

## 4.11 POPULATION AND HOUSING

This section discusses the regulatory framework and existing conditions related to population and housing in Palo Alto, and evaluates the potential impacts that could occur as a result of the proposed Plan.

### 4.11.1 ENVIRONMENTAL SETTING

#### 4.11.1.1 REGULATORY FRAMEWORK

There are no federal, State, or regional regulations governing population or employment levels, although federal, State, and regional agencies continually update data about population, housing, and employment growth. However, the State of California has enacted regulations governing housing policy, and the State requires local jurisdictions to update the Housing Element of their general plans (the Comprehensive Plan in Palo Alto) on a periodic schedule.

On November 10, 2014, the City adopted its Housing Element for the 2015 to 2023 period. With the adoption of the Housing Element, the City submitted the Element to the California Department of Housing and Community Development on November 21, 2014 and was certified in January 2015. As a result, the City's Housing Element is on a separate schedule from the rest of the proposed Plan and the Housing Element is not part of the proposed Plan evaluated in this EIR.

### State and Regional Regulations

#### *Association of Bay Area Governments Projections 2013*

The Association of Bay Area Governments (ABAG) is the comprehensive regional planning agency for the San Francisco Bay Area region, which is composed of the nine counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma, which together contain 101 cities. ABAG has no local land use authority but produces growth forecasts on four-year cycles so that other regional agencies, including the Metropolitan Transportation Commission (MTC) and the Bay Area Air Quality Management District (BAAQMD) can use the forecasts to inform project funding and regulatory decisions. The most recent set of growth forecasts was published by ABAG in July 2013. ABAG's *Projections 2013* data for Palo Alto is shown in Table 4.11-1.

Local general plans, zoning regulations, and growth management programs inform ABAG's projections, which have practical consequences that shape growth and affect environmental quality. Specifically, the projections are the basis for the *MTC Regional Transportation Plan (RTP)* and the *Bay Area Air Quality Management District Regional Ozone Attainment Plan*. The ABAG projections also provide the basis for regional planning pursuant to Senate Bill (SB) 375 (see discussion of Sustainable Communities Strategy below).

## POPULATION AND HOUSING

TABLE 4.11-1 ABAG PROJECTIONS, PALO ALTO CITY AND CITY + SOI

	2014 <sup>a</sup>	2030	Total Change (2014-2030)	Total Percent Change (2014-2030)	Average Annual Growth Rate (2014-2030)
<b>City Limit Only</b>					
Population	66,800	77,100	10,300	15%	0.89%
Housing Units	28,970	33,400	4,430	15%	0.90%
Jobs	95,460	110,940	15,480	16%	0.94%
<b>City Limit + SOI</b>					
Population	81,035	92,300	11,265	14%	0.82%
Housing Units	33,200	37,800	4,600	14%	0.81%
Jobs	100,830	116,700	15,870	16%	0.92%

a. ABAG data for 2010 and 2015 were interpolated to derive 2014 data.  
Source: City of Palo Alto, PlaceWorks, 2015; and ABAG *Projections 2013*.

It is important to note the following discrepancies between the housing and population data used for *Projections 2013*, which are presented in Table 4.11-1 above, and the City's housing and population data:

1. **Existing Housing in the City Limit.** Based on the City's building history, ABAG's *Projections 2013* overestimates the number of existing households in the city limit. The City estimates that there are 404 fewer existing (2014) households in the city compared to ABAG's *Projections 2013*.
2. **Existing Housing in the SOI.** The 2014 Stanford General Use Permit (GUP) Annual Report states that there were 1,358 housing units in the SOI in 2010 and 1,884 housing units in the SOI in 2014, for a gain of 526 housing units in those four years. However, ABAG's *Projections 2013* forecast a growth of only 54 households between 2010 and 2015. The City estimates that *Projections 2013* underestimates existing (2014) housing in the SOI by approximately 400 households (adjusted from 526 housing units to account for vacancy status).
3. **Future Housing in the City Limit.** ABAG's *Projections 2013* projects higher growth within the city limit than would be expected based on past development trends and implies an average gain of 263 households per year between 2014 and 2030. In contrast, during the forty years from 1970 to 2010, the City added an average of 149 households per year, based on US Census data. Taking into account known pipeline projects and adopted Housing Element policies encouraging housing development in the City, that historic rate of growth may be expected to increase slightly from 2014 to 2030. The City's projection of expected growth, assuming no future regulatory changes, is expressed in Scenario 1. Projected growth in Scenario 1 would average 162 households per year.
4. **Future Housing in the SOI.** Stanford's 2000 GUP allows 2,000 units of student housing and 1,018 additional housing units. The 2014 GUP Annual Report indicates that 1,884 total housing units of that

