacement housing will stimulate a diversity of income groups in the community.

Attached is a Draft Replacement Housing Plan which has been prepared to illustrate how the

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replacement housing requirements can be met. In it are proformas for several of the replacement housing projects contemplated by the agency. These proformas illustrate, that the more units at the lower rent, the less debt the project can support with more subsidy being required. For all the proformas, the maximum rents are set at levels which would be market rate rents in the community. Adoption of the "East Palo Alto Income Standard" for replacement housing means that there will have to be deeper subsidies for the replacement housing units, as demonstrated in the proformas. A third major housing issue is the percentage of affordable housing which should be included in any housing project. Although the recent Measure which would have removed the Article 34 limitation (requiring a popular vote supported by a simple majority to allow an affordable housing project with more than 49% of the units below market rate) failed, Article 34 does not apply to replacement housing projects. Therefore there needs to be a policy of the Council regarding replacement housing projects as opposed to affordable housing projects which do not involve replacement housing where Article 34 prevails. Staff suggests that the number of housing units which are made affordable as below market rate units will be controlled by financing criteria which will dictate a mix of market rate and below market rate units within any affordable housing project. Members of EPA Can Do and the Mid-Peninsula Housing Coalition can give some examples of the type of income mix which can be financed. This may guide the Council in their decision regarding this issue.

A fourth major issue raised by the Housing Element is the extreme demand upon City resources, particularly in the Community Development Department, that the Element places upon human resources. If one tabulates the action plans and the amount of work according to the proposed schedule for accomplishing actions the workload is enormous. The City staff has received pressure from housing advocates, the State Department of Housing and Community Development and others for meeting the needs of the community and State Housing Law. As usual State Housing Law mandates programs without providing the means to finance their implementation. The issue of who implements housing programs between the Redevelopment Agency staff and City Planning staff also needs clarification. The City clearly has limited ability to engage in special programs, added administration of housing programs, drafting several additional ordinances and administering programs mandated by new ordinances. Day to day customer service is foremost and currently occupies nearly all of Planning staff's resources. The Local Comprehensive Plan will add significant additional burden on Planning staff and holds a high priority with the Council. Programs may need additional time for implementation.

There are several other issues and policies raised within the Housing Element. Staff will be prepared to discuss those issues with the Council as they are raised. The Housing Element Update as recommended by the Planning Commission for City Council approval is attached along with minutes from the Planning Commission final public hearing at which action was taken to recommend approval of the Housing Element to the City Council.

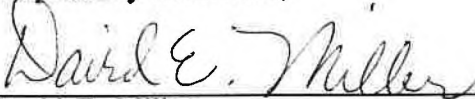
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Respectfully Submitted,



David E. Miller
Acting Director of Public Works & Planning

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LIST OF ATTACHMENTS

1. Housing Element, November, 1993
2. Resolution No. 884, A Resolution of the City Council of the City of East Palo Alto Imposing a 90-Day Moratorium on the Issuance of Certain Residential Building Permits and Making Legislative Findings in Support Thereof.
3. Resolution No. 907, A Resolution of the City Council of the City of East Palo Alto Extending for 60 Days the Moratorium on the Issuance of Residential Building Permits.
4. Gloria Way Incomes Analysis
5. Initial Replacement Housing Plan - Gateway/101 Corridor Redevelopment Project.

EAST PALO ALTO
HOUSING ELEMENT UPDATE

Prepared by:

CITY OF EAST PALO ALTO

Date of Report:

November, 1993

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I. INTRODUCTION AND PURPOSE

Purpose

Housing elements are one of the nine elements of the general plan every California city and county is required by state law to prepare. The housing, land use and circulation elements outline a community strategy to assure orderly growth and provide housing for all economic segments. State law contains requirements for Housing Element content that are far more specific than for any other element of the General Plan. The intent of the housing element law is to ensure that counties and cities contribute to attaining the state housing goal, and to ensure cooperation among local governments in meeting regional housing goals.

In 1977, the California Department of Housing and Community Development (HCD) set forth guidelines that govern the content of housing elements. The regulations covering the housing element have been frequently updated and expanded since the legislation was first enacted. Most generally, the State requires that the housing element include "an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement and development of housing." To maintain up-to-date and relevant goals and policies, state law requires that all housing elements be updated not less than every five years.

East Palo Alto's updated housing element has been designed to meet the State of California Housing Element Law. It replaces the previous housing element, which was adopted in 1986 and partially updated in 1991. The housing goals outlined in the previous housing element have been modified and expanded to better address the current housing needs of the community. Several new programs are recommended to be implemented over the subsequent five-year period in an attempt to address the City's share of the region's housing needs for all income categories.

Citizen Participation

To facilitate participation in the housing element update, a community workshop was conducted by the Planning Department, in addition to workshops previously held on earlier drafts of the proposed update. Further, public hearings were held before the City Council and Planning Commission where comments were solicited. To ensure that all economic segments of the community were involved, the hearings were advertised in the local newspaper and on various community message boards. In addition, the draft housing element was mailed to all East Palo Alto community groups concerned about housing.

Consistency with General Plan

Housing Element consistency with other elements of the General Plan will be ensured by the Planning Department staff review. To the extent that modifications to other elements will be necessitated by the revised Housing Element, these changes will be incorporated as part of a General Plan amendment to be conducted by 1993.

Definition of Income Categories

Since the determination of housing need is often discussed in terms of income categories, it is important to define the categories used in this update at the outset. The U.S. Department of Housing and Urban Development (HUD) has established household income categories based on a proportion of the area's median family income as summarized below:

Very Low-Income	Below 50% of Median
Low-Income	50-80% of Median
Moderate-Income	80-120% of Median
Above Moderate-Income	Above 120% of Median

The HUD income levels associated with each income category are established by HUD on an annual basis by metropolitan area, rather than by city. These income levels are then used by the state's Department of Housing and Community Development (HCD) in evaluating the affordability of units provided in the City. East Palo Alto's income levels (for determining and evaluating affordable housing pricing by HCD) are based on the San Francisco Primary Statistical Area (SFPMSA) averages. Average incomes in the SFPMSA (and San Mateo County) are much higher than in East Palo Alto. The 1992 income limits for lower-income households established by HUD for the SFPMSA are presented in Table 1.

TABLE 1
Lower Income Limits by Household Size, 1992
Median Household Income \$49,900

Income Category	Number of Persons in Family					
	1	2	3	4	5	6
Very Low	\$19,650	\$22,450	\$25,250	\$28,050	\$30,300	\$32,550
Low	\$27,000	\$30,900	\$34,750	\$38,600	\$41,700	\$44,800

Source: HUD 1992 figures for San Francisco PMSA, which includes San Mateo County; Sedway & Associates

While HUD will utilize these income levels as targets for affordable housing pricing, below-market rate or affordable units in East Palo Alto should be targeted to households with substantially lower incomes to be truly affordable to the existing residents. A more complete discussion on city-specific affordability goals is included on page 7.

II. DEMOGRAPHIC AND HOUSING CHARACTERISTICS

Population Characteristics

The 1986 Housing Element contained background information on the City's population and employment characteristics, including historic population growth, age and income characteristics of the population, and the condition of the housing stock. An attempt has been made to update these data to reflect changes that occurred during the 1980s. In brief, the population of the community has grown slowly for the past two decades. The 1980 Census counted 18,191 residents. The 1990 Census counted 23,451 residents, an increase of 5,267 residents or 28.9 percent over the ten-year period. If the City's population grows at the 0.2 percent annual rate forecast for San Mateo County by the Department of Finance, it will reach an estimated 24,389 by 2010. This would be higher than the Association of Bay Area Governments' (ABAG) 2005 population projection of 22,800 (*Projections '90*, December 1989).

The 1980 and 1990 census figures were almost identical for population distribution as follows:

	Under 18 Years	Between 18 and 64	65 Years or Older
1980	34.0%	60.0%	6.0%
1990	32.8%	61.6%	5.6%

These figures continue to indicate that the City has a higher than average percentage of youth and a lower than average proportion of elderly residents than the County as a whole.

The social and economic profile of East Palo Alto residents presented in the 1986 Element suggests that the population is ethnically diverse and comprises a wide range of household income levels. At the same time, however, the City has a substantial low-income population. In 1980, the median household income for East Palo Alto was roughly two-thirds lower than the San Mateo County average. Based on the 1990 census, the mean household income for East Palo Alto is \$32,900 per year, compared to a County-wide average of \$51,700 per year.

Housing Characteristics

In 1980, 6,848 units were counted in East Palo Alto by the Federal Census. The 1990 census count indicated the total number of housing units in East Palo Alto at 7,351. This indicates a total net increase from 1980 to 1990 of 503 units, for an average annual construction rate of 50.3 units according to the census. Based on the City's building permit records, a net total (permits less demolitions) of 63 new units were approved between 1985 and December 1989. This compares to a Department of Finance estimate of 45 units added over the same time period. The discrepancy is probably due to the fact that some units approved later in the review period may not have been completed at the time the Department of Finance estimate was computed. Regardless of the estimate used, it is clear that housing production in East Palo Alto occurred at a very slow pace during the 1980s. Housing rehabilitation, however, has occurred much more rapidly, with 191 permits for substantial rehabilitation (\$10,000 or more) approved in the past five years. This indicates

that efforts to conserve existing affordable housing have been somewhat successful. Despite these efforts, a large number of homes remain substandard. A random survey of 600 dwellings conducted in June 1990 revealed 19 percent to be in need of substantial rehabilitation and roughly 2 percent to be dilapidated. Applying these percentages to the entire housing stock results in an estimate of 1,295 units in need of substantial rehabilitation and 132 dilapidated units.

The City's average household size has remained consistently above the County average, although it is expected by ABAG to decline from 2.85 in 1990 to 2.68 in 2005. This compares to County-wide estimates of 2.56 in 1990 and 2.45 in 2005, indicating that the gap between the City and County averages is likely to narrow somewhat.

Overcrowded conditions were recorded for 1,940 units (28 percent of the City's occupied housing stock) in the 1990 Census, based on the federal standard of more than one person per room constituting overcrowding.

The table on the following page provides a breakdown of the County and City of East Palo Alto housing stock by type of unit and tenure.

TABLE 2
1990 Housing Units by Type and Tenure:
East Palo Alto and San Mateo County

Housing Units	San Mateo County	East Palo Alto	% of County
Total Housing Units	251,782	7,351	2.92
Occupied Units	241,914	6,953	2.87
Owner Occupied	145,552	3,098	2.00
Renter Occupied	96,362	3,855	4.00
Vacant Units	9,868	398	4.03

In 1980, 45 percent of the homes in East Palo Alto were owner-occupied compared to 60 percent in the County as a whole. In 1990, this number had dropped to 42 percent. Over half of the City's multifamily units were concentrated west of Bayshore in 1980. Presently 58 percent of the housing units are renter occupied.

The Rent Stabilization Ordinance ("Ordinance") affects approximately 2,600-2,7000 of the 3,855 renter-occupied housing units in East Palo Alto, or about 67-70% of the rental stock. Those units which are not covered by the Ordinance are comprised primarily of rental properties consisting of four units or less. Approximately 100 additional multi-family units have become exempt from the rent stabilization provisions of the Ordinance as a result of having been substantially rehabilitated in accordance with the Ordinance's provisions.

The median home value in East Palo Alto was approximately \$75,000 in 1982, according to the 1986 Housing Element, rising to \$159,700 in 1990, an increase of 113 percent over

the eight-year period. By 1989, the Bay Area median housing value had increased to well over \$200,000, according to the Federal Home Loan Bank of San Francisco. These average figures do not reflect the wide range of housing prices available in the City of East Palo Alto. In 1990, 81 percent of the owner-occupied housing is in the \$100,000 to \$250,000 range. These homes often have substantial need for rehabilitation. In addition, 1990 San Mateo County Housing Authority figures show that the City has 460 families who occupy existing Section 8 units (16 percent of the County-wide total). This percentage is well in excess of East Palo Alto's 4.9 percent proportion of the County's population.

Median monthly rent in East Palo Alto was reported at \$425 for a two-bedroom unit in 1981. The 1990 Census reported monthly rent at \$532. According to the latest rent survey by the Bay Area Council, median rents in San Mateo County have risen to \$825 for a two-bedroom apartment. The median advertised rent of two-bedroom apartments in the lowest tenth percentile of all available two-bedroom units in San Mateo County increased from \$650 in January 1988 to \$700 per month in January 1989. Rent levels in East Palo Alto, however, have remained lower than County averages due in part to the existence of rent control legislation. A survey of advertised rents conducted in June, 1990 found the average to be \$437 for studios, \$517 for one bedroom and \$570 for two-bedroom apartments. Advertised home rentals averaged \$1,025 per month. The availability of rental units has probably declined based on the DoF estimate that the City had a net loss of 19 multifamily units between 1985 and 1990.

Income to Housing Cost Correlation

Table 3 provides estimates of the maximum affordable housing payment by income category and the number of East Palo Alto households that fall into each category. The total number of households is based on the January 1, 1990 DOF (State Department of Finance) estimate, and the income figures are derived from ABAG's 1990 projection for East Palo Alto (\$32,900 mean). The distribution of households by income category is based on an extrapolation of the 1980 income distribution. Although, as noted on page 2, the state planning guidelines call for the use of a regional median income in determining levels of housing affordability, the City average is used in Table 3 because it results in a breakdown of incomes more relevant to the City.

A comparison of the income figures represented in Table 3 with the housing cost estimates discussed in the previous section reveals an affordability problem of serious proportions. None of the more than 2,500 very low-income households presently living in East Palo Alto can afford the County's median advertised rent for two-bedroom apartments in the lowest tenth percentile of all available units, or the median priced rental in the City as reported in the Census. Many renters are either overpaying for housing or living in subsidized units, despite the City's lower overall rent levels. Furthermore, only about half of the City's moderate-income households can afford the County's overall average rent for a two-bedroom apartment, indicating that many of these households are also overpaying for housing. Finally, the estimated monthly cost of owning a home is well beyond the affordability limits of all of the City's low and moderate-income households and many of its above moderate-income households as well.

Of course, a significant proportion of low-income residents of East Palo Alto are spared from housing affordability problems by the fact that they purchased their homes during a period of lower prices. This is especially true of many elderly low-income residents. Other low-income residents have undoubtedly benefitted from the below average cost housing still available in certain portions of the City as well as the subsidized units previously mentioned.

TABLE 3
Estimated Incomes and Housing Affordability
of East Palo Alto Residents

Households in Income Category			1990 Gross Income		Maximum Monthly Housing Payment*
Category	Number	Percent	Annual	Monthly	
Very Low	1,554	22.3	\$16,450	\$1,371	\$411
Low	1,018	14.7	\$26,320	\$2,193	\$658
Moderate	1,551	22.4	\$39,480	\$3,290	\$987
Above Moderate	2,801	40.6	\$39,480+	\$3,290+	\$987+

* Calculated on the basis of the generally accepted standard of 30% of monthly income.
 Source: Based on DoF household estimates for 1990, ABAG's 1990 estimate of mean household income for East Palo Alto, and the local income distributions by the 1980 Census.

The preceding analysis suggests that the only low and moderate-income East Palo Alto residents who are not likely to be spending more than the standard 30 percent of their incomes on housing are those who occupy subsidized or substandard units and those who purchased their homes prior to the rapid escalation of housing prices in the 1980s. Renters and recent home purchasers, as well as prospective home buyers, face serious affordability problems in the existing local housing market. This conclusion is supported by ABAG's recent estimate that 50 percent of all low-income homeowners and 76 percent of all low-income renters in East Palo Alto are presently overpaying for housing. Although housing price increases slowed somewhat during the last months of 1989 and the first half of 1990, much of this "softening" has been in the upper end of the market with rents and prices for apartments, condominiums and entry level homes remaining firm.

III. REGIONAL AND SPECIAL HOUSING NEEDS

Determination of Housing Needs to 1995

Article 10.6, Section 65588 of the Government Code assigns responsibility for the determination of local housing needs within Bay Area communities to ABAG. East Palo Alto's total projected need for the 1988-95 time period is 956 units, according to ABAG. These units are to be distributed by income category as follows:

Very Low	239
Low	163
Moderate	201
Above Moderate	353

This estimate includes the City's existing housing need and projected need to the year 1995 as well as East Palo Alto's estimated share of regional housing needs. The income categories are based on County-wide rather than City-specific statistics. For example, 239 of the units needed are to be affordable to very-low-income residents County-wide. However, as average income levels in East Palo Alto fall well below the County's household incomes, an added goal for the City is to see the lower-income units developed with sufficient subsidy levels to be affordable to East Palo Alto's low-income residents. Furthermore, due to the relative affordability of the City's housing prices compared with the County, even recent market rate projects technically fall into the low-income affordability limits.

In addition to the 460 Section 8 units mentioned earlier, the City contains 219 non-Section 8 subsidized units. This figure includes the Light Tree project (99 units,) Runnymede Gardens (78 units), the Woodlands (23 units), homes built by non-profit organizations (16 units) and CDBG assisted single family homes (3 units). The City also has approximately 600 units that have received rehabilitation assistance from the County over the past 15 years, representing 60 percent of the total County program.

Analysis of the Needs of Homeless Residents Analysis of the Needs of Homeless Residents

Recent amendments to Housing Element law require communities to identify and quantify, where feasible, the extent of homeless needs within their jurisdictions. The following sections are intended to address these requirements.