## POPULATION AND HOUSING

allowance have been built. Therefore, Stanford could build an additional 1,134 units of housing under the current GUP within Palo Alto's SOI. In addition, in late 2015, Stanford announced that it would seek Santa Clara County approval to build an additional 1,450 graduate student beds beyond what is allowed under the approved GUP.<sup>1</sup> However, ABAG's *Projections 2013* only reflects an increase of 161 units in the SOI between 2014 and 2030.

### *Regional Housing Needs Allocation*

California law requires each local jurisdiction to accommodate the provision of a share of the region's projected housing needs for each Housing Element cycle. This share is called the Regional Housing Needs Allocation (RHNA). State law mandates that each jurisdiction provide sufficient zoning to accommodate a variety of housing opportunities for all economic segments of the community to meet or exceed its RHNA. The State provides ABAG, as the comprehensive regional planning agency, with an overall RHNA for the region, and ABAG then calculates the RHNA for individual jurisdictions, based on a methodology developed in accordance with State law. ABAG's role in determining this methodology and disaggregating the State's RHNA for allocation to Bay Area jurisdictions is distinct from its role in preparing the demographic data in the *Projections* described above.

Palo Alto's RHNA for the 2015-2023 Housing Element cycle was 1,988 housing units, of which 1,123 units (56.4 percent) were designated for lower-income households (earning less than 80 percent of the median family income in Santa Clara County, as determined by the US Department of Housing and Urban Development (HUD)).

### *Sustainable Communities Strategy*

ABAG and MTC, in coordination with the BAAQMD and the San Francisco Bay Conservation and Development Commission (BCDC), share joint responsibility for creating the Sustainable Communities Strategy (SCS) required for the nine-county Bay Area region to implement the statewide emission-reduction directives of Assembly Bill 32 (the California Global Warming Solutions Act of 2006) and SB 375 (the Sustainable Communities and Climate Protection Act of 2008). Each of the agencies involved in the SCS has a different role in regional planning. ABAG prepares regional projections and assesses land use, housing, environmental quality, and economic development issues, while MTC is tasked with regional transportation planning, coordinating, and financing. BAAQMD is responsible for regional air pollution regulation. BCDC is focused on preserving, enhancing, and ensuring the responsible use of the San Francisco Bay.

These agencies jointly created the SCS and regional transportation plan for the Bay Area, entitled *Plan Bay Area*, which was adopted in July 2013. SCS forecasts a land use pattern, which when integrated with the transportation system, would reduce greenhouse gas (GHG) emissions from automobiles and light trucks,

---

<sup>1</sup> Stanford Report, January 14, 2016, "Escondido Village housing project moves ahead with revisions." Available online at <http://news.stanford.edu/news/2016/january/escondido-village-housing-011416.html>, accessed January 19, 2016.

## POPULATION AND HOUSING

and is measured against a regional GHG emissions reduction target established by the California Air Resources Board (CARB). *Projections 2013* is an illustration of how the region will grow if local jurisdictions develop in a way that is consistent with the land use patterns assumed in the SCS.<sup>2</sup> State and federal law requires the regional transportation plan to be updated at least every four years to reflect new funding forecasts and respond to growth issues. The next update to *Plan Bay Area*, called *Plan Bay Area 2040*, is scheduled for adoption in 2017.<sup>3</sup>

The goals of the SCS are to:

- Recognize and support compact walkable places where residents and workers have access to services and amenities to meet their day-to-day needs.
- Reduce long commutes, increase energy independence, and decrease the region's carbon consumption.
- Support complete communities that remain livable and affordable for all segments of the population, maintaining the Bay Area as an attractive place to reside, start, or continue a business, and create jobs.
- Support a sustainable transportation system and reduce the need for expensive highway and transit expansions, freeing up resources for other more productive public investments.
- Provide increased accessibility and affordability to the Bay Area's most vulnerable populations.
- Conserve water and decrease the Bay Area's dependence on imported food stocks and their high transport costs.