Estimated Number of Homeless in East Palo Alto

In July 1986, the San Mateo County Department of Community Services surveyed 29 Social Service agencies that deal with the homeless in order to estimate the total number of homeless per year in the County. That study estimated the number of homeless at 5,000-6,000 persons. Telephone interviews conducted with several service providers in November 1989 yielded similar estimates of the number of homeless persons in the County.

The City's population is about 3.2 percent of the County total. If the City assumed its fair share of the County homeless population, it would account for 160 to 172 persons. The 1990 Census counted 57 homeless in emergency shelters and 64 homeless visible near streets for a total of 121. Although the City's higher-than-average rates of poverty and

unemployment suggest the possibility of homelessness in excess of the City's population percentage, other factors, such as relatively high vacancy rates and rent control, may be serving to alleviate homelessness. Thus, until a more reliable indicator is available, the City's overall proportion of the County's population will be used to estimate local homelessness. Based on the 1986 County Survey, it can be assumed that 40 percent of the homeless are single individuals, while the remainder are persons in families. It is important to point out that this estimate represents the number of people who find themselves homeless at some point within a given year. The number of people who are actually homeless on any particular day will be substantially lower since many homeless people do not remain homeless all year long.

Quantification of Available Homeless Assistance Resources

Shelters and homeless assistance programs are the main resources available to homeless residents of San Mateo County. In 1988, the most recent year for which complete statistics are available, there were three transitional housing shelters operating within San Mateo County serving homeless families with children. Based on the number of clients served during the first five months, these shelters served an estimated 1,130 people in 1988. There are also several more specialized shelters for persons with substance abuse problems and mental illnesses, victims of domestic violence and veterans. These shelters served approximately 550 persons in 1988 based on the ratio of available beds to number of persons served within the family shelters. Finally, the County's temporary "winter shelter" served 457 people in the winter of 1988. Collectively, therefore, existing shelters in San Mateo County served an estimated total of 2,137 people in 1988. The County's three main homeless assistance programs (Salvation Army, AFDC and Community Action Agency) served a combined total of 3,649 homeless persons in 1988 based on estimates derived from figures contained in the Comprehensive Homeless Assistance Plan for San Mateo County. Combining the estimated number of people served by Shelters with the number of residents receiving funds from homeless assistance programs results in a total estimate of 5,786 homeless persons who received some form of assistance in San Mateo County in 1988.

In addition to the above County-wide programs, local resources are available to serve the homeless. The Woodlands, for example, is a recently completed long-term transitional facility that provides housing for 23 large families. Preference for this facility is given to East Palo Alto residents. Families in Transition, which provides support services to homeless and at-risk individuals and families, served 133 unduplicated clients during the most recent 12-month review period. Finally, Theo Bowman House (formally Harriet Tubman House) served 80 drug-dependent women and 90 children during the 12-month period ending in February 1990.

Determination of Unmet Homeless Needs in East Palo Alto

If the shelters and assistance programs discussed above were evenly distributed throughout the County's homeless population, and if they provided adequate levels of assistance to resolve these persons' housing problems, then it could be argued that existing programs are adequate to meet the needs of the County's estimated homeless population. This, of course, is not the case. Most of the County's shelters and assistance programs are temporary in nature and are not designed to address ongoing housing affordability problems. Moreover, some of the homeless benefit from more than one program, while others receive no assistance at all. Thus, while there does not appear to be a significant discrepancy between the number of homeless persons in the County and the number of persons receiving assistance, there are still unmet needs in terms of the adequacy of benefits provided by existing programs and their availability throughout the County.

The above analysis suggests that, while most of the City's estimated homeless residents probably receive some form of assistance, the assistance may be inadequate to fully resolve their shelter needs. Rather than a shortage of existing programs, the City and County are confronted by limited program effectiveness in the face of accelerating housing affordability problems. Programmatically, therefore, as the City's economic condition improves, Redevelopment Agency funds and/or CDBG funds may be used to augment or upgrade existing shelters and programs. In addition, existing zoning provides for the development of shelters as conditional uses on lands designated for commercial or multifamily uses.

Other Special Needs Groups

Special needs groups identified in 1986 Housing Element include elderly residents, disabled, large families and female-headed households. The following table illustrates the proportion of each category in relation to the population as a whole.

**Special Needs Groups Households
1990 Census**

Type	Number	% of Total
Number of Households	6,813	100.0
Elderly (65 yrs + older)	846	12.4
Large Families (5+)	1,816	26.7
Female Headed Households	1,259	18.5

The special needs group households make up a significant proportion of the City's households totaling approximately 60 percent.

Elderly Residents

East Palo Alto has 846 households comprised of residents 65 or older, representing 12.4 percent of total households. While the Countywide population over the age of 65 has increased from 10 to 12 percent from 1980 to 1990, the same age cohort in East Palo Alto is both significantly smaller: 5.6 percent; and has declined from six percent in 1980. Elderly residents may have special housing needs in terms of affordability (due to their often fixed incomes) and design (due to their physical limitations).

The majority of East Palo Alto senior households are homeowners. According to the 1990 Census, 62 percent of those aged 65 to 74 and 70 percent of those aged 75 and older are homeowners, compared with a homeownership rate of only 44.5 percent citywide. Further, as many of the homes occupied by the elderly were purchased many years ago, the ongoing debt service is limited. Nonetheless, 66 percent of all seniors pay over 35 percent of their gross income toward housing costs. Further, ongoing maintenance costs can be particularly onerous, especially for lower-income homeowners.

While 20 percent of all adults in East Palo Alto are considered to live below the poverty level, 15 percent of the City's senior population are considered poor by this standard. The City has a 73-unit subsidized senior apartment project. Discussions with the on-site manager at Runnymede Gardens, indicated that there are rarely vacancies for any sustained period of time for the project, but that most persons on the waiting list can be

accommodated within six months to one year. There are also several board-and-care homes targeted to seniors. The availability of low-cost rental housing for the elderly suggests that it is senior homeowners among the elderly that face the greatest housing affordability problems.

Based upon the above profile, the housing programs that address the most apparent housing needs of the elderly include low-cost rehabilitation loans, a home sharing program to provide roommates to senior homeowners in need of additional income or some form of in-kind assistance, and the continued production of second units.

Disabled Residents

Roughly four percent of the City's population (an estimated 795 persons) are prevented from working due to disability. Although not all persons with work disabilities require special housing, those with severe mobility constraints need specially designed units, located near transportation, shopping and services. The City currently enforces all handicapped building standards set forth in the most recent Uniform Building Code.

Large Families

Although San Mateo County's average household size declined slightly between 1980 and 1990 (according to ABAG's *Projections '90*), East Palo Alto's average household size showed a slight increase over the same time period. In 1990, the City's average household size (3.31) exceeded the San Mateo County average (2.56) by 29.3 percent. These figures from the 1990 Census are supported by comments from local service providers, indicating that the number of cases involving large families continues to be a major concern in East Palo Alto.

Families with five or more members comprise almost 27 percent of all East Palo Alto households. There are presently 1,816 large households existing in the City, according to the 1990 Census. Of these, 52 percent are renter-occupied and 48 percent are owner-occupied households. In spite of the significant number of large families, the City's housing stock is made up of relatively small average-size homes. Of all the units in the City, 69 percent have two bedrooms or less, 27 percent have three bedrooms and only 4 percent have four or more bedrooms. The vast majority of the larger units are owner occupied, placing large renter households at risk of overcrowding. Of the City's rental units, only 11 percent are three-bedroom units and 2 percent are four bedroom or more.

In response to the tremendous need for family housing, the vast majority of affordable units developed by non-profit organizations in East Palo Alto since 1988 have been targeted to this population. For example, The Woodlands, a 23-unit rental project for transitional family housing, was developed by the Mid-Peninsula Housing Corporation and includes on-site counseling, a preschool and other services for families. Five single-family homes for very-low and low-income families were developed over the last four years by the Habitat for Humanity, six affordable three- and four-bedroom homes were developed by the California Family Foundation, and Innovative Housing is providing temporary shelter to four families.

The City will continue to demonstrate its support for affordable family housing through expedited approvals where staffing permits, by waiving Planning and Building Permit fees whenever economically feasible, and by committing housing set-aside funds toward larger multifamily units when tax increment funds are generated. Further, the City intends to participate with the County in the development of targeted housing projects to receive the

new federal HOME Funds. Family housing will be a top priority for the receipt of these monies. The City's commitment in this regard is reflected in the recent granting by the City Council of fee waivers aggregating \$12,000 for the development by Peninsula Habitat for Humanity of four single-family homes for very-low income families.

Female-Headed Households

The 1990 Census reported 1,259 female-headed households in East Palo Alto. This represents 18.5 percent of the total households. Of those, over half, or 52 percent, live below the poverty line. While data on large families headed by women was not available from the Census, discussions with local service providers such as the Bayshore Community Resource Center indicate that there is a significant overlap between the two special needs groups. Most social service providers in San Mateo County believe the needs of female-headed households have expanded more rapidly than those of other special needs groups. For example, Human Investment Project, Inc., reports that about half of the home seekers served by its home-sharing program during 1990 were female-headed households. Families in Transition, a locally based assistance program, has noted a similar percentage of female-headed households among its clients. Other programs have noticed recent increases in service demands from this group. The housing needs of those households often center around affordability and proximity to schools, day care centers and recreational facilities. Innovative shared living arrangements featuring shared cooking, laundry and child care facilities may be especially appropriate to meet the needs of female-headed households.

The City will encourage non-profit organizations to develop larger-unit affordable housing projects through programs discussed under large families, through promotion of the Home Sharing Program and through the dedication of Housing Set-Aside Funds for future projects.

Farmworkers

Although agriculture once comprised a significant component of the City's labor force, the number of jobs in agriculture and mining in East Palo Alto had declined to only 40 by 1990 according to ABAG estimates. Because of their declining numbers, the housing needs of these workers can probably be accommodated without the need for specially targeted programs.

IV. AVAILABLE SITES AND CONSTRAINTS TO HOUSING DEVELOPMENT

Inventory of Sites Suitable for Residential Development

Table 6 identifies 20 sites considered to be suitable for residential development. These sites are shown graphically on Figure 1. Accomplishment of the housing production objectives set forth on page 9 would result in the development of 71 percent of the maximum estimated remaining potential residential sites. Public services and facilities are generally available to all of the designated sites. Clearly, land availability does not constitute a significant constraint to the provision of housing in East Palo Alto. Based on the potential units that could be constructed on the vacant land inventory, and using an average of 3.12 persons/unit (rental rate), there is a potential increase of 4,939 in the population.

**TABLE 4
INVENTORY OF SITES SUITABLE FOR RESIDENTIAL DEVELOPMENT**

Site No.	Location	Size	Current Zoning ¹	Possible Alternative Zoning	Max. Units Under Existing Zoning	Maximum Feasible Units ²	Development Capability Rating ³
1	S. side of Bay between Gonzaga and Illinois	1 ac	R-3	R-M-1000	34	43	A
2	S. side of Bay between University and Fordham	13,000 sf	R-3	R-M-1000	10	13	A
3	S/E corner of Bay/Gloria	3.3 ac	C-1	R-M-1000	112	144	B
4	N. side of Weeks between Cooley and Clarke	2.4 ac	R-1	R-M-3000	19	35	C
5	University/Sacramento	19,000sf	R-1	R-M-3000	4	6	B
6	N. side Runnymede, S. side Weeks near Cooley	2.3 ac	R-1	-	20	20	A
7	S. side Weeks, between Pulgas and Clarke	1.9 ac	R-1	-	16	16	A
8	N/E corner Clarke and Runnymede	6,900 sf	R-1-	-	3	3	A
9	N. side Runnymede, s. side Weeks, east of Pulgas	5.3 ac	R-3	R-M-1000	180	231	A
10	S. side Runnymede between Cooley & Clarke to Schembri	7.7	R-1	-	67	67	A
11	N. side Garden between Clarke and Pulgas	1.8 ac	R-1	-	15	15	A
12	Beech/Garden/Clarke	2.5 ac	R-1	-	20	20	A
13	End of Beech	1.85 ac	R-3	R-M-3000	63	27	A
14	N. side Myrtle between Clarke and Pulgas	2.6	R-1	-	20	20	A
15	N. side Donahoe, Capitol to Cooley	37,250 sf	C-1	R-M-1000	0	37	C
16	S. side Weeks, E. of Pulgas	3.8 ac	RM	R-M-2000	0	83	B
17	O'Connor/Clarke/Pulgas	22.2 ac±	R-3	R-M-1000 & R-1	972	481	A
18	W. side Newell Road	12,000 sf	C-1	R-M-1000	9	12	C
19	Newell/W. Bayshore	24,400 sf	C-1	R-M-1000	19	24	C
20	N/E corner University and Bay	6 ac±	C-1	Mixed Use	0	100	C
Total Maximum Feasible Units						1,397	
Maximum Units Under Existing Zoning,					1,583		
Total Units on Sites with "A" Development Capability Rating						956	

Source: City of East Palo Alto Planning Department & City of East Palo Alto Redevelopment Agency, 1993.

- 1 All R-3 zoning districts are automatically converted to R-M Multi-family zoning pursuant to the 1989 zoning district amendment.
- 2 Based on maximum densities allowed exclusive of density bonuses.
- 3 If no zoning change is needed to produce the specified number of units, a rating of "A" is assigned. "B" applies to sites that would require a zoning change but have no apparent land use conflicts. Sites requiring a zoning change with possible land use conflicts are assigned a development constraint rating of "C".

Analysis of Government Constraints

Section 65583(a)(4) of State Housing Element Law requires an analysis of potential and actual governmental constraints upon the maintenance, improvement or development of housing for all income levels. In the City of East Palo Alto these potential and actual governmental constraints can be categorized as:

- (1) Land Use Controls
- (2) Government entitlement permit requirements;
- (3) On/off site improvement requirements;
- (4) Rent Stabilization Ordinance requirements; and
- (5) Resolution 884, Temporary Residential Building Moratorium.

Land Use Controls

State legislation requires that cities zone sufficient sites for residential use affordable to all economic segments, consistent with the needs identified in the local general Plan and Housing Element. With this Housing Element, the City commits to make every effort to comply with this state requirement, within the existing constraints, primarily that the municipal boundaries have been set and cannot generally be changed. The city is completely surrounded by the boundaries of other cities: Palo Alto, Menlo Park, and San Francisco Bay. The next section illustrates the available sites for residential housing over the period of this housing element.

General Plan. The East Palo Alto General Plan does not pose a significant constraint to housing development. Land availability is ample and there is an abundance of homesites in all land use designations. The General Plan designates residential densities. The following range is provided for in the General Plan:

Single Family/Duplex	5-9 units/acre
Multi-plexes (3-4 units)	9-16 units/acre
Garden Apartments, Townhouses (2 story)	16-25 units/acre
High Density Apartments (3+ stories)	25-40 units/acre

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

Zoning Ordinance. Zoning districts provided for in the Zoning Ordinance are in conformance with the General Plan. The City has a wide range of residential zoning densities ranging from R-1 (single family) to R-M (Multifamily). These zoning districts are combined with an "S" District causing designation which is reflected as follows:

In 1990, the City passed an ordinance giving the Planning Commission authority to modify standards for maximum lot coverage and minimum setbacks without granting a variance to promote affordable housing. This ordinance, a copy of which was included in the amended Housing Element certified by the state in June 1990, enables the City to offset the adverse impact of certain land use controls on housing affordability. A second ordinance, which was approved in 1990 and included in the previously certified housing element, allows for liberalized

parking requirements in developments that provide affordable units. These newly enacted provisions should largely eliminate local land use controls as a constraint to development.

The East Palo Alto Zoning Ordinance designates the land uses, height, bulk, density and parking standards throughout the City. This ordinance has been updated by locally adopted measures as appropriate to maintain consistency with the General Plan and state planning law. The Ordinance provides a variety of residential use designations with densities ranging from 8-43 dwelling units per acre (including density bonuses). Because of the City's abundance of vacant land in all zoning categories, the Zoning Ordinance is considered only a minor constraint to housing development. Requirements for on and off-site improvements, such as sidewalks and landscaping, are similar to or less stringent than those found in other Peninsula communities.

Building Codes. The latest edition of the Uniform Building Code is enforced in East Palo Alto. The City Building Department sees that new residences, additions, auxiliary structures, etc., meet all of the latest construction and safety standards. Building permits are required for any construction work. Building code enforcement also is not a constraint to housing development or affordability. Building code enforcement has been limited due to extremely short staffing. For existing units, the City's one building inspector generally responds to complaints relating to health and safety issues, rather than noncompliance of the most recent building codes. A portion of a recent allocation of CDBG funds through the County has been earmarked for increasing code compliance in the most serious cases.

Permit Processing, Procedures and Fees. Building permits must be secured before commencement of any construction, reconstruction, conversion, alteration or addition. Approval of permit applications is based on conformity with the Zoning Ordinance, although the City has the power to grant variances from the terms of the ordinance within the limitations provided in the ordinance. Planning and permit fees are summarized by Table 7. In general, permit fees are similar to or lower than those in existence in other Peninsula communities and are not regarded as significant constraints to housing development.

Although the level of planning fees is not presently viewed as a constraint to affordable housing production, permit processing times are a serious limiting factor. Because of staff limitations, simple design review applications may take from 6 to 8 weeks to reach the Planning Commission, and major subdivision applications usually require the maximum processing time permitted by law. Modifications in review procedures, such as limiting the types of applications subject to Commission review, would relieve this problem somewhat.

Availability of Assistance Programs. East Palo Alto does not have sufficient staff or financial resources to undertake major housing assistance programs without substantial backing by state or federal agencies. Recent reductions in funding levels of federal and state assistance programs place the City in a tenuous position, particularly with respect to local programs that require such assistance. Therefore, the diminishing availability of outside assistance programs must be viewed as a constraint to the provision of affordable housing.

**TABLE 5
RESIDENTIAL ZONING DISTRICT SUMMARY**

RESIDENTIAL ZONING DISTRICT	PRINCIPAL USES	MINIMUM BUILDING SITE AVERAGE MINIMUM		MINIMUM LOT AREA PER DWELLING UNIT (SQ.FT.)	FRONT (FEET)	MINIMUM YARDS REQUIRED		MAXIMUM HEIGHT PERMITTED		MAXIMUM COVERAGE PERMITTED (%)	PARKING
		WIDTH (FEET)	AREA (SQ.FT.)			SIDE (FEET)	REAR (FEET)	STORIES	FEET		
R-1.5,000 S-1	Single family	50	5,000	500	20	5	20	3	36	50	1 space for each dwelling unit having 0 or 1 bedroom
R-1.5,000 S-2	Single family	50	5,000	1,000	20	5	20	3	36	50	
R-1.5,000 S-3	Single family	50	5,000	1,250	20	5	20	3	36	50	
S-1.5,000 S-4	Single family	50	5,000	1,650	20	5	20	3	36	50	
S-1.5,000 S-5	Single family	50	5,000	2,500	20	5	20	3	36	50	
S-1.5,000 S-6	Single family	50	5,000	3,500	20	5	20	3	36	50	2 spaces for each dwelling unit having 2 or more bdrms
S-1.5,000 S-7	Single family	50	5,000	5,000	20	5	20	3	36	50	
S-1.5,000 S-8	Single family	50	7,500	7,500	20	5	20	3	36	40	
S-1.5,000 S-9	Single family	50	10,000	10,000	20	10	20	3	36	30	
S-1.5,000 S-10	Single family	75	20,000	20,000	20	10	20	3	36	25	
S-1.5,000 S-11	Single family	100	1-5 ac.	1.5 ac.	50	20	20	3	36	15	
S-1.5,000 S-12	Single family	175	2.5-5.0 ac.	2.5-5.0 ac.	50	20	20	3	36	10	
S-1.5,000 S-13	Single family	250	5.0 ac.	5.0 ac.	50	20	20	3	36	10	

TABLE 5 CONTINUED

**MAXIMUM DENSITY BONUS FOR PROVISION OF AFFORDABLE
HOUSING, RENTAL HOUSING AND HOUSING EXCLUSIVELY FOR THE ELDERLY**

**MINIMUM LOT AREA PER DWELLING UNIT (SQ.FT.)
AFFORDABLE FOR RENTAL HOUSING**

DISTRICT	PARCELS LESS THAN TWO ACRES (SQ.FT.)	PARCELS TWO ACRES OR LARGER (SQ.FT.)	HOUSING EXCLUSIVELY FOR THE ELDERLY
S-1	N/A	N/A	450
S-2	N/A	N/A	550
S-3	1,100	1,100	700
S-4	1,250	1,100	950
S-5	1,900	1,650	1,450
S-6	2,600	2,350	2,000
S-7	N/A	3,350	2,850
S-8	N/A	N/A	4,250
S-9	N/A	N/A	N/A
S-10	N/A	N/A	N/A
S-11	N/A	N/A	N/A
S-12	N/A	N/A	N/A
S-13	N/A	N/A	N/A

**TABLE 6
MULTI-FAMILY RESIDENTIAL
ZONING DISTRICT SUMMARY**

RESIDENTIAL ZONING DISTRICT	PRINCIPAL USES	LOT SIZE (SQ.FT.)	SITE DENSITY PER DWELLING UNIT (SQ.FT.)	SITE REQUIREMENTS			YARD REQUIREMENTS			HEIGHT LIMITATIONS	PARKING
				FRONT (SQ. FT.)	WIDTH (SQ.FT.)	DEPTH (SQ.FT.)	FRONT (SQ.FT.)	SIDE (SQ.FT.)	REAR (SQ.FT.)		
R-M-500	Multifamily	40,000	500	50	50	100	50	20	30	75	1 space for each unit having 0 bedrooms
R-M-1,000	Multifamily	20,000	1,000	50	50	100	40	10	30	60	1.2 spaces for each unit having 1 bedroom
R-M-2,000	Multifamily	15,000	2,000	55	75	100	30	10	25	30	1.5 spaces for each unit having 2 bedrooms
R-M-3,000	Multifamily	12,000	3,000	60	80	100	20	10	20	30	2 spaces for on unit having 3 or more bedrooms Plus 2 addl. mov. guest parking spaces for ea. 5 units

LOCATION OF SITES SUITABLE FOR RESIDENTIAL DEVELOPMENT

Figure 1

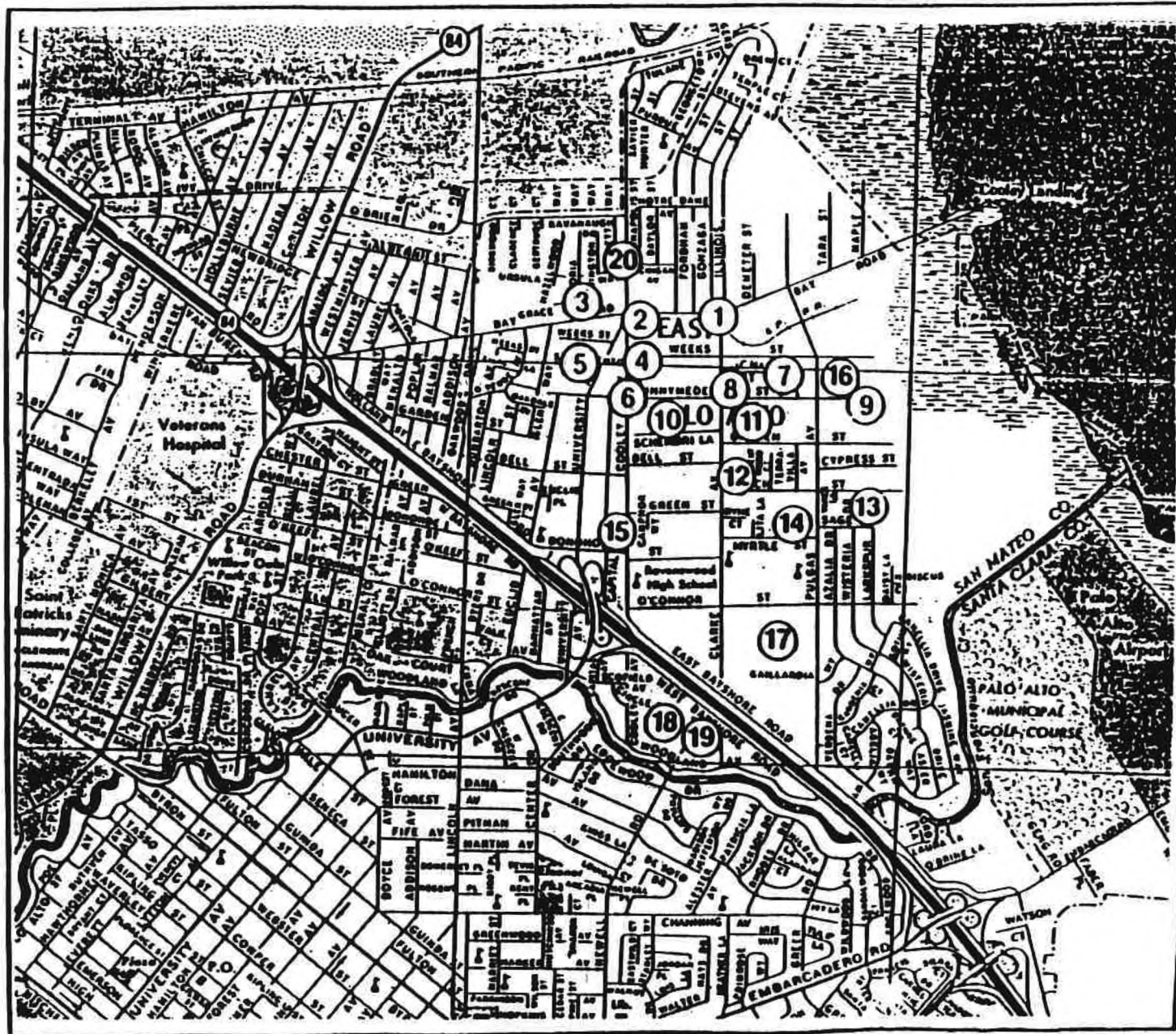


TABLE 7
PLANNING AND PERMIT FEES, 1991

Building Permit/Plan Check *	\$1,774
Use Permit	500
Design Review	320
Variance	400
Tentative Subdivision Map (1992 fees)	
Minor	850
Major	1,200 plus \$50 per lot
Park and Recreation Fee	Value of land @ 3 acres per 1,000 residents (1992)
* Rates listed are based on a \$200,000 home and will be higher or lower depending upon valuation.	

Government Entitlement Permit Requirements

In two instances discretionary permits are required prior to issuance of building permits for residential development. The first is the requirement for design review approval by the Planning Commission for all new residential development and all substantial modifications (e.g., additions or exterior building remodeling) of residential buildings. This process applies to all multi-family and single family residential zoning districts within the City. A public hearing with public notices advertised in a newspaper of local circulation and notice to property owners within 300 feet of the property subject to the permit is required.

The second type of discretionary permit application is the requirement for a use permit to be issued for all second residential units built in single family residential zoning districts. This permit process requires the public hearing notice and procedure and Planning Commission approval which is outlined in the paragraph above.

On/off Site Public Improvements

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

- (1) Street frontage improvements;
- (2) Utility connection fees;
- (3) School Impact Fees; and
- (4) Park dedication or in lieu fees.

The Street frontage improvements include: street right-of-way dedications; street frontage improvement (e.g., curb, gutter, sidewalks and street lights); water line improvements including

the water main installation along the property frontage and lateral service line with meter boxes and fire hydrants; sanitary sewer main installation along property frontage and later service lines; storm water drainage lines along property line street frontage; and planting of street trees. Street frontage improvement costs per residential unit vary depending upon the developed or undeveloped nature of the area. When vacant land is developed full street improvements are required with right-of-way dedication and full street and utility improvements. In urban infill situations where streets are already improved to their ultimate right-of-way minor street frontage improvement is required.

In many neighborhoods of East Palo Alto a rural street development standard applies. In these neighborhoods no curb, gutter or sidewalk is required. A concrete drainage swale along each side of the road at the pavement edge carries surface storm drainage and protects the edge of the asphalt paving.

Utility connection fees are required for residential development for new water and sanitary service. Connection charges for residential development range from \$630 to \$2,300 (commercial or large multi family developments). Connection charges to the sanitary sewer system is \$1,500 per residential unit.

School impact fees for residential development are \$1.50 per square foot of building area and are readjusted upward annually by the school board.

Rent Stabilization Ordinance

Vacancy Decontrol: The Ordinance does not provide for vacancy decontrols. Residents of the City have family incomes which are, on average, less than 60% of county median incomes for similar households. Although current rent levels within the City are up to \$400 per month below county median rent levels, many very-low and low-income families within East Palo Alto cannot afford to pay even existing rent-stabilized rents, using the 30% of gross income standard for housing affordability. Given that, at the time the Ordinance was drafted, approximately 25% of the rental housing stock was re-rented within any given year, vacancy decontrol, when combined with the existing annual general adjustment and individual adjustments for maintenance and improvement of rental property, would quickly result in rental housing prices which are unaffordable to the vast majority of current East Palo Alto residents.

New Construction: Currently, the Ordinance exempts all new construction (housing constructed after the adoption of the Ordinance) from the rent stabilization provisions of the Ordinance. Prior to the adoption of the Ordinance, new multi-family housing construction within the City was significantly below that of neighboring communities. Due to both market and non-market factors which govern the decision to construct new housing; this trend has continued. There has, however, been an increase in single family home construction and multi-family below market rate housing construction notwithstanding the existence of rent controls.

The Ordinance also provides an exemption for rental units which have been substantially rehabilitated. The exemption is valid so long as the unit is occupied by a low or moderate income tenant. Under the ordinance, a rental unit becomes exempt because of substantial rehabilitation when the landlord expends more than 50% of the purchase price of the rental unit (but, at a minimum \$10,000 per unit) to make structural improvements to the rental unit.

Despite these exemptions, however, some prospective market-rate developers, or existing owners may be deterred from constructing or rehabilitating rental housing units by the fear that an amendment to the Ordinance would extend price controls to their property. There has been no evaluation by the City as to the effect of the Ordinance on new market-rate construction; as a result, there is no evidence which supports or contradicts the belief that the Ordinance has in fact had this effect or reduced new construction. Approximately 100 previously-controlled multi-family units have been rehabilitated and have become exempt as a result of the rehabilitation exemption.

There has been no study of the effect of the Rent Stabilization Ordinance on the maintenance and/or improvement of housing generally. There appears to have been some deterioration in the housing stock; it is unclear, however, whether this is due to the provisions of the ordinance. The Ordinance provides for both upward adjustments in rent for capital expenditures made to improve the condition of rental property, and downward rent adjustments (including the denial of annual general adjustments) for properties which are not in compliance with building and housing codes. Both landlords and tenants have filed successful petitions for rent adjustment under these provisions.

The Ordinance provides financial incentives for landlords who make expenditures necessary to bring their property into compliance with building and housing codes. The Ordinance provides that a landlord may recoup 110% of the cost of capital improvements which are necessary to bring a property into code compliance; the regulations to the Ordinance also permit the landlord to recover either real or imputed interest on these expenditures. Landlords have historically expressed concern that the process of adjustment is too cumbersome; there has been no evaluation as to whether this in fact has deterred maintenance or improvement of the City's rental housing stock.

Resolution 884: Residential Building Moratorium

On July 6, 1993, the East Palo Alto City Council imposed a 90 day moratorium on the issuance of residential building permits. The moratorium was established to permit the City to deal with planning department staff shortages, policy decisions regarding increasing population in the face of inadequate tax base to support the existing population, and proliferating illegal construction of residential additions and new units without either entitlement approval or building permits. The moratorium was extended for a 60 day period to permit time for the above-mentioned issues to be discussed in a City Council/Planning Commission workshop and recommendations to deal with the problems formulated. The City anticipates that the Gateway 101 Redevelopment project will substantially increase General Fund revenues to help to provide services to the community.

The moratorium will expire on December 6, 1993 unless extended by the City Council. It applies to all new residential development and all building additions or remodeling that would expand the number of bedrooms to a residential unit. The City of East Palo Alto Community Development Department continues to process design review, use permit, subdivision map, and other residential development applications up to the building permit stage through the moratorium period. There will be no impact upon the City's ability to absorb the regional fare share of housing as determined by ABAG because all building permits for new residential units will merely be delayed for five months.

The City is diligently pursuing economic development in the Gateway 101 Redevelopment Project and the Ravenswood Industrial Redevelopment Project which will alleviate much of the cost of municipal service deficit. The City is initiating code enforcement efforts on a rigorous basis to prosecute building code and zoning code violations with the objective of ending flagrant abuses of illegal construction. The City has retained a new Community Development Director and an Acting Public Works and Planning Director and has retained an Assistant Planner to help to process development applications. It is not known if the City Council will choose to extend the building moratorium.

Analysis of Assisted Housing Developments Eligible to Change

According to the San Mateo County CHAS East Palo Alto has a total of 216 assisted housing units (June, 1993). The CHAS for San Mateo County shows that there are no assisted housing units in the City of East Palo Alto which will have a termination of subsidy use contracts, mortgage prepayments or expiration of use restrictions within the next ten (10) years.

Replacement of Units Lost Through Redevelopment

The City of East Palo Alto has two Redevelopment Project Areas that have a total of 300 residential units that would be removed to accommodate redevelopment. The specific guidelines for the relocation process are governed by a myriad of laws. In brief, Redevelopment Law requires that the Redevelopment Agency replace 75 percent of the units at comparable rent or ownership rates within a four-year period. In addition, the Agency must provide residents with moving expenses and rental assistance to make up the difference between 25 percent of gross monthly income and the cost to occupy an alternate unit for a period up to 4 years.

The University Circle Project is not moving forward as approved. Financing for the project is non-existent and the major tenant has pulled out of the project. For all practical purposes, the project as approved is dead. There is no development or relocation planned for the project in the foreseeable future.

The University Circle Redevelopment Project Area has been under study for many years for a mixed use commercial development. A relocation plan was commenced, but not adopted. The draft plan found that of the 100 units which would be displaced by the approved project, 73 were occupied, based on a survey prepared for the Redevelopment Agency by Pacific Relocation Consultants. All but one of the units are rentals, of which 95 are one bedroom units. At the time of the survey, households included 40 percent with children, two elderly and one handicapped person. The vast majority (67 households) are estimated to have very low incomes and three have low incomes. There is no activity with this project at the present time as the developer has withdrawn from the project due to the loss of a major tenant and the lack of financing for the project. If there is consideration of a redevelopment project within the next five years, if the project requires the relocation and removal of affordable housing, the project couldn't move forward without an acceptable relocation plan and the ability to relocate persons as well as a commitment to construct the required replacement housing.