The SCS includes a preferred land use scenario titled the "Jobs-Housing Connection Strategy," which identifies Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs) throughout the Bay Area. PDAs are areas considered to be appropriate for new development because they are located in proximity to transit. PDAs are nominated by local jurisdictions, and the local municipality maintains land use control over PDAs within its jurisdiction. The Jobs-Housing Connection Scenario identifies one PDA in Palo Alto: the California Avenue Pedestrian Transit Oriented Development Combining District.

### Local Regulations

#### *City of Palo Alto Zoning Ordinance*

Contained in Title 18, Zoning, of the City of Palo Alto Municipal Code, the Palo Alto Zoning Ordinance implements the land use designations of the Comp Plan by establishing zoning regulations for the city. The Zoning Ordinance includes the zoning map, which establishes and delineates various districts within the incorporated territory of the city, and zoning regulations that apply development standards to the different

---

<sup>2</sup> Association of Bay Area Governments, *Projections 2013*, page 3.

<sup>3</sup> Metropolitan Transportation Commission, <http://www.mtc.ca.gov/our-work/plans-projects/plan-bay-area-2040/plan-bay-area>, accessed on December 22, 2015.

## POPULATION AND HOUSING

zones delineated on the zoning map. By establishing development standards for the city, the Zoning Ordinance serves to regulate the density of Palo Alto's neighborhoods and prevent overcrowding.

### *Coordinated Area Plans*

Chapter 19.10 of the City of Palo Alto Municipal Code establishes procedures for preparation of coordinate area plans (CAPs). It is very similar to the California Government Code statutes (§65450-65457) that establish the requirements for what are called Specific Plans in other communities. In part, the purpose of this chapter is to create enhanced opportunities for building a sense of community through public involvement in planning processes, which are designed not only to satisfy constitutional due process requirements, but also to provide residents, business, and property owners with early, meaningful opportunities to help shape the physical components of their neighborhoods and community. Additionally, this chapter contains provisions relating to the contents of CAPs. Once a CAP is approved, all development within the CAP Area must be consistent with the provisions of that CAP.

The plan area of the *South of Forest Area Plan* (SOFA) CAPs includes approximately 40 acres generally bounded by Forest Avenue, Kipling Street, Addison Avenue, and Alma Street. These plans are intended to reinforce the vitality of existing residential and non-residential uses within the area while providing policies, development standards, and design guidance for those properties that have the potential to redevelop in the future. In March of 2000, the Palo Alto City Council adopted the SOFA CAP, Phase I and a Development Agreement (DA) to define future land uses in the approximately nine-block portion of the SOFA area, in which most of the Palo Alto Medical Foundation (PAMF) holdings were originally located. Phase 2 of the SOFA CAP is a long-term plan that addresses a specific nine-block area (approximately 26 acres) bounded by Forest Avenue on the north, Addison Avenue on the south, Alma Street on the west and Ramona Street on the east.

### *City of Palo Alto Housing Element*

Housing Elements in California are required by State Law, but their implementation is the responsibility of the individual jurisdiction. On November 10, 2014, the 2015-2023 Housing Element was adopted by the City Council and was certified as compliant with State law by the State Department of Housing and Community Development (HCD) in January 2015. The adjustments to the Housing Element considered under Scenario 3 and 4 would require additional review by HCD.