The Gateway 101 Redevelopment Project Area contains approximately 194 multifamily rental units and 29 single-family homes. Development plans for the area include a regional retail center, neighborhood commercial area, community facilities and about 450 residential units, likely including replacement housing within the Project Area. This project is anticipated to begin within the next couple of years.

The most critical issue for purposes of the Housing Element is the implication the relocation of these units has on the ability of the City to meet existing and future housing needs. Due to the abundance of vacant or underutilized land considered feasible for residential development, the City can accommodate the regional housing production goals and provide sufficient sites to accommodate the redevelopment of 194 units.

The redevelopment agency is presently in the process of creating a redevelopment plan for the area bounded by Capitol, Donohoe, O'Connor, Clark, Pulgas, and West Bayshore. A General Plan amendment and Specific Plan for the area is also included. The area surrounded by O'Connor, Clark, and Pulgas, (Site 17) on the enclosed map is being considered for the following uses:

<u>Acres</u>	<u>Density</u>	<u>Intensity</u>	<u>Yield</u>
7.5	low	2 - 8 units/ac	15 - 60 units
5.2	medium	9 - 17 units/ac	47 - 88 units
<u>9.5</u>	high (M-L)	14 - 87 units/ac	<u>133 - 827 units</u>
22.20			195 - 975 units

Perhaps the most compelling issue currently facing the City is how to provide replacement housing within the shortest possible timeframe. As the Redevelopment Agency has yet to implement a Redevelopment Project, there are no tax increment funds available to help finance replacement housing. This "catch 22" is exacerbated by the fact that developer concessions cannot alone support construction of the required number of replacement units. The City is currently considering several approaches to mitigate the impacts of redevelopment on existing residents. One of the principal options being investigated is a 3.3-acre county-owned site that will be redesignated from commercial to residential uses (see Program 5.1).

The City and County have entered into a Memorandum of Understanding which will provide for 50 rental units and 30 for sale units on this site. These will be affordable and below market rate units and will meet some of the replacement housing needs for the Gateway 101 redevelopment project.

Implementation of the Gateway 101 Redevelopment Project is more likely to accommodate the development of replacement housing concomitant with the new commercial development. Multifamily housing is targeted to occur within the project area.

It will remain the City's goal to replace 100 percent of the units lost through redevelopment. Further, where economically and physically feasible, the Redevelopment Agency will provide the units concomitant with the removal of existing units.

Analysis of Non-Governmental Constraints

Cost of Land and Housing

East Palo Alto is located within a very expensive housing market. Given the County's status among the state's leaders in housing prices, this makes East Palo Alto housing vulnerable to upward price pressures. These pressures have already begun to manifest themselves in the form of higher asking prices, according to local real estate professionals. As of May 1990, the range of East Palo Alto housing prices appearing in the multiple listing service was from \$128,000 to \$270,000. Eight homes were listed at below \$150,000, and 35 units were listed between \$150,000 and 200,000. Prices for raw land have also increased, with single-family lots selling for as much as \$70,000. Rising housing prices are a result of economic forces that are well beyond the capacity of the local government to influence or control. These conditions, combined with the reduced levels of state and federal support discussed in the previous section, make it extremely difficult to continue to provide affordable housing despite the City's expressed desire to do so. Construction costs are estimated by local officials at the low end of the Bay Area range of \$50-65 per square foot. They do not constitute a significant constraint as land costs and financing availability.

Financing Availability

In addition to the affordability constraints discussed above, East Palo Alto has historically suffered from a chronic lack of investment capital. One reason for the lack of capital for projects within the City is the practice of "red-lining" by financial institutions. This problem is exacerbated by tax laws, which provide inadequate incentives for private investment in rental housing. As a result, financing for residential development is not available in East Palo Alto as in other Peninsula communities. The lack of any local financial institutions is undoubtedly a contributing factor in this regard. While the various causes of this capital shortage are beyond the scope of this report, the lack of private residential investment poses a serious constraint to the attainment of the production objectives. Unless the City can overcome the obstacles to attracting the interest of housing developers and the banking community, it will be difficult to meet the levels of need identified regardless of the City's expressed desire to do so.

Preservation of Affordable Housing Units: Preservation of Assisted Affordable Housing Units

As noted above, a significant percentage of the City's households are overpaying for housing. As such, it is particularly critical that all subsidized housing units be conserved. This section of the Housing Element responds to recent State legislation for preserving assisted multifamily rental housing developments. The State legislation was adopted as Chapter 1451, Statutes of 1989, which amended Section 65583 of the State of California Government Code. The State law requires that each city and county provide an analysis and programs for preserving assisted rental housing developments during a ten-year period. The analysis and programs must be updated every five years, at the same time the other sections of the locality's housing element are updated. For the City of East Palo Alto, the current preservation analysis period is July 1, 1990 to July 1, 2000.

Pursuant to State law, the following components must be analyzed for any projects at risk of conversion:

- inventory of units at risk of losing use restrictions;
- cost analysis of preserving at-risk units versus replacing them;
- quantified objectives of the number of at-risk units to be conserved;
- resources for preservation;
- efforts to preserve units at risk of losing use restrictions.

Inventory of Units At Risk of Losing Use Restrictions

There are currently three subsidized multifamily rental projects in the City of East Palo Alto. An analysis of all three indicates that none is subject to conversion to market-rate developments within the ten-year timeframe. As such, a comprehensive preservation analysis is not indicated. The three projects are described below:

The Woodlands. This 23-unit rental project was developed and is managed by the Mid-Peninsula Housing Coalition in 1989 for very-low and low-income families at risk of homelessness. In addition to the rental units, the project includes an on-site day care center and counseling services. The project was developed utilizing a package of financing instruments with the explicit goal of maintaining its affordability.

Light Tree Apartments. This 73-unit is HUD insured and has project-based existing Section 8 Lower-Income Rental Assistance which is subject to terminate on March 31, 1997. Due to the structure of the HUD loan, the development is not eligible for prepayment, and thus will be maintained as an affordable housing development. The project is owned by a private partnership.

Runnymede Gardens. This 78-unit development is also targeted to seniors and the disabled. Tenants are required to pay 30 percent of their income toward rent, with the balance paid by HUD through a Section 8 contract. Current use restrictions preclude converting the project to market rate within the planning period. The project is owned and managed by Goldrich and Kest.

As indicated, there are currently no subsidized multifamily developments in East Palo Alto which could be converted to market rate developments prior to 1999. However, the City will continue to monitor the subsidized projects to insure that the 174 units are conserved as affordable over the long term.

Summary of Resources and Constraints to Housing Development

A total of approximately 20 sites exist in the City of East Palo Alto that could support up to 1,583 units, assuming that all of the changes in zoning regulations suggested in Table 4 are made. In spite of the potential loss of 294 residential units associated with redevelopment, land availability is not a significant development constraint. The challenge, however, is to attract investors to develop the available parcels in a manner that will upgrade the City while providing a substantial percentage of affordable units. All of this must be accomplished with minimal federal, state or local subsidies. Crime, the condition of the schools and the lack of facilities for children are also factors that constrain the housing market. The constraints associated with market forces and other factors beyond the control of local government by far outweigh the governmental constraints to housing development in East Palo Alto.

V. EVALUATION OF EXISTING HOUSING PROGRAMS AND PROPOSED NEW PROGRAMS

Existing Housing Programs

The 1986 Housing Element identified a number of approaches designed to facilitate affordable housing. Quantitative objectives were established for more than a dozen separate action programs. Unfortunately, no mechanism was established for monitoring the attainment of performing objectives. In addition, planning and building department records were not sufficiently organized or complete to allow for systematic assessment of the City's performance with respect to its housing objectives.

An analysis of building permit records and Department of Finance housing unit estimates have verified the City has fallen short on its 1985-90 housing construction objectives. Overall, these data indicate that the City added between 45 and 63 net units from 1985-90 and 191 units were rehabilitated during this period. The estimated valuation of the newly approved units suggests that the majority were priced at levels affordable to East Palo Alto's low-or moderate-income households. Based on the figures presented above, it is clear that East Palo Alto fell far short of achieving its 1985-90 housing production objectives while exceeding its rehabilitation objectives by a considerable margin.

Several factors undoubtedly contributed to the City's inability to attain its housing objectives over the preceding five years. First, the objectives themselves may have been overly ambitious in view of the City's status as a newly created entity with a limited fiscal base. Federal and state funds that were expected to play a significant role in housing production never materialized in the amounts expected. Objectives established for such programs as tax exempt funding and agricultural conversion that were not fully functioning at the time the document was approved were probably unrealistic.

Second, internal organizational constraints contributed to the nonattainment of local housing objectives. Staff shortages, high turnover and the lack of systematic project review procedures have hindered the City's ability to facilitate new housing construction and home rehabilitation.

Finally, the reluctance of private investors to finance large-scale residential construction in East Palo Alto cannot be ignored as a contributing factor. The lack of private investment capital was the most significant constraint to housing production throughout the 1985-90 review period.

The above assessment of existing housing programs suggests that the City's 1990-95 housing production might be enhanced by (a) adopting more realistic program objectives; (b) standardizing and streamlining project review procedures; and (c) eliminating political, economic and psychological barriers to private residential investment. Political barriers result when homebuilders are deterred from investing in the City by an approval process characterized by delays and uncertainty. Economic barriers include investor reluctance caused by visible evidence of widespread disinvestment. Psychological barriers to investment center around the

public perception that East Palo Alto is an unsafe community. All of these barriers must be overcome if the City is to be successful in improving the quality and affordability of its housing stock. The Housing Element update is only part of the City's overall strategy in this regard. Redevelopment projects, zoning ordinance revisions, improved law enforcement and Housing Element programs are all being employed in an effort to revitalize the community.

1988-95 Housing Goals, Policies and Programs

Background

The following goals, policies, and programs have been adopted in an attempt to meet the City's regional housing needs, and they are consistent with the City's Redevelopment Agency programs and plans. Housing programs for the City of East Palo Alto are impacted by the City's economic constraints. Since incorporation, the City has experienced fiscal problems due, in large part, to an inadequate property and sales tax base. This shortage of local revenue, combined with cuts in federal, state and private funding sources, limits the range of housing program options available to the City. As such, the City must rely more on private construction, non-profit organizations and existing property owners rather than upon activities requiring sizeable public subsidies.

While there is ample land available to meet the City's housing construction goals, several factors suggest that it will be difficult to achieve the numerical targets. The current national recession has severely reduced new housing construction in general, and sources of financing are scarce for even seemingly risk-free projects. The City of East Palo Alto faces the added constraints of the limited income of its residents, limited local resources and the lack of significant development activity by the private sector. Conversely, the City does have the relative advantage of available vacant or underutilized land at lower prices than many other San Mateo communities.

There has been a recent increase in the activities of non-profit organizations in East Palo Alto. Groups including the Habitat for Humanity, the California Family Foundation, the Mid-Peninsula Housing Coalition and Innovative Housing have served a key role in facilitating the development of affordable housing in the City. The City hopes to continue working as partners with these and other non-profit organizations to promote the development of housing.

GOAL 1: HOUSING PRODUCTION

TO PROVIDE HOUSING TO MEET THE PRESENT AND FUTURE NEEDS OF RESIDENTS IN THE CITY OF EAST PALO ALTO, AND TO AIM AT PROVIDING A FAIR SHARE OF THE MARKET AREA HOUSING NEEDS, WITHIN IDENTIFIED GOVERNMENTAL, MARKET, ECONOMIC AND NATURAL CONSTRAINTS.

Policy 1.1: Fair Share Housing Production

On a Citywide basis, attempt to increase the number of housing units to meet the need for additional housing during the 1990-1995 period. East Palo Alto's quantified objective is based on abag's determination of East Palo Alto's fair share of housing by income groups as illustrated below:

Income Level	New Construction	Rehabilitation	Conservation
Total	956	15	20
Very Low-Income	239	5	5
Low-Income	163	5	5
Moderate-Income	201	5	5
Above Moderate	353	0	5

Note: Several projects were completed prior to 1992 including a 23 unit apartment project targeted to very - low income families, 15 family units targeted to very - low and low income, nine 2nd units, and approximately 40 market rate for-sale developments.

Program 1.1: Developer Outreach

Action: Meet with the local development community, key lenders and local civic and community groups to promote the City's interest in working cooperatively to increase housing development activity.

Objective: Improve the City's image as a viable housing location to increase private construction to satisfy existing and future housing needs.

Responsible Dept.: City Manager, Planning Department and Redevelopment Agency

Financing: Staff time

Time Frame: Develop outreach program by September 1993

Program 1.2: Second Units

Action: Publicize the Secondary Unit Program to increase public awareness.

Objective: Increase production of second units as an affordable housing alternative. Average three new secondary units annually, or 15 between 1990 and 1995.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Ongoing

Program 1.3: Eliminate Office/Residential Zoning

Action: Eliminate OR zoning and incorporate into C-1 zoning district.

Objective: Increase housing supply, add to creative housing solutions, limit processing time.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: November 1994

Program 1.4: Modify C-1 Zoning to Allow Residential Uses

Action: Modify zoning ordinance to facilitate mixed commercial/residential uses in all C-1 Districts where appropriate.

Objective: To increase the supply of residential uses and reduce effective cost to operate small business.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Complete revision by September 1994

Program 1.5: Encourage Use of Planned Unit Development (PUD) Zoning

Action: Designate sites most suitable for PUD zoning and publicize program parameters.

Objective: Increase development flexibility and allow for increased densities on selected sites to add ten additional market rate units by 1995.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Ongoing

Program 1.6: Manufactured Housing

Action: Continue to approve this housing type on permanent foundations in single-family neighborhoods subject to design review.

Objective: Provide for affordable housing options.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Ongoing, approve two units by 1995

Program 1.7: Review status of agricultural land for residential uses

Action: Establish appropriate timing for phasing lands out of agricultural reserve and rezoning them for residential development.

Objective: To create appropriate alternate uses for lands likely to be removed from agricultural uses due to Redevelopment Agency activity or other factors.

Responsible Dept.: Planning Department, Redevelopment Agency

Financing: Staff time

Time Frame: Develop approximate timeframe and residential development capacity by February 1994

Program 1.8: Land Use/Vacant Land Inventory

Action: In conjunction with Program 1.7, annually monitor and update vacant land inventory for dissemination to the development community.

Objective: The land inventory, developed as part of the housing element update, provides the means to monitor the availability of vacant and underutilized land to accommodate housing on a regular basis.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Ongoing

Program 1.9: Rezone R-1 sites to R-M, Multi Family Zoning District to accommodate multi-family uses.

Action: To present to the Planning Commission and City Council proposals to re-zone lands shown on inventory, Table 4, sites 4, 5, 15 & 16 from R-1 to R-M Zoning Districts.

Objective: The land inventory identifies some land presently zoned R-1 which is suitable for higher density residential R-M. If these zoning changes were made, there would be enough land zoned R-M to meet the city's housing goals.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: September 1994

GOAL 2: HOUSING AFFORDABILITY

TO PROVIDE HOUSING TO MEET THE NEEDS OF ALL INCOME GROUPS IN THE CITY, AND TO PROVIDE THE FAIR SHARE ALLOCATIONS BY INCOME CATEGORY WITHIN THE IDENTIFIED GOVERNMENTAL, MARKET, ECONOMIC AND NATURAL CONSTRAINTS.

Policy 2.1: Affordable Housing Opportunities

The City shall implement programs to increase affordable housing opportunities, preserve the existing number of rental housing, including the 189 units of subsidized rental housing, and promote alternative housing types.

Program 2.1: Housing Programs

Action: Identify Federal and State housing programs which are aimed at providing funds for low and moderate income housing.

Objective: To become familiar with Federal and State housing programs beyond the CDBG and HOME programs.

Responsible Dept.: City Manager

Financing: Existing city staff time

Time Frame: October 1993

Program 2.2: New Construction

Action: Direct private and nonprofit housing developers to San Mateo County HOME Program Consortium and the CDBG Program for application for HUD funds. Program funds can be used for new development, rehabilitation and special housing needs.

Objective: To promote or facilitate the development and rehabilitation of housing in East Palo Alto. To provide partial funding for an average of ten new affordable units annually with a priority on family housing.

Responsible Dept.: City Manager

Financing: Existing City staff time, HUD funds

Time Frame: In connection with funding cycles

Program 2.3: Non-Profit and Affordable Housing Developer Outreach

Action: Meet with local non-profit and private developers to promote the affordable housing programs outlined in the Housing Element. Provide interested developers with the inventory of vacant sites, and explain procedures for utilizing the programs.

Objective: To establish a positive image and role in the development community as a City interested in assisting with affordable housing development.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Ongoing

Program 2.4: Fee and Permit Waiver

Action: Discretionary waiving of building and planning fees for nonprofit developers of projects affordable to very-low and low-income households.

Objective: To encourage the development of affordable housing.