The Housing Element summarizes Palo Alto's population trends, housing characteristics, employment trends, housing inventory, and possible sites available for affordable housing. It includes analysis of the city's housing needs in relation to RHNA. Housing Element goals call for the City to ensure the preservation of the unique character of the city's residential neighborhoods; support the construction of housing near schools, transit, parks, shopping, employment and cultural institutions; meet underserved housing needs; provide community resources to support neighborhoods; promote an environment free of discrimination and the barriers that prevent choice in housing; and reduce the environmental impact of new and existing housing.

## POPULATION AND HOUSING

### *Below Market Rate Ordinance and Housing Impact Fees*

The City has a Below Market Rate (BMR) program that currently requires developers of for sale residential projects with five or more dwelling units to make 15 to 20 percent of those units affordable to moderate- and lower-income households. The units in the program carry resale and affordability controls for 59 years, and these covenants renew each time the property title is transferred. This provision is intended to reduce the risk of affordable units converting to market rate. In-lieu fees can be substituted in some cases for direct provision of affordable units. BMR buyers cannot have assets in excess of 50 percent of the sale price of a unit where the applicant is less than 62 or 200 percent of the sale price for households where the applicant is 62 or older. Gifts or loans from family or friends are counted as assets and may not exceed 10 percent of the dwelling unit sale price.

The City is currently working on a “nexus” study that will permit the establishment of an affordable housing impact fee for rental units. Also, the City currently collects \$19.85 per square foot of nonresidential development at the time of building permit issuance.<sup>4</sup> The funds are used to assist in the development of new affordable housing units. From 2009-2005, the City has used \$13,340,000 in BMR in-lieu fees and \$2,290,000 in Commercial Impact Fees to fund construction of 146 dwelling units in Palo Alto for lower income households, including seniors and previously homeless persons.<sup>5</sup>

### *Density Bonus Ordinance*

The City has a Density Bonus Ordinance to encourage the development of affordable housing as required by State law. The Density Bonus Ordinance allows up to a 35 percent increase in the number of market-rate residential dwelling units depending on the percentage of affordable units provided, and it allows up to three development concessions to facilitate the inclusion of affordable units in residential or mixed-use developments. Concessions may include variances from height limit, floor-area ratio, setback, massing, or open space requirements.

### *Stanford Community Plan*

*Stanford University’s Community Plan* was adopted by Santa Clara County in 2000 to guide future use and development of University lands within unincorporated Santa Clara County. To guide future development, the Community Plan establishes strategies, policies, implementation measures, and land use designations for the approximately 3,040 acres of University land within Palo Alto’s Sphere of Influence (SOI). The strategies, policies, and implementation measures related to housing address the need for: a variety of housing types and densities; efficient use of land; housing for a variety of income levels; locating housing near transportation and services; landscaped buffers at the campus periphery, and similar topics.

---

<sup>4</sup> City of Palo Alto, Development Impact Fees as of August 17, 2015, <http://www.cityofpaloalto.org/civicax/filebank/documents/27226>, accessed on January 5, 2016.

<sup>5</sup> Murillo-Garcia, Eloiza. Senior Planner, Department of Planning and Community Environment, City of Palo Alto. Personal communication with Roland Rivera, City of Palo Alto. January 22, 2016.

## POPULATION AND HOUSING

### *Stanford University 2000 General Use Permit*

The Stanford University 2000 General Use Permit defines the amount of residential and non-residential development that Stanford is permitted to build. The 2000 General Use Permit allows:

- 2,035,000 net square feet of academic and academic support facilities.
- 2,000 new student housing units
- 1,018 new housing units
- 2,300 new parking spaces

Development allowed under the General Use Permit must be consistent with the *Stanford University Community Plan*. Environmental impacts associated with the development permitted under the General Use Permit was evaluated under the *Stanford University Draft Community Plan* and General Use Permit Application EIR (State Clearinghouse #1999112107), certified by Santa Clara County on December 12, 2000.

In addition, in late 2015, Stanford announced that it would seek Santa Clara County approval to build an additional 1,450 graduate student beds beyond what is allowed under the approved GUP.<sup>6</sup>

### 10.1.2 EXISTING CONDITIONS

This section describes the existing and projected population and housing conditions in the City of Palo Alto, as well as the county as a whole, to provide context for the analysis of the proposed Plan in this EIR.