Responsible Dept.: City Council

Financing: City of East Palo Alto

Time Frame: Ongoing

Program 2.5: Mortgage Credit Certificate Program (MCC)

Action: Participate in the County of San Mateo MCC Program to enhance the affordability of both new and existing homes for first-time low-to moderate-income homebuyers.

Objective: To educate prospective buyers about the program by distributing materials with a goal of allocating ten MCCs to East Palo Alto homebuyers annually.

Responsible Dept.: Planning Department

Financing: Minimal

Time Frame: Ongoing

Program 2.6: Density Bonus

Action: Adopt a density bonus ordinance to implement the State's density bonus regulation, effective March 1990. The ordinance will specify that a developer shall be granted a bonus of at least 25 percent, and an additional incentive, for the provision of 20 percent of the units for lower-income households, or 10 percent for very low-income households, or 50 percent of the units for senior citizens.

Objective: To provide incentives for the development of affordable housing.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Adopt a new ordinance by January 1994.

Program 2.7: Ensure the Continuing Affordability of Subsidized Projects

Action: Monitor actions by the State and Congress regarding appropriations for extensions of Section 8 contracts and termination of mortgage use restrictions for preservation. Maintain regular communications with property owners.

Objective: Conserve the 189-units as affordable.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: Ongoing

Program 2.8: Facilitate the Development of Affordable Housing on Surplus Public Sites

Action: Rezone the 3.3-acre County-owned site adjacent to City Hall to include between 80 and 140 (using the State's Density Bonus Program) multifamily units, and support the development of affordable single-family houses on other surplus County-owned sites in the City.

Objective: To increase the potential supply of sites targeted for affordable and replacement housing.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Rezone the County site by September 1993

Program 2.9: Development Standards Incentives

Action: Develop criteria which will permit development standard incentives to encourage clustered developments, flexible units sizes, setbacks and lot coverage of affordable housing.

Objective: To reduce the cost of providing affordable housing, where appropriate.

Responsible Dept.: Planning Department

Financing: None required

Time Frame: March 1994

Program 2.10: Maximize the use of City redevelopment housing set-aside funds to provide affordable housing

Action: The Redevelopment Agency will develop a plan for the use of its housing set-aside funds (when available) including methods in which the funds can be used to promote the development and/or rehabilitation of housing affordable to lower and moderate income households.

Objective: To make funds available for new and rehabilitation of housing for low and moderate income households.

Responsible Dept.: Redevelopment Agency

Financing: 20% tax increment housing funds

Time Frame: 1995, when it is anticipated that there will tax increment generated from one or two of the project areas.

Program 2.11: Develop Inclusionary Zoning Ordinance

Action: Draft and adopt an inclusionary zoning ordinance which would require either 20% of the total number of units proposed for any residential project to be affordable to very low and low income families; or for the development to pay an in lieu fee if the development proposed 10 or fewer units.

Objective: Create affordable housing and an affordable housing fund to assist in achieving the City's affordable housing goals and economic development goals

Responsible Dept.: Planning

Financing: General Fund, inclusionary zoning fees and developer subsidies.

Time Frame: Adopt ordinance March, 1994.

Program 2.12 Non-Governmental Constraints

Action: Identify the potential source of private investment capital available to the community through the Community Reinvestment Act and ascertain how private capital can be made available for housing in the community.

Objective: To determine the available sources of private funding available to and in the community.

Responsible Dept.: City Manager

Financing: Existing city staff time

Time Frame: January 1994

Program 2.13 Rent Stabilization Ordinance.

The City shall continue to enforce and implement the Rent Stabilization Ordinance, Title 12, Chapter 1 of the Municipal Code of the City of East Palo Alto.

Action: Continue enforcement of the Rent Stabilization Ordinance.

Objective: To maintain and enhance the existing stock of affordable rental housing in the community.

Responsible Dept.: Rent Control

Financing: Apartment owner assessments.

Time Frame: Ongoing

Program 2.14 Condominium Conversion.

The City shall adopt and implement a Condominium Conversion Ordinance.

Action: Adopt a Condominium Conversion Ordinance.

Objective: To maintain and enhance the existing stock of affordable rental housing in the community; by preventing the conversion of existing rental units to ownership units.

Responsible Dept.: Planning Department

Financing: General Fund, existing staff time.

Time Frame: December 1994.

GOAL 3: HOUSING CONSERVATION AND REHABILITATION

TO PROMOTE ADEQUATE MAINTENANCE AND, WHERE NEEDED, THE IMPROVEMENT OF THE CITY'S HOUSING STOCK.

Policy 3.1: To improve existing housing and preserve neighborhood quality.

Program 3.1: Owner-Occupied Rehabilitation Program

Action: Participate in San Mateo County Housing and Community Development Division's Home Repair Program. This program is designed to assist low or very low income homeowners in rehabilitating their residences. Eligible applicants receive loans at three percent interest for up to 20 years. In extreme hardship cases, the loans are deferred in five-year increments. The minimum loan is \$2,000 and the maximum loan is \$35,000.

Objective: To assist an average of 15 lower-income owners annually in rehabilitating their homes.

Responsible Dept.: Planning Department

Financing: HUD; CDBG funds

Time Frame: Ongoing

Program 3.2: Rental Rehabilitation Program

Action: Participate in San Mateo County Housing and Community Development Division's Rental Rehabilitation Program until discontinued in 1993. This program is designed to assist investors/owners of rental properties who serve low- or very-low-income tenants. Qualified applicants receive a zero percent interest loan for ten years, which must be matched by the owner.

Objective: To increase the maintenance of the City's lower-income rental housing stock, upgrade 20 residential units annually, or 100 over the planning period.

Responsible Dept.: Planning Department

Financing: HUD; CDBG funds

Time Frame: 1988-1993

Program 3.3: Rehabilitation Program Promotional Campaign

Action: Develop and implement publicity campaign to inform owners about the availability of low-interest rehabilitation loans.

Objective: To develop and distribute brochures about the County program and to send informational letters to homeowners associations and other groups.

Responsible Dept.: Building and Planning Department

Financing: HUD; CDBG funds

Time Frame: Implement campaign May through August, annually commencing 1993

Program 3.4: Design Review

Action: Adopt Design Guidelines for single family housing in single family neighborhoods and revise design review ordinance to limit process to other than single-lot single family.

Objective: To reduce the cost of single family homes.

Responsible Dept.: Planning Department

Financing: None needed

Time Frame: Revise program by July 1994

Program 3.5: Target Consumer Appliance Program (TCAP) and ZIP Programs

Action: Promote PG&E's TCAP and ZIP services to assist seniors and income eligible customers with conservation by repairing or replacing older appliances and installing weatherization improvements.

Objective: To disseminate TCAP and ZIP information and guidelines at public facilities.

Responsible Dept.: Building and Planning Departments

Financing: None required

Time Frame: Ongoing

Program 3.6: Preserve existing mobile home parks.

Action: Maintain current general plan, zoning and entitlements on existing mobile home parks consistent with economic development policies of the City. Where any dislocation of mobile home parks is to occur housing replacement and relocation shall be required pursuant to regulations of the State of California.

Objective: To discourage removal or relocation of mobile home parks wherever possible.

Responsible Dept.: Planning Department/Redevelopment Agency

Financing: Not Applicable

Time Frame: Five years until the next Housing Element Revision.

GOAL 4: SPECIAL HOUSING NEEDS

TO ADDRESS THE HOUSING NEEDS OF SENIOR CITIZENS, PHYSICALLY DISABLED, HOMELESS, LARGE FAMILIES, AND FEMALE HEADED HOUSEHOLDS

Program 4.1: Home Sharing

Action: Promote the Human Investment Project (HIP) which assists low-and moderate-income seniors and other residents in finding affordable housing through homesharing.

Objective: To provide for the ability of lower-income homeowners to maintain their homes and to provide additional housing options for renters. Achieve 10 matches per year between providers and housing seekers.

Responsible Dept.: Community Services Department

Financing: None required

Time Frame: By January 1994 obtain and circulate promotional materials in public facilities

Program 4.2: Enforce Uniform Building Code Handicapped Access Provisions

Action: Require that all new multifamily developments comply with handicapped provisions included in the UBC.

Objective: To provide handicapped access to new housing developments.

Responsible Dept.: Building Department

Financing: None required

Time Frame: Ongoing

Program 4.3: Design Flexibility for Elderly Projects

Action: Allow techniques such as smaller unit sizes, parking reduction, common dining facilities and fewer required amenities for senior projects.

Objective: To encourage the development and expansion of housing opportunities for the elderly.

Responsible Dept.: Planning and Building Departments

Financing: Staff time

Time Frame: Ongoing

Program 4.4: Encourage the Development of Family Housing

4.4.1: Ensure that new rental housing includes units meeting the needs of large families.

Action: The City will develop guidelines for ensuring that rental housing developments contain the appropriate proportion of three and four bedroom dwelling units that are affordable. The guidelines will also include criteria which will assist in making these units financially feasible.

Objective: To expand the affordable housing opportunities for large families.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: January 1995, begin preparation of guidelines by July 1994.

4.4.2: Address the special housing needs of single parents.

Action: The City, working with housing developers will evaluate the possibility of developing a housing project which will integrate affordable housing and child care services for lower-income single working parents. The City will develop guidelines which allow for the location of childcare services in close proximity to lower-income parents living in affordable housing, particularly single mothers.

Objective: To meet the housing needs of single parents.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Guidelines prepared by March 1995.

Program 4.5: Shelter for the Homeless

Action: Revise zoning ordinance to allow housing for the homeless in designated areas of the City with a Use Permit.

Objective: To accommodate developer proposal for housing the homeless.

Responsible Dept.: Planning Department

Financing: Staff time

Time Frame: Revise Ordinance by June 1994

GOAL 5: REDEVELOPMENT

TO ADHERE TO OR EXCEED THE HOUSING REQUIREMENTS OF THE STATE REDEVELOPMENT LAW IN IMPLEMENTING THE CITY'S UNIVERSITY CIRCLE AND GATEWAY 101 REDEVELOPMENT PLANS.

Policy 5.1: Replacement Housing

The City, through the Redevelopment Agency, shall make available suitable replacement housing at affordable prices to households displaced by actions of the City or its Redevelopment Agency.

Program 5.1: One-to-One Replacement Housing

Action: Within four years of the removal of low- and moderate-income housing units in the Redevelopment Area, the Agency will provide corresponding one-to-one replacement housing. Where economically and physically feasible, provide replacement housing prior to the demolition of existing units. On a project by project basis examine feasibility of producing units to East Palo Alto affordability standards. Where replacement units occur after demolition, provide a rental subsidy to displaced residents as required by law. For the Gateway 101 Redevelopment Project Area scheduled to begin in 1994-95 it is anticipated that 207 residential units will be demolished or moved, including 187 multi-family and 20 single family units, to be removed by December 1994.

Action 5.1.1: Provide forty (40) new low and very low income units in a combination of rental and ownership status within the Gloria Way/Bay Road new 80 unit residential unit housing project on County-owned land. This is a land banking project. Property is to be developed by a partnership of the Mid-Peninsula Housing Coalition, Habitat for Humanity and EPA Can Do, all non profit housing corporations. Units to be available for occupancy in September 1995.

Action 5.1.2: Provide forty (40) to eighty (80) new very low to moderate income rental units on the Weeks Street site (formerly the Williams project). This is a land banking project. Property to be purchased with a combination of HCDA CDBG and HOME funds and developed by a non profit housing developer. Units to be available for occupancy in January 1996.

Action 5.1.3: Provide between 10 and 20 single family homes for sale at low income below market rate affordability on the County-owned Beech Street site. This is a land banking project. These homes will either be a house move-on project from the Clark Street single family home sites within the Gateway 101 Redevelopment Project Area or a new single family home project built by a for profit or non profit developer in cooperation with the Redevelopment Agency and the County of San Mateo. These units are scheduled to be available for occupancy in December, 1994.

Action 5.1.4: Provide 100-200 below market rate multi-family residential units in the Clarke/Pulgas area of the Gateway 101 Redevelopment Project Area, affordable to very low and low income families. These units would be developed by a combination of non-profit and for-profit residential developers using CDBG funds, HOME funds, Redevelopment tax increment funds, and Federal Income Tax credits. These units would be completed between January 1996 and December 1998. All major environmental clearances for these housing developments will be accomplished by the certification of the Gateway 101 Environmental Impact Report in December, 1993.

Objective: To minimize the impact on existing residents and ensure the replacement of lost units at the same affordability levels.

Responsible Dept.: Redevelopment Agency

Financing: Tax increment funds, developer assistance, possible contribution of County land, HUD CDBG Funds, HOME Funds, Federal Income Tax Credits, and other sources of State and Federal funding. Specifically the Agency/City have identified:

HOME funds for 1994: \$700,000

CDBG Funds: approximately \$200,000 annually

Land payments made by businesses moving to the redevelopment area

Loans from non-profit foundations or governmental bodies to be repaid with tax increment funds.

Policy 5.2: First Preference Replacement Housing

The City and Redevelopment Agency will support first preference to residents displaced by redevelopment activities from sites located within redevelopment project areas provided that all State and Federal laws regarding fair housing are met and that the particular income qualifications associated with "for sale" housing can be met by the families being displaced.

Program 5.2: First Preference Replacement Housing

Action: The Redevelopment Agency shall contract with and coordinate a First Preference housing strategy with all for profit and non profit developers producing replacement housing in the City. Where subsidies and developer write-downs of housing costs (e.g., rent or purchase) are adequate, housing produced through inclusionary zoning shall be subject to the first preference replacement housing policy.

Objective: To provide safe, decent and affordable housing to residents displaced by redevelopment activity. To support economic development activities and policies of the City and Agency.

Responsible Dept.: Redevelopment Agency

Financing: Tax increment funds, developer assistance, possible contribution of County land, HUD CDBG Funds, HOME Funds, Federal Income Tax Credits, other sources of State and Federal funding, developer write-downs, and in lieu inclusionary housing fees.

Time Frame: To be implemented for the Gateway 101 Redevelopment Project (where the greatest displacement is anticipated) between December 1994 and December 1998. For all other redevelopment projects within 4 years from the date of displacement of residents.

Program 5.2: Housing Set-Aside Fund

Action: Target a minimum of the 20 percent Housing Set-Aside funds to be derived from tax increment to replacement housing.

Objective: To provide economic support to the development of replacement housing at permanently affordable levels.

Responsible Dept.: Redevelopment Agency

Financing: Tax increment funds

Time Frame: No tax increment currently generated. Anticipate first income stream by 1995.

GOAL 6: FAIR HOUSING

TO ENSURE DECENT, SAFE LIVING ENVIRONMENTS FOR THE CITY'S RESIDENTS REGARDLESS OF AGE, SEX, FAMILY COMPOSITION, RACE, ETHNICITY, RELIGION, PHYSICAL OR MENTAL DISABILITY, OR INCOME.

Policy 6.1: The City shall support private and public efforts to ensure non-discrimination in the sale or rental of housing.

Program 6.1: Support Local Non-Profit Anti-Discrimination Programs

Action: Support the Mid-Peninsula Center for Fair Housing, a non-profit fair housing program that provides information, counseling, and investigation services concerning discrimination complaints.

Objective: Distribute brochures at City offices and refer complaints to MPCFH.

Responsible Dept.: Planning Department, Social Services

Financing: HUD; CDBG Funding provided through San Mateo County.

Time Frame: Ongoing

GOAL 7: HOUSING ELEMENT IMPLEMENTATION

TO ENSURE THE IMPLEMENTATION OF ALL HOUSING POLICIES AND TO PROMOTE BROAD PARTICIPATION IN THE PROGRAMS.

Policy 7.1: Implementation and Revision

On a regular basis, the City shall review its ordinances and programs regulating residential uses and construction to ensure consistency with the General Plan and to identify and correct any provisions that unnecessarily increase the cost of housing, extend the time required for processing applications or preclude provision of housing to meet special needs.

Program 7.1: Citizen Participation

Action: Hold public meetings to receive public input and to inform residents and developers about the housing needs, resources and program options.

Objective: To disseminate information about housing programs and encourage public participation.

Responsible Dept.: City Manager's Office

Financing: None required

Time Frame: Upon any substantive revision to the Housing Element

Program 7.2: Record Keeping

Action: Develop a record-keeping system to collect statistics relating to the objectives and programs of the Housing Element.

Objective: To maintain a system for evaluating the progress and achievements of the housing program.

Responsible Dept.: Planning and Building Departments and Redevelopment Agency

Financing: Minimal staff time.

Time Frame: Ongoing

CITY OF EAST PALO ALTO



COMMUNITY DEVELOPMENT DEPARTMENT

2200 UNIVERSITY AVE.
EAST PALO ALTO, CA 94303

TEL (415) 853-3189

FAX (415) 853-3179

CERTIFICATION OF FEE EXEMPTION

TO: County Clerk,
County of San Mateo
590 Hamilton
Redwood City, CA 94063

FROM: City of East Palo Alto
2200 University
East Palo Alto, CA 94303

Project Title/Location (include county): 1992 Housing Element Update/
City of East Palo Alto, San Mateo County, State of California

Project Description: General Plan Amendment of the City of East Palo Alto General Plan to reflect the 1992 five year update of the Housing Element.

Findings of Exemption:

1. An initial study has been conducted by this agency, which has evaluated the potential for this project to cause an adverse effect -- either individually or cumulatively -- on wildlife resources. For this purpose, wildlife is defined as "all wild animals, birds, plants, fish, amphibians, and related ecological communities, including the habitat upon which the wildlife depends for its continued viability." (Section 711.2, Fish and Game Code)
2. There is no evidence that the proposed project would have any potential for adverse effect on wildlife resources.

Certification:

I hereby certify that the City of East Palo Alto, as lead agency, has made the above finding and that the project will not individually or cumulatively have an adverse effect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.



Planning Director

Lead Agency City of East Palo Alto

Date

Oct. 22, 1992



Case File No. GPA 92-1

ENVIRONMENTAL CHECKLIST FORM

(To Be Completed by Lead Agency)

I. Background

1. Name of Proponent City of East Palo Alto - Planning Department
2. Address and Phone Number of Proponent 2200 University Avenue
East Palo Alto, CA 94303
(415) 853-3189
3. Date of Checklist Submitted October 22, 1992
4. Agency Requiring Checklist City of East Palo Alto Planning Depart.
State of California/Dept. of Housing and
Community Development
5. Name of Proposal, if applicable 1992 Housing Element Update

II. Environmental Impacts

(Explanations of all "yes" and "maybe" answers are required on attached sheets).

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
1. Earth. Will the proposal result in:			
a. Unstable earth conditions or in changes in geologic substructures?	_____	_____	_____X_____
b. Disruptions, displacements, compaction or overcovering of the soil?	_____	_____	_____X_____
c. Change in topography or ground surface relief features?	_____	_____	_____X_____
d. The destruction, covering or modification of any unique geologic or physical features?	_____	_____	_____X_____
e. Any increase in wind or water erosion of soils, either on or off the site?	_____	_____	_____X_____
f. Changes in deposition or erosion of beach sands, or changes in siltation, deposition or erosion which may modify the channel of a river or stream or the _____ inlet	_____	_____	_____X_____

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
g. Exposure of people or property to geologic hazards such as earthquakes, landslides, mud-slides, ground failure, or similar hazards?	_____	_____	<u>X</u>
2. Air. Will the proposal result in:			
a. Substantial air emissions or deterioration of ambient air quality?	_____	_____	<u>X</u>
b. The creation of objectionable odors?	_____	_____	<u>X</u>
c. Alteration of air movement, moisture, or temperature, or any change in climate, either locally or regionally?	_____	_____	<u>X</u>
3. Water. Will the proposal result in:			
a. Changes in currents, or the course of direction of water movements, in either marine or fresh waters?	_____	_____	<u>X</u>
b. Changes in absorption rates, drainage patterns, or the rate and amount of surface runoff?	_____	_____	<u>X</u>
c. Alterations to the course or flow of flood waters?	_____	_____	<u>X</u>
d. Change in the amount of surface water in any water body?	_____	_____	<u>X</u>
e. Discharge into surface waters, or in any alteration of surface water quality, including but not limited to temperature, dissolved oxygen or turbidity?	_____	_____	<u>X</u>
f. Alteration of the direction or rate of flow of ground waters?	_____	_____	<u>X</u>
g. Change in the quantity of ground waters, either through direct additions or withdrawals, or through interception of an aquifer by cuts or excavations?	_____	_____	<u>X</u>

Environmental Checklist Form
Page 3

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
h. Substantial reduction in the amount of water otherwise available for public water supplies?	_____	_____	<u>X</u>
i. Exposure of people or property to water related hazards such as flooding or tidal waves?	_____	_____	<u>X</u>
4. Plant Life. Will the proposal result in:			
a. Change in the diversity of species, or number of any species of plants (including trees, shrubs, grass, crops, and aquatic plants)?	_____	_____	<u>X</u>
b. Reduction of the numbers of any unique, rare or endangered species of plants?	_____	_____	<u>X</u>
c. Introduction of new species of plants into an area, or in a barrier to the normal replenishment of existing species?	_____	_____	<u>X</u>
d. Reduction in acreage of any agricultural crop?	_____	_____	<u>X</u>
5. Animal Life. Will the proposal result in:			
a. Change in the diversity of species, or numbers of any species of animals (birds, land animals including reptiles, fish and shellfish, benthic organisms or insects)?	_____	_____	<u>X</u>
b. Reduction of the numbers of any unique, rare, or endangered species of animal?	_____	_____	<u>X</u>
c. Introduction of new species of animals into an area, or result in a barrier to the migration or movement of animals?	_____	_____	<u>X</u>
d. Deterioration to existing fish or wildlife habitat?	_____	_____	<u>X</u>

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
6. Noise. Will the proposal result in:			
a. Increases in existing noise levels?	_____	_____	<u>X</u>
b. Exposure of people to severe noise levels?	_____	_____	<u>X</u>
7. Light and Glare. Will the proposal produce new light or glare?	_____	_____	<u>X</u>
8. Land Use. Will the proposal result in a substantial alteration of the present or planned land use of an area?	_____	_____	<u>X</u>
9. Natural Resources. Will the proposal result in:			
a. Increase in the rate of use of any natural resources?	_____	_____	<u>X</u>
10. Risk of Upset. Will the proposal involve:			
a. A risk of an explosion or the release of hazardous substances (including, but not limited to, oil, pesticides, chemicals or radiation) in the event of an accident or upset condition?	_____	_____	<u>X</u>
b. Possible interference with an emergency response plan or an emergency evacuation plan?	_____	_____	<u>X</u>
11. Population. Will the proposal alter the location, distribution, density, or growth rate of the human population of an area?	_____	_____	<u>X</u>
12. Housing. Will the proposal affect existing housing, or create a demand for additional housing?	_____	_____	<u>X</u>
13. Transportation/Circulation. Will the proposal result in:			
a. Generation of substantial additional vehicular movement?	_____	_____	<u>X</u>
b. Effects on existing parking facilities or demand for new parking?	_____	_____	<u>X</u>

Environmental Checklist Form

Page 5

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
c. Substantial impact upon existing transportation systems?	_____	_____	X _____
d. Alterations to present patterns of circulation or movement of people and/or goods?	_____	_____	X _____
e. Alterations to waterborne, rail or air traffic?	_____	_____	X _____
f. Increase in traffic hazards to motor vehicles, bicyclists or pedestrians?	_____	_____	X _____
14. Public Services. Will the proposal have an effect upon, or result in a need for new or altered governmental services in any of the following areas?			
a. Fire protection?	_____	_____	X _____
b. Police protection?	_____	_____	X _____
c. Schools?	_____	_____	X _____
d. Parks or other recreational facilities?	_____	_____	X _____
e. Maintenance of public facilities, including roads?	_____	_____	X _____
f. Other governmental services?	_____	_____	X _____
15. Energy. Will the proposal result in?			
a. Use of substantial amounts of fuel or energy?	_____	_____	X _____
b. Substantial increase in demand upon existing sources or energy, or require the development of new sources of energy?	_____	_____	X _____
16. Utilities. Will the proposal result in a need for new systems, or substantial alterations to the following utilities:			
a. Power or natural gas?	_____	_____	X _____
b. Communications systems?	_____	_____	X _____

	<u>Yes</u>	<u>Maybe</u>	<u>No</u>
c. Water?	_____	_____	<u>X</u>
d. Sewer or septic tanks?	_____	_____	<u>X</u>
e. Storm water drainage?	_____	_____	<u>X</u>
f. Solid waste and disposal?	_____	_____	<u>X</u>
g. Cable television?	_____	_____	<u>X</u>
17. Human Health. Will the proposal result in:			
a. Creation of any health hazard or potential health hazard (excluding mental health)?	_____	_____	<u>X</u>
b. Exposure of people to potential health hazards?	_____	_____	<u>X</u>
18. Aesthetics. Will the proposal result in the obstruction of any scenic vista or view open to the public, or will the proposal result in the creation of an aesthetically offensive site open to public view?	_____	_____	<u>X</u>
19. Recreation. Will the proposal result in an impact upon the quality or quantity of existing recreational opportunities?	_____	_____	<u>X</u>
20. Cultural Resources. Will the proposal result in:			
a. Alteration of or the destruction of a prehistoric or historic archaeological site?	_____	_____	<u>X</u>
b. Adverse physical or aesthetic effects to a prehistoric or historic building, structure, or object?	_____	_____	<u>X</u>
c. Does the proposal have the potential to cause a physical change which would affect unique ethnic cultural values?	_____	_____	<u>X</u>
d. Will the proposal restrict existing religious or sacred uses within the potential impact area?	_____	_____	<u>X</u>

21. Mandatory Findings of Significance.

Yes Maybe No

- | | | | | |
|----|---|-------|-------|--------|
| a. | Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory? | _____ | _____ | _____X |
| b. | Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals? (A short-term impact on the environment is one which occurs in a relatively brief, definitive period of time while long-term impacts will endure well into the future.) | _____ | _____ | _____X |
| c. | Does the project have impacts which are individually limited, but cumulatively considerable? (A project may impact on two or more separate resources where the impact on each resource is relatively small, but where the effect of the total of those impacts on the environment is significant.) | _____ | _____ | _____X |
| d. | Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly? | _____ | _____ | _____X |

III. Discussion of Environmental Evaluation
(Narrative description of environmental impacts)

Environmental Checklist Form
Page 8

IV. Determination

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared. X

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures described on an attached sheet have been added to the project. A NEGATIVE DECLARATION WILL BE PREPARED. _____

I find the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required. _____

October 22, 1992

Date

Franklin A. Doney
Signature

For City of East Palo Alto

IV. DISCUSSION OF ENVIRONMENTAL EVALUATION

1. EARTH

- a,c,d,f,g The proposed project will not result in any changes to geologic substructure, topography, modification of stream beds, or exposure to hazards. The project consists primarily of data collection and analysis. No impacts are anticipated.
- b. Soil will not be disrupted, displaced or compacted as a result of the project. No construction is associated with this project. No impacts are anticipated.
- e. The project will not result in any increase in wind or water erosion of the soils, either on or off site. No grading or construction is included in the project. No impacts are anticipated.

2. AIR

- a-e The Housing Element update will not result in an increase of the following: air emissions, deterioration of ambient air quality, cause any significant odor impacts, create any burning of municipal wastes, and hazardous waste or refuse-derived fuel. Due to the data gathering and analytical nature of the project, this project will not generate any known emission of hazardous air pollutants within one-fourth of a mile of a school. No impacts are anticipated.

3. WATER

- a,c,d,e,
f,g,h,l Due to the data gathering and analytical nature of the project, its implementation will not affect any surface water nor ground water and will therefore not result in any impacts to these environmental resources. Furthermore, the proposed project will not expose people or property to environmental hazards. Therefore no impacts will occur.
- b. Implementation of the project will not involve covering over of natural surfaces with concrete. The absorption rates, drainage patterns, or surface run off will not be significantly altered by the proposed project. No impacts are anticipated.

4,5. PLANT LIFE AND ANIMAL LIFE

The project will not result in a change in the diversity of species, or the number of any species of plants or animal life. The project consists primarily of information gathering and analysis. No impacts are anticipated.

6. NOISE

a,b. The project will not result in an increase in existing noise levels nor will people be exposed to severe noise levels. No impacts are anticipated.

7. LIGHT AND GLARE

The project will not include the addition of any sources of light or glare. Analysis and gathering of information is the primary function of the project. No impacts are anticipated.

8. LAND USE

Replacement of units at risk in Apartment Complexes is not anticipated because of the substantially lower cost of acquiring the units and the higher costs associated with the replacement of these units. Should replacement occur, a Development Plan will be required and an Environmental Assessment will be prepared. No impacts are anticipated.

9,,10,15,17,18,20. Impacts in these areas are not expected, given that the project involves the collection and analysis of data. No impacts are anticipated.

11,12. POPULATION AND HOUSING

The Housing Element has an implementation program that will address the unmet needs of the low income socioeconomic grouping. No impacts are anticipated.

13. TRANSPORTATION/CIRCULATION

a-f. Residential and apartment units are existing and the project will not create a need for new transportation facilities or create additional traffic volumes that would impact the city's circulation network of roads or affect the movement of people and/or goods. In addition, the project will not impact waterborne, rail, or air traffic. No impacts are anticipated.

14. PUBLIC SERVICES

a-f. The proposed project will not create the need for new facilities or the extension of existing facilities which would have adverse physical impacts. No impacts to public services are anticipated.

15. ENERGY

The General Plan update will not increase the use of or demand upon energy resources.

16. UTILITIES

a-f. The proposed project will not create the need for new utility systems or the alteration to existing utilities. No impacts to utilities are anticipated.

17-18. HUMAN HEALTH, AESTHETICS

The proposed General Plan update will not impact Human Health or Aesthetics values.

19. RECREATION

The proposed project will not result in an impact upon the quality or quantity of existing recreational opportunities.

22. EIR TIERING DETERMINATION

The proposed update is consistent with city ordinances, the Housing Element of the General Plan, and other applicable sections of the General Plan.

GENERAL PLAN AMENDMENT 92-1
Attachment to Environmental Assessment Form

IV. DISCUSSION OF ENVIRONMENT IMPACTS

The proposed General Plan amendment will not have an adverse impact on the environment. The amendment will establish consistency with updated Housing Element provisions. The adoption of this proposal will result in more orderly management and land use control of the urban housing environment.

NEGATIVE DECLARATION NO. 92-2

Name, if any, and a brief description of project:

General Plan Amendment No. 92-1. General Plan amendment to the Housing Element reflecting the 1992 Five Year Update.

Location: Citywide

Entity or person undertaking project:

- A. City of East Palo Alto, 2200 University Avenue,
East Palo Alto, CA 94303
- B. Other (private)
1. Name:
 2. Address:

The Planning Commission or City Council having reviewed the Initial Study of this proposed project, and having reviewed the written comments received prior to the public meeting of the Planning Commission, including the recommendation of the city's staff, does hereby find and declare that the proposed project will not have a significant effect on the environment. A brief statement of the reasons supporting the Planning Commission or City Council findings are as follows:

The proposed General Plan amendment to the Housing Element will not have an adverse impact on the environment. This project will comply with State Planning Law (including Chapter 145, Statutes of 1984, amended Section 65583 of the Government Code) and the City's General Plan. Continued maintenance and preservation of existing housing stock will have a less than significant impact on the environment. Future developments throughout the city will require an environmental analysis during the development review stage.

A copy of the Initial Study may be obtained at:

Planning Department
City of East Palo Alto
2200 University Avenue
East Palo Alto, CA 94303
Phone: (415) 853-3189

Date Filed with County Clerk

Franklin A. Dancy
Staff

(Scale: 1"=6')

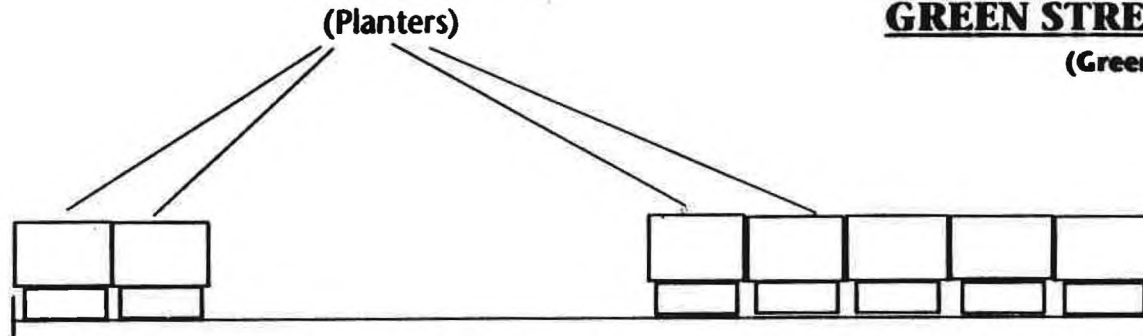
Public Easement for Street: 50 ft.

Present street width: 35 ft.

Proposed passing width: 14 ft.

**TRAFFIC CHOKER FOR
ALLEVIATION OF SPEEDING ON
GREEN STREET, EAST PALO ALTO.**

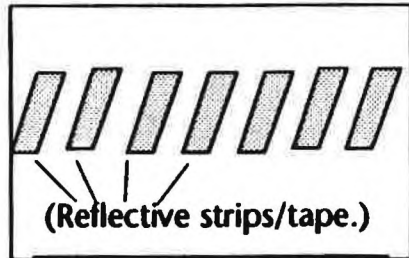
(Green Street Neighbors -- 6/30/93.)



Planter detail:

Concrete pipe section, 36" (exterior diameter) x24",
filled with soil mix & planted shrub.

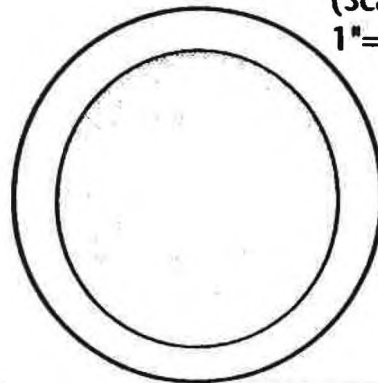
Side view:



(Reflective strips/tape.)

(12"x30" Cinder
Block base.)