As of 2014, Palo Alto had 80,806 residents, 33,071 housing units, 31,546 households, and 100,829 jobs within the city limit and SOI. The discussion below provides an overview of population, housing, and employment trends in Palo Alto and the Bay Area region using the most recent data available, which is not always the 2014 EIR baseline year.

### Population

As shown in Table 4.11-2, Palo Alto experienced relatively stable and slow population growth from 1970 to 2000 but has been growing significantly faster since 2000. As shown in Table 4.11-2, from 1970 to 2000, population growth in Palo Alto occurred at a significantly lower rate than in Santa Clara County or the Bay Area as a whole (4.7 percent compared to 58 percent and 46.6 percent, respectively). However, between 2000 and 2014, Palo Alto's population growth occurred at a slightly higher rate than in the County and the region (12.1 percent compared to 11.1 percent and 9.4 percent, respectively).

---

<sup>6</sup> Stanford Report, January 14, 2016, "Escondido Village housing project moves ahead with revisions." Available online at <http://news.stanford.edu/news/2016/january/escondido-village-housing-011416.html>, accessed January 19, 2016.

## POPULATION AND HOUSING

TABLE 4.11-2 POPULATION GROWTH, 1970-2014

	1970	1980	1990	2000	% Change 1970-2000	2010	2014	% Change 2000-2014
<b>Population</b>								
Palo Alto <sup>a</sup>	55,966	55,225	55,900	58,598	4.7%	64,403	65,685 <sup>b</sup>	12.1%
<i>Santa Clara County</i>	1,064,714	1,295,071	1,497,577	1,682,585	58.0%	1,781,642	1,868,558	11.1%
Bay Area	4,628,199	5,179,784	6,023,577	6,783,760	46.6%	7,150,739	7,420,453	9.4%

a. Palo Alto city limit only.

b. 2014 population was calculated by City staff based on the existing number of households, as estimated based on building records.

Sources: 1970-2010 population – US Census; Population and Housing Estimates for Cities, Counties, and the State, California Department of Finance Demographic Research Unit, 2014; and City of Palo Alto 2014.

As shown in Table 4.11-3, the number of households in the city has been growing relatively steadily since 1970. Household growth occurred at a similar rate compared to Santa Clara County and the Bay Area, between 2000 and 2014.

TABLE 4.11-3 HOUSEHOLD GROWTH, 1970-2014

	1970	1980	1990	2000	% Change 1970-2000	2010	2014	% Change 2000-2014
<b>Household</b>								
Palo Alto <sup>a</sup>	20,546	23,102	24,700	25,216	22.7%	26,493	28,545	13.2%
<i>Santa Clara County</i>	322,870	458,914	522,040	565,863	75.3%	604,204	644,691	13.9%
Bay Area	1,552,801	1,973,880	2,250,975	2,466,020	58.8%	2,608,023	2,822,272	14.5%

a. Palo Alto city limit only.

Sources: 1970-2010 population – US Census; Population and Housing Estimates for Cities, Counties, and the State, California Department of Finance Demographic Research Unit, 2014; and City of Palo Alto 2014.

## Housing

More than half of dwelling units in Palo Alto are detached single-family homes, and more than one third are attached multi-family residences, as shown in Table 4.11-4. Palo Alto has proportionally more of these types of homes than either Santa Clara County or the Bay Area. There are fewer single-family attached homes in Palo Alto by percent of total than in the County and the Bay Area. Single-family homes historically have comprised more than half of the city's housing inventory.

**POPULATION AND HOUSING**

**TABLE 4.11-4 HOUSING TYPES, 2014**

	Single-Family Detached	Percent of Total	Single-Family Attached	Percent of Total	Multi-Family	Percent of Total	Total Housing Units
Palo Alto <sup>a</sup>	16,408	57.5%	1,229	4.3%	10,810	37.9%	28, 546
Santa Clara County	347,100	53.8%	62,420	9.7%	216,117	33.5%	644,691
Bay Area	1,509,538	53.5%	259,353	9.2%	993,690	35.2%	2,822,272

a. Palo Alto city limit only.