Top view:



(Scale:
1"=2')

Suggested signage:

Incoming (street entrance, right): SLOW
Outgoing (choker exit, right): YIELD

Cost estimate:

Per planter	
Pipe section (ea)	\$45
Cinder blocks (4)	20
Soil mix (@\$24/yd)	5
Plant (ea)	15
Reflective strip/tape	6
total planter (ea)	\$91
 Above-pictured installation, materials only	 \$637
 Two installations on Green Street (see attached map) without labor or cost of signage	 \$1,272

AGENDA ITEM: 11
MEETING DATE: 8/23/93

KEEP AWAY FROM DRIVEWAYS

Location of players suggested

371

A

B

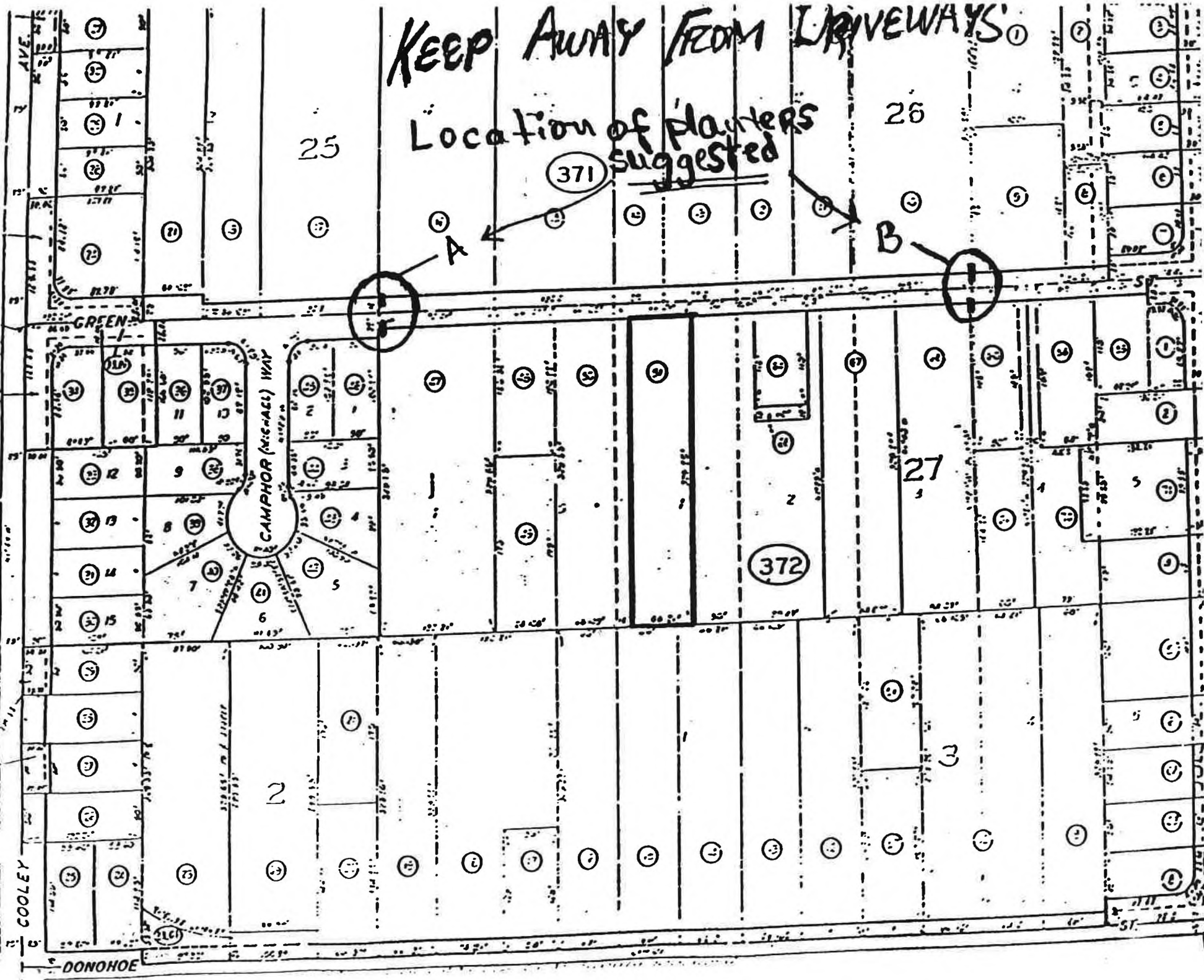
27

372

CAMPBOR (MICHAEL) WAY

COOLEY

DONOHUE



RESOLUTION NO. 884

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO IMPOSING A 90-DAY MORATORIUM ON THE ISSUANCE OF CERTAIN RESIDENTIAL BUILDING PERMITS AND MAKING LEGISLATIVE FINDINGS IN SUPPORT THEREOF.

WHEREAS, the City Council of the City of East Palo Alto previously received evidence that the City was processing approximately 317 active construction permits in residentially-zoned districts of the City as of April 7, 1993; and

WHEREAS, the City Council of the City of East Palo Alto previously received evidence that approximately 57 "Stop Work/Nuisance Abatement" orders were being pursued as of April 7, 1993; and

WHEREAS, the City Council of the City of East Palo Alto previously received evidence that approximately 150 "Stop Work/Nuisance Abatement" cases had been resolved as of April 7, 1993; and

WHEREAS, the draft Housing Element Update of the City of East Palo Alto identifies 20 sites within the corporate City boundaries, with an aggregate total of 73.85 acres, which remain undeveloped but are zoned or could be zoned and generally planned for residential land use; and

WHEREAS, the City Council of the City of East Palo Alto is alarmed at the rate of legal and illegal residential development and is concerned about the City's ability to provide basic municipal services to its increasing population; and

WHEREAS, the City Council of the City of East Palo Alto desires an immediate opportunity to review means currently or potentially available to abate, correct and/or demolish illegal residential construction; and

WHEREAS, the City Council pursuant to Resolution No. 852 previously imposed a 30-day moratorium on the issuance of building permits to provide an opportunity to study the impact of new legal and on-going illegal residential construction on the City's ability to provide basic municipal services; and

WHEREAS, the City Council received additional information on July 6, 1993 regarding available County-owned land which might be available to accommodate replacement housing necessitated by redevelopment projects planned by the City; and

WHEREAS, the City Council continues to be alarmed at the rate of residential construction, legal and otherwise;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of East Palo Alto as follows:

1. Based on the conditions herein found to exist in residentially-zoned districts, the City Council does hereby impose a 90-day moratorium on the issuance of the following permits:

a) Permits to allow the construction of new residential dwellings on currently undeveloped land;

b) Permits to allow the expansion of existing residential dwellings so as to create additional sleeping space; and

c) Permits to convert garages to any other use whatsoever.

2. Further based on the conditions herein found to exist in residentially-zoned districts, the City Council requests a report within 90 days from the Planning Commission, the Economic Development Committee, and the City Manager on the status of the Housing Element Update and recommendations to address the conditions herein found to exist.

BE IT FURTHER RESOLVED by the City Council of the City of East Palo Alto that the 90-day moratorium imposed herein is based upon the City Council's general police power and said moratorium is in pursuit of the City of East Palo Alto's safety and general welfare.

* * *

The above and foregoing Resolution was passed and adopted at a regular meeting of the City Council of the City of East Palo Alto, held on the 6th day of July, 1993, by the following vote:

AYES: Wilson, Vines, Gibson, Jones
NOES: None
ABSTAIN: None
ABSENTS: None



Mayor

ATTEST:



City Clerk

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EAST PALO ALTO EXTENDING FOR 60 DAYS THE MORATORIUM ON THE ISSUANCE OF RESIDENTIAL BUILDING PERMITS

WHEREAS, by Resolution No. 884 the City Council of the City of East Palo Alto did make legislative findings in support of a moratorium on the issuance of certain residential building permits; and

WHEREAS, the City Council requires additional time to study the potential impact of the lifting of such moratorium and related housing issues,

NOW THEREFORE be it Resolved by the City Council of the City of East Palo Alto that said moratorium as adopted in Resolution No. 884, is extended for an additional sixty (60) days beyond its current expiration date, or until December 6, 1993, unless earlier dissolved by the City Council.

* * * * *

The above and foregoing resolution was passed and adopted at a regular meeting of the City Council of the City of East Palo Alto on the 20th day of September, 1993 by the following vote:

AYES : Wilson, Vines, Jones, Gibson
NOES : None
ABSTAIN: None
ABSENT : None


MAYOR

Attest:


City Clerk

GLORIA WAY
INCOMES ANALYSIS

TABLE 1 CENSUS DATA INCOME LIMITS
FOR EAST PALO ALTO

1990 Census Data (1989 Incomes)

EPA MEDIAN INCOME: \$29,206

Unit Size	Very Low 35%	Very Low 50%	Low 80%	Median 100%
One	\$6,542	\$11,682	\$18,692	\$23,365
Two	\$7,360	\$13,143	\$21,028	\$26,285
Three	\$8,178	\$14,603	\$23,365	\$29,206
Four	\$8,995	\$16,063	\$25,701	\$32,127

TABLE 2 HUD INCOME LIMITS
FOR SAN MATEO COUNTY

HUD Incomes as of 5/5/93

COUNTY MEDIAN INCOME: \$54,300

Unit Size	Very Low 35%	Very Low 50%	Low 80%	Median 100%
One	\$14,358	\$23,350	\$31,750	\$43,440
Two	\$16,360	\$26,300	\$35,750	\$48,870
Three	\$20,440	\$29,200	\$39,700	\$54,300
Four	\$23,720	\$31,550	\$42,900	\$58,644

**INITIAL REPLACEMENT HOUSING PLAN
GATEWAY/101 CORRIDOR REDEVELOPMENT PROJECT**

**The Redevelopment Agency of the
City of East Palo Alto
2415 Univeristy Avenue
East Palo Alto, CA 94303**

INITIAL REPLACEMENT HOUSING PLAN

This Initial Replacement Housing Plan ("Initial Plan") is being prepared on behalf of the Redevelopment Agency of the City of East Palo Alto ("Agency") in conjunction with the preparation of various reports relating to the adoption of the Gateway/101 Corridor Redevelopment Plan ("Plan") for the Gateway/101 Corridor Redevelopment Project Area ("Project Area"). This Initial Plan is not intended to be the Replacement Housing required under Health and Safety Code Section 33413.5, but rather is intended to be read in conjunction with the Report to Council on the Plan and particularly, the sections in that report relating to financial feasibility. The intent of this Initial Plan to demonstrate that the replacement of those low and moderate income housing units to be destroyed as a result of the Plan is feasible. In using this Initial Plan, the reader should remember that the Plan is a 40 year program designed to eliminate blight in the Project Area. The Report to Council contains a budget for the 40 year life of the Plan. However, this budget is based on projections and assumptions, which, as a result of changes in factors beyond the Agency's control, over the 40 year life of the Plan may prove incorrect. For this reason, it is likely, that over the course of the next 40 years there may be variations from the projections in the Report to Council and this Initial Plan. As the Agency

begins implementing the Plan, it will adopt Replacement Housing Plans which will be based on the relevant information and resources available at the time.

In accordance with the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.), the Agency's obligations with regards to replacement housing are to replace any low and moderate income units destroyed within 4 years of destruction. In addition, Health and Safety Code Section 33413(a) provides that of those replacement housing units built, 75% must replace units available at affordable housing cost in the same income level of very low income households, lower income households and persons and families of low and moderate income as the persons displaced from those destroyed or removed units. Under this criteria, and based on the information provided in the Gateway/101 Project Relocation Plan prepared by Linda Norwood and Associates (the "Relocation Plan"), at least 75% of the replacement housing units would need to be available at rents affordable to very low income households.

Although the requirements stated above are the minimum requirements under the CRL for replacement housing, the Agency also has additional goals it is trying to meet in the development of this replacement housing. One of these goals is to provide a relocation resource to the households to be displaced as a result of the Plan via the replacement housing. In order to meet this

goal, the rents for some of the replacement housing units must be significantly lower than market rents. According to the Relocation Plan, the average household income in the Project Area is \$1100. Based on relocation law, using this income figure, the average rent households to be relocated can afford to pay is \$275 per month. This rent is substantially below market rents. The Relocation Plan assumes that in order to meet this rent requirement, the Agency will subsidize the rents for many of the households to be relocated in accordance with relocation law. The Agency has estimated that this subsidy will amount to approximately \$6.2 million.

The Agency's goal in preparing this Initial Plan is to not only demonstrate that providing replacement housing in accordance with the requirements of the CRL is feasible, but to also demonstrate that providing some of the replacement housing at rents such that the housing could be used as a relocation resource for displaced households, thus eliminating the need for the Agency to subsidize these households, is feasible and provides long term benefits to the community in the form of housing that is affordable to displaced households for the long term.

With these goals in mind, it should be noted that this Initial Plan provides information on a variety of scenarios that are possible for the replacement housing to be built. The goal of this Initial Plan is to demonstrate not only the feasibility,

but to also provide the community with the information necessary to make the decisions that will be required in terms of the development of this replacement housing.

A. Replacement Housing Need.

It is projected that the first phase of the Gateway/101 Corridor Redevelopment Project will result in the destruction of 205 low and moderate income housing units. The timing of the destruction of these units is uncertain, but current projections estimate that the first units to be destroyed will be destroyed in the fall or winter of 1994. The first phase of destruction would include 205 units. The timing of the destruction of units is highly dependent on the reuse market for the property in Phase I of the redevelopment program. It is the Agency's goal to defer destruction of such units and the relocation of the occupants therein as long as reasonably feasible consistent with the need to develop the property in an orderly manner that will not, in the Agency's judgment, jeopardize the redevelopment of the area as contemplated in the Plan.

B. Location of Replacement Housing.

The Agency has initially identified various sites throughout the City which are suitable for replacement housing. These sites include:

- | | | |
|----|------------------------|----------|
| 1. | Gloria Way at Bay Road | 80 units |
| 2. | Weeks Street* | 81 units |

3.	Woodland Creek*	50 units
4.	Beech Court	12 single family homes
5.	The portions of the Project Area bounded by Clarke, Bayshore and Pulgas designated for residential development*	Estimated 352 units total
		<hr/> 575 units

Of these potential developments, some portion will be designated for replacement housing.

C. Financing Replacement Housing.

The Agency intends to use a variety of sources of funds to finance the development of replacement housing including Federal low income housing tax credits, HOME funds, CDBG, tax increment and private financing. The Agency has prepared preliminary development proformas for the Gloria Way, Weeks Street and Woodland Creek sites in order to determine the feasibility of developing replacement housing. The following analysis is based on assumptions determined by the Agency. If these properties are made available to the Agency and actual developers are selected

* Except for the Gloria Way and Beech Street properties, which are controlled by the County, the balance of the identified sites are privately owned. Nothing in this report should be construed as indicating an intent by the Agency to acquire any of the sites or to prevent or limit the present owners' ability to develop the sites. References to these sites in this report are meant only for the general purpose of testing the potential feasibility of such properties as examples of potential housing sites, which could be available to assist the Agency in making its replacement housing requirements.

by the Agency for these developments, the parameters and thus the financing of each development may change. For purposes of determining feasibility however, these projections demonstrate that development of replacement housing is feasible.

Each of the proformas attached provide a series of scenarios for the rent structure of the projects. In each instance the rent structure determines the amount of traditional mortgage debt the project can support and the amount of subsidy each project will need. All of the projects are assumed to receive low income tax credits, which will provide a substantial amount of equity for the projects. The total amount of the tax credit payin plus the amount of the first mortgage and any other subsidies that the project is likely to receive is then subtracted from the total development cost to determine the financing gap. This is the amount of subsidies that the project will require in order to maintain the rent structure set out in the various scenarios.

As the following proformas will demonstrate, the more units at a lower rent, the less debt the project can support and thus the more subsidy that is necessary. The tradeoff for this increased subsidy is that if the housing is built on time, the units at the lowest rents could be used for relocation of the households displaced as a result of the Plan and thus reduce the Agency relocation obligations. The reduction in relocation obligations could in turn provide additional subsidies to the

projects increasing the feasibility of the lower rent structure.

It should be noted that for all of the proformas prepared, the maximum rents were set at one-twelfth of thirty percent of sixty percent of County median income. A comparison of County median income versus the City of East Palo Alto median income indicates that 60% of County median income is approximately equal to 100% of the City median income. Thus, the maximum rents are set at levels which should be market rate rents in the community.

1. Gloria Way. The Gloria Way site is currently subject to an Exclusive Negotiating Rights Agreement between the Agency and a nonprofit development entity for the development of approximately 80 units of housing. Of these 80 units, it is projected that approximately 30 units will be ownership and the remaining will be rental. The projections included here for the Gloria Way site are based upon preliminary discussions with the developers and do not necessarily reflect the costs or rents that will ultimately be applicable to the development. The development is currently in the preliminary design stage and thus may change dramatically as design and financing issues are resolved.

Table 1 shows the assumptions and projections used to determine the required subsidy to ensure development of the replacement housing on Gloria Way. The analysis in Table 1 is based on 50 rental units. An analysis of the ownership units has not been prepared since these units are to be built by Habitat for

Humanity which uses a combination of sweat equity and foundation grants to finance development. Due to this combination of funding methods, it is projected that owners acquiring the Habitat units will pay monthly housing costs in the range of \$300 per month. It is assumed that all of the Habitat ownership units will be affordable to low and moderate income households and thus will be replacement housing and that these units will be a feasible relocation resource.

As Table 1 shows, the estimated cost of developing 50 units of housing on the Gloria Way site is a total of \$5.5 million or \$110,000 per unit. The cost does not include land since the site is owned by the County, and will be transferred to the developer at no cost.