Source: California Department of Finance, *Population and Housing Estimates*, 2014.

*Household Tenure and Size*

The ratio of homeowner to renter households is typically influenced by factors such as housing cost, housing availability, and job availability. As shown in Table 4.11-5, this ratio in Palo Alto has remained relatively stable since 2000 and continues to reflect countywide and overall Bay Area trends. In general, units available for rent in Palo Alto tend to be smaller than ownership units.

**TABLE 4.11-5 HOUSEHOLD TENURE IN OCCUPIED HOUSING UNITS, 2000 TO 2014**

	2000		2010		2014	
	Rent	Own	Rent	Own	Rent	Own
Palo Alto <sup>a</sup>	42.8%	57.2%	44.3%	55.7%	43.4%	57.6%
Santa Clara County	40.2%	59.8%	42.4%	57.6%	43.9%	56.1%
Bay Area	42.3%	57.7%	43.8%	56.2%	N/A	N/A

a. Palo Alto city limit only.

Source: US Decennial Census 2000 and 2010 and American Community Survey, Five-year Estimates, Table B25009, 2014.

As shown in Table 4.11-6, Palo Alto has a higher proportion of two-person households than does the County as a whole, especially for renter households. The renter population in Palo Alto includes a portion of the Stanford University student population, which is generally prone to larger household occupancies and more frequent turnover.

*Housing Costs and Affordability*

Housing is generally the greatest expense for any household, thus the impact of housing costs disproportionately affects lower-income households and renters in particular. While some higher-income households may choose to spend a greater share of their income for housing, the cost burden for lower-income renters tends to reflect a lack of housing affordable to them.

## POPULATION AND HOUSING

**TABLE 4.11-6 HOUSEHOLD SIZE, 2014**

	1 Person	2 People	3 People	4 or More
Palo Alto Owner	9.6%	23.9%	8.9%	15.2%
<i>Palo Alto Renter</i>	18.3%	9.8%	5.9%	8.4%
Santa Clara County Owner	9.8%	17.5%	10.7%	18.1%
<i>Santa Clara County Renter</i>	11.84%	12.1%	10.7%	12.3%

Source: American Community Survey, Five-year Estimates, Table B25009, 2014. Information is not compiled for the overall Bay Area.

According to the 2015-2023 Palo Alto Housing Element update, the 2012 median household income for owner households in Palo Alto was \$161,906, compared to \$79,426 for renter households. In Santa Clara County, the 2012 median owner household income was \$115,615, compared to \$60,058 for renters.

Households that spend more than 30 percent of their income on housing costs are generally considered to be overpaying for housing, and those with lower incomes are more likely to overpay. According to the 2008-2012 US Census American Community Survey, approximately 36 percent of Palo Alto homeowners were overpaying for housing, including 41 percent of renters.

A survey of rental housing listings in Palo Alto conducted in 2014 for the Housing Element Update indicated that the majority of units available were one- and two-bedroom apartments. Rental units with three or more bedrooms were primarily limited to single-family homes. As shown in Table 4.11-7, monthly rents ranged from \$1,895 for a studio to \$8,580 for a four-bedroom home, with the average rent for all units surveyed at \$4,096. The survey indicates that rents in Palo Alto do not fall within the range of the fair market rents for Santa Clara County, as determined by HUD. As shown in Table 4.11-8, fair market rents range from \$1,105 for a studio to \$2,636 for a four-bedroom unit. The rental survey shows that the average 1-bedroom unit in Palo Alto rented for the equivalent of a two-bedroom fair market rent in Santa Clara County. As shown in Table 4.11-9, the average two-bedroom unit in Palo Alto rents for approximately 1.8 times the affordable rental price for a low-income family of four in Santa Clara County.

**TABLE 4.11-7 RENTAL HOUSING RATES, 2014**

Unit Size	Rental Range	Average
Studio/Efficiency	\$1,895 - \$2,810	\$2,151
1 Bedroom	\$1,995 - \$3,695	\$2,590
2 Bedroom	\$2,350 - \$4,600	\$3,332
3 Bedroom	\$3,500 - \$6,300	\$5,100
4 Bedroom	\$6,475 - \$8,580	\$7,387

Sources: City of Palo Alto 2015-2023 Housing Element, page 23.