The Gloria Way development has received a tentative commitment from the County for approximately \$1,000,000 in HOME funds and another \$300,000 in CDBG funds. The developer has estimated that the development will be eligible for tax credits and that an equity investor will contribute approximately \$2,500,000 in return for the tax credits. Thus, a total of \$1,700,000 from other sources will be required to fund the development.

In order to determine whether the development can support a conventional mortgage of \$1,700,000, certain assumptions regarding the size and rent of units to be built must be made. Table 1 shows, that for purposes of this analysis, it

was assumed that 20 of the units would have 2 bedrooms, 20 would have 3 bedrooms and 10 would have 4 bedrooms.

Table 2 demonstrates various combinations of rent schedules for the various unit sizes. The maximum rent for any unit was set at one-twelfth of 30% of 60% of annual median income for the County, which is the maximum rent allowed under the tax credit program. Other rents were adjusted downward from the 60% figure in order to create some units that would be affordable to those households to be relocated.

As Scenario E on Table 2 demonstrates, the development can support the required debt of \$1,700,000 with 20 of the 50 units at rents of \$300 (rents which would be affordable to households to be relocated as a result of the Plan.) The remaining 30 units have rents affordable to households at 50% and 60% of median income.

As Scenario A through D demonstrate if rents on additional units are reduced, less debt can be supported and more subsidy would be required. These scenarios may be feasible if additional forms of subsidy can be identified for this project. However, it should be noted that the Gloria Way site can provide up to 80 units of replacement housing, without any Agency subsidy. Additionally, 50 of these units (30 ownership and 20 rental), can provide a viable relocation resources for residents to be displaced from the Project Area and thus, reduce the Agency's obligations regarding relocation payments. Any

reduction in the Agency's relocation payment obligation, will increase the Agency's ability to provide additional subsidies to future housing developments, thus, ensuring greater affordability.

2. Weeks Street Site. The Weeks Street site was proposed for development of affordable housing by a nonprofit developer in 1992. The nonprofit developer prepared various feasibility studies as part of the process of applying for both Tax Credits and State Rental Housing Construction Program funds ("RHCP"). Although the development received an allocation of tax credits, it did not receive RHCP funds and the development was put on hold.

The Agency is interested in reactivating the development of the Weeks Street site and has begun discussions with the nonprofit developer and the property owner.

In order to test the feasibility of developing the Weeks Street site with replacement housing, Table 3 uses the projections prepared by the nonprofit developer. These projections show that 81 units are to be developed for a total development cost of \$11,279,566 including land costs. Of the units to be developed 42 are to have 2 bedrooms and 30 are to have 3 bedrooms (one unit is set aside for a manager unit and thus does not produce rent). The development is assumed to be eligible for tax credits and the investor payin is projected to be \$5,955,046.

Using the rent schedule prepared by the nonprofit developer, with rents ranging from rents affordable to people with incomes at 35% of median income to rents affordable to people with incomes at 60% of median income, it is estimated that the Weeks Street development can support a conventional first mortgage of \$3,013,296. When the first mortgage is added to the tax credit amount there is a total amount of \$8,968,342 of the cost of the development funded, leaving a gap of \$2,311,224 that will need to be filled with federal, state or local sources of funds.

The Agency has projected, that over the life of the Plan, \$7,900,000 of the increment funds will be available for low and moderate income housing. As is shown on Table VII-10 on page 120 of the Report to Council, \$2,375,000 of this money is programmed for replacement housing in the first year of Plan activities. Some or all of these funds could be made available for Weeks Street. Additionally, it should be noted, that to the extent the Agency can save funds allocated to relocation costs by moving displaced households into the Gloria Way or Weeks Street site at rents affordable to the displaced household, in accordance with relocation laws, the Agency can reprogram these funds into the Weeks Street site.

Table 4 provides three alternative rent structures for the Weeks Street development and the gap analysis for each such structure. Scenario A provides 32 of the 80 units at rents

affordable to those households to be displaced as a result of the Plan. The remaining units have rents that do not exceed 30% of 60% of median income. Under this scenario, there is a financing gap of \$2,405,847 that would need to be subsidized from federal, state or local sources of funds. Scenarios B and C increase the number of units at rents affordable to displaced households. As Table 3 indicates, as the number of units at these very low rents increases, the financing gap also increases. With 48 or 60% of the units of the units at low rents, the financing gap increases to \$3,409,764.

3. Woodland Creek. The Woodland Creek site is zoned to allow up to 60 units of housing. However, due to the contour of the site and the proximity to a flood zone, it is more realistic to expect 50 units to be constructed on the site. For purposes of this analysis, it has been assumed that 25 of the units will have 3 bedrooms and 25 will have 4 bedrooms. Assuming a development cost of \$139,254 per unit including land (the same cost as the Weeks Street site) the total development cost would be \$6,962,700.

For purposes of the analysis in Table 5, units were set at \$350 per month for 6 of the three bedrooms and \$350 per month for 6 of the 4 bedrooms. The remaining units's rents were set in accordance with the Low Income Tax Credit Program at one-twelfth of 30% of 60% of median income.

Based on this assumed rent schedule, Table 3 shows that the development can support a debt of \$2,679,890. In addition, the development expects to generate tax credits worth \$3,488,180 to an investor. This leaves a development shortfall of \$794,630. It is reasonable to assume that this shortfall could be funded through a variety of sources, including HOME and tax increment funds.

Table 6 shows the impact on the financing gap of reducing rents on some of the units to \$300 per month to ensure affordability to displaced households. In Scenario A, 40% of the units have rents of \$300 increases, the gap increases, to the point where under Scenario C 60% of the units rent at \$300 and the gap is \$2,231,299.

The Agency also expects affordable housing to be constructed within the Project Area as part of Phase II of the Plan. Some of this housing may be replacement housing. Development of the residential portion of the Project Area is not projected to begin until completion of the Phase I Retail Center. Since the contours of this development are still undefined, the Agency has not analyzed the replacement housing potential of this site specifically.

It should be noted that, given the above analysis, it is clear that the Agency can meet its replacement housing obligations with the resources currently available. Assuming fair market land prices in the Project Area, it is reasonable to

assume that a similar analysis of Phase II of the Project Area would demonstrate the feasibility of replacement housing within the Project Area.

D. Article XXXIV Approval.

Development of replacement housing does not require approval of the voters pursuant to Article XXXIV of the California Constitution.

Article XXXIV requires approval of the electorate only when a state public body develops, constructs or acquires a low-rent housing project. The Legislature has enacted the Public Housing Implementation Law (Health & Safety Code Section 37000 et seq.) to interpret and implement Article XXXIV. Health and Safety Code Section 37001(f) states that the term "low-rent housing project" in Article XXXIV does not apply to any development that consists of rehabilitation, reconstruction, improvement, or replacement of dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by households with incomes at or below 80% of the area median income.

The housing to be built at Gloria Way, Weeks Street and Woodland creed would be used to replace housing currently located in the Project Area. As the Gateway 101 Project Relocation Plan demonstrates, virtually all of the occupants of the rental housing in the Project Area have incomes at or below 80% of median income. The majority of households in the Project Area reported incomes below \$24,000 per year. Eighty percent (80%) of

the County median income for two person household is \$31,750. Thus, the majority of replacement units to be built will be replacing units occupied by low income households.

E. Timetable.

The Gloria Way site, which is currently under negotiation with the Agency, is projected for completion of construction in March 1995. This construction schedule assumes generous time periods for land use approvals and design review. The Agency anticipates that as the development proceeds, time periods for certain approvals will prove shorter than expected and completion of the development can occur earlier than expected.

The Agency assumes that once the Plan is adopted in December 1993, negotiations for the development of the remaining replacement housing can begin. Assuming a 2-year development and construction schedule, the Agency would assume that the replacement housing would be available for occupancy in early spring of 1996.

GLORIA WAY

TABLE 1

Assumptions:	50 units			
Cost/unit:	110,000			
Type of units:	20 two BRs			
	20 three BRs			
	10 four BRs			
Tot devel cost:	5,500,000			
Rent:30% X 35%:	30% X 35%	30% of 50%	30% X 60%	
(repres aver)	52,550	460 two BRs/3 per	657	788
	60,725	531 three BRs/4.5 p	759	911
	67,750	593 four BRs/6 per	847	1,016
Vacancy rate:	3%			
Oper Cost/unit	225			
Utility Allow:	two BRs			
	three BRs			
	four BRs			
Financing Sources:				
	1,000,000 HOME			
	300,000 CDBG			
	2,500,000 Tax Credits	TERM	9.5%	DEBT
	1,700,000 conv 1st mort	360	INT RATE	COVERAGE RATIO
			0.79%	1:1.05

Everybody at 30% of 35%
50-unit multifamily

	Two Bedrooms	Three Bedrooms	Four Bedrooms
Afford Monthly Housing Cost	460	531	593
Less: Monthly Util Allow	72	85	108
Afford Monthly Rent	388	446	485
Less: Monthly Oper Cost	225	225	225
Less: Vacancy Allowance	12	13	15
Net Mnth Rent Avail: Debt Serv	151	208	245
Tenant Supported Debt (DCR)	17,123	23,554	27,780
X No. of Units	342,459	471,071	277,799

TOTAL
1,091,329
(608,671)SHORTFALL

TABLE 2
Gloria Way
50-unit multifamily

	\$300	()=\$300 30% of 35% Two Bedrooms	30% of 50% Two Bedrooms	30% of 60% Two Bedrooms	()=\$300 30% of 35% Three Bedrooms	30% of 50% Three Bedrooms	30% of 60% Three Bedrooms	()=\$300 30% of 35% Four Bedrooms	30% of 50% Four Bedrooms	30% of 60% Four Bedrooms	
Afford Monthly Housing Cost	300	460	657	788	531	759	911	593	847	1,016	
Less: Monthly Util Allow	78	72	72	72	85	85	85	108	108	108	
Afford Monthly Rent	222	388	585	716	446	674	826	485	739	908	
Less: Monthly Oper Cost	225	225	225	225	225	225	225	225	225	225	
Less: Vacancy Allowance	7	12	18	21	13	20	25	15	22	27	
Net Mnth Rent Avail: Debt Serv	(10)	151	342	470	208	429	576	245	492	656	
Tenant Supported Debt (DCR)	(1,206) (10)	17,123	38,773	53,207	23,554	48,572	65,251	27,780	55,693	74,301	
Scenario A											
No. of Units @ Rent		20	0	0	20	0	0	10	0	0	Total 50
Tenant Supported Debt (DCR)		342,459	0	0	471,071	0	0	277,799	0	0	1,091,329
Scenario B											
No. of Units @ Rent		10	5	5	10	5	5	10	0	0	Total 50
Tenant Supported Debt (DCR)		(12,063)	193,867	266,035	(12,063)	242,860	326,255	(12,063)	0	0	992,828
Scenario C											
No. of Units @ Rent		5	5	10	10	5	5	10	0	0	Total 50
Tenant Supported Debt (DCR)		(6,031)	193,867	532,069	(12,063)	242,860	326,255	(12,063)	0	0	1,264,894
Scenario D											
No. of Units @ Rent		5	5	10	10	5	5	5	0	5	Total 50
Tenant Supported Debt (DCR)		(6,031)	193,867	532,069	(12,063)	242,860	326,255	(6,031)	0	371,506	1,642,431
Scenario E											
No. of Units @ Rent		5	0	15	10	5	5	5	0	5	Total 50
Tenant Supported Debt (DCR)		(6,031)	0	798,104	(12,063)	242,860	326,255	(6,031)	0	371,506	1,714,599

WEEKS STREET

TABLE 3

Assumptions:	81 units			
Tot Devel Cost:	11,279,566			
Cost/unit:	139,254			
Type of Units:	42 two BRs			
	38 three BRs			
	1 manager (2BRs)			
Rents:	372 two BRs	21		
	427 three BRs	19		
	673 two BRs	21		
	776 three BRs	19		
		80		
Vacancy rate:	3%			
Oper Cost/Unit:	225			
Utility Allow:	rents in Table 1 are assumed net of util allow from Weeks cash pro forma; in Table 2, util allow are from SMHA			
Financing:	30 yr	9.0%	DEBT	
Tax Credits	5,955,046	TERM	INT RATE	COVERAGE RATIO
		360	0.75%	1:1.05

Debt Service Supported

	Two BRs	Two BRs	Three BRs	Three BRs	

Afford Monthly Housing Cost	--	--	--	--	
Less: Monthly Util Allow	--	--	--	--	
Afford Monthly Rent	372	673	427	776	
Less: Monthly Oper Cost	225	225	225	225	
Less: Vacancy Allow	11	20	13	23	
Net Mnth Rent Avail: Debt Serv	136	428	189	528	
Tenant Supported Debt (DCR)	16,079	50,637	22,393	62,463	TOTAL
X No. of Units	337,649	1,063,380	425,471	1,186,795	3,013,296

TABLE 4
Weeks Street
81-unit multifamily

	\$300	\$300	30% of 60%	30% of 60%
	Two Bedrooms	Three Bedrooms	Two Bedrooms	Three Bedrooms
Afford Monthly Housing Cost	300	300	788	911
Less: Monthly Util Allow	72	85	72	85
Afford Monthly Rent	228	215	716	826
Less: Monthly Oper Cost	225	225	225	225
Less: Vacancy Allowance	7	6	21	25
Net Mnth Rent Avail: Debt Serv	(4)	(16)	470	576
Tenant Supported Debt (DCR)	(455)	(1,947)	55,603	68,189

Scenario A

					Total
No. of Units @ Rent (40% @ \$300)	17	15	25	23	80
Tenant Supported Debt	(7,636)	(29,596)	1,401,191	1,554,713	2,918,673
Tax Credits					5,955,046
Total Development Cost					11,279,566
Financing Gap					2,405,847

Scenario B

					Total
No. of Units @ Rent (50% @ \$300)	21	19	21	19	80
Tenant Supported Debt	(9,545)	(36,995)	1,167,659	1,295,594	2,416,714
Tax Credits					5,955,046
Total Development Cost					11,279,566
Financing Gap					2,907,806

Scenario C

					Total
No. of Units @ Rent (60% @ \$300)	25	23	17	15	80
Tenant Supported Debt	(11,454)	(44,393)	934,127	1,036,475	1,914,755
Tax Credits					5,955,046
Total Development Cost					11,279,566
Financing Gap					3,409,764

WOODLAND CREEK

TABLE 5

Assumptions:		50 units		
Tot Devel Cost:	6,962,700			
Cost/unit:	139,254			
Type of Units:		25 three BRs		
		25 four BRs		
Rents:		350 flat rent for 6 threes & 6 fours		300 flat rent for Table 2
30% of 60%				
(repres aver)	60,725	911 three BRs/4.5 p		
County median	67,750	1,016 four BRs/6 per		
Vacancy rate:		3%		
Oper Cost/Unit:		225		
Utility Allow:		85 three BRs		
		108 four BRs		
Financing:		30 yr	9.5%	DEBT
Tax Credits	3,429,680	TERM	INT RATE	COVERAGE RATIO
		360	0.79%	1:1.05

Woodland Creek
Debt Service Supported
50 unit multifamily

	Three	Bedrooms	Four	Bedrooms	
	\$350	30% of 60%	\$350	30% of 60%	
Afford Monthly Housing Cost	350	911	350	1,016	
Less: Monthly Util Allow	85	85	108	108	
Afford Monthly Rent	265	826	242	908	
Less: Monthly Oper Cost	225	225	225	225	
Less: Vacancy Allow	8	25	7	27	
Net Mnth Rent Avail: Debt Serv	32	576	10	656	
Tenant Supported Debt (DCR)	3,630	65,251	1,103	74,301	
X No. of Units	21,781	1,239,768	6,619	1,411,722	TOTAL
					2,679,890

TABLE 6
Woodland Creek
Debt Service Supported
50 unit multifamily

	Three	Bedrooms	Four	Bedrooms	TOTAL
	\$300	30% of 60%	\$300	30% of 60%	
Afford Monthly Housing Cost	300	911	300	1,016	
Less: Monthly Util Allow	85	85	108	108	
Afford Monthly Rent	215	826	192	908	
Less: Monthly Oper Cost	225	225	225	225	
Less: Vacancy Allow	6	25	6	27	
Net Mnth Rent Avail: Debt Serv	(16)	576	(39)	656	
Tenant Supported Debt (DCR)	(1,863)	65,251	(4,390)	74,301	
Scenario A					
No. of Units @ Rent (40% @ 300)	10	15	10	15	50
Tenant Supported Debt	(18,632)	978,764	(43,901)	1,114,517	2,030,749
Tax Credits					3,429,680
Total Development Cost					6,962,700
Financing Gap					1,502,272
Scenario B					
No. of Units @ Rent (50% @ 300)	13	13	13	13	50
Tenant Supported Debt	(23,290)	815,637	(54,876)	928,764	1,666,235
Tax Credits					3,429,680
Total Development Cost					6,962,700
Financing Gap					1,866,785
Scenario C					
No. of Units @ Rent (60% @ 300)	15	10	15	10	50
Tenant Supported Debt	(27,948)	652,510	(65,851)	743,011	1,301,722
Tax Credits					3,429,680
Total Development Cost					6,962,700
Financing Gap					2,231,299