**TABLE 4.11-8 FAIR MARKET RENTS, IN SANTA CLARA COUNTY, 2014**

Unit Size	Fair Market Rent
Studio/Efficiency	\$1,105
1 Bedroom	\$1,293
2 Bedroom	\$1,649
3 Bedroom	\$2,325
4 Bedroom	\$2,636

Sources: City of Palo Alto 2015-2023 Housing Element, page 23.

**POPULATION AND HOUSING**

**TABLE 4.11-9 MAXIMUM AFFORDABLE RENTAL HOUSING COSTS, SANTA CLARA COUNTY, 2014**

	Annual Income Limit	Affordable Rental Housing Cost	Utilities	Affordable Rental Price
<b>Extremely Low Income (0-30% AMI)</b>				
1 Person	\$22,300	\$558	\$137	\$421
2 Person	\$25,500	\$638	\$160	\$478
3 Person	\$28,650	\$716	\$182	\$534
4 Person	\$31,850	\$796	\$242	\$554
5 Person	\$34,400	\$860	\$290	\$570
<b>Very Low Income (31-50% AMI)</b>				
1 Person	\$37,150	\$929	\$137	\$792
2 Person	\$42,450	\$1,061	\$160	\$901
3 Person	\$47,750	\$1,194	\$182	\$1,012
4 Person	\$53,050	\$1,326	\$242	\$1,084
5 Person	\$57,300	\$1,433	\$290	\$1,143
<b>Low Income (51-80% AMI)</b>				
1 Person	\$59,400	\$1,485	\$137	\$1,348
2 Person	\$67,900	\$1,698	\$160	\$1,538
3 Person	\$76,400	\$1,910	\$182	\$1,728
4 Person	\$84,900	\$2,123	\$242	\$1,881
5 Person	\$91,650	\$2,291	\$290	\$2,001
<b>Median Income (81-100% AMI)</b>				
1 Person	\$73,850	\$2,154	\$137	\$1,709
2 Person	\$84,400	\$2,462	\$160	\$1,950
3 Person	\$94,950	\$2,769	\$182	\$2,192
4 Person	\$105,500	\$3,077	\$242	\$2,396
5 Person	\$113,950	\$3,324	\$290	\$2,559
<b>Moderate Income (101-120% AMI)</b>				
1 Person	\$88,600	\$2,215	\$137	\$2,078
2 Person	\$101,300	\$2,533	\$160	\$2,373
3 Person	\$113,950	\$2,849	\$182	\$2,667
4 Person	\$126,600	\$3,165	\$242	\$2,923
5 Person	\$136,750	\$3,419	\$290	\$3,129

Notes: AMI = Area Median Income

Assumptions: 2014 HCD income limits; 30.0% gross household income as affordable housing cost. Utilities based on Housing Authority of Santa Clara 2013 County Utility Allowance.

Sources: California Department of Housing and Community Development, 2014; Housing Authority of the County of Santa Clara, 2013.

## POPULATION AND HOUSING

**TABLE 4.11-10 ANNUAL MEDIAN HOME PRICES, 2014 AND 2015**

Jurisdiction	2014	2015	% Change 2014-2015
Campbell	\$838,500	\$977,500	16.6%
Cupertino	\$1,475,000	\$1,650,000	11.9%
Mountain View	\$1,141,750	\$1,188,000	4.1%
Palo Alto	\$1,840,000	\$2,054,000	11.6%
Santa Clara	\$651,500	\$897,500	37.8%
Saratoga	\$1,876,500	\$2,090,000	11.4%
Sunnyvale	\$925,000	\$1,005,000	8.6%
Santa Clara County	\$696,500	\$788,500	13.2%

Sources: CoreLogic Home Sale Activity by City, Home Sales Recorded in the Year 2015.

Sale prices for homes in Palo Alto have increased substantially since 2010. As shown in Table 4.11-10, home sales analysis based on data from the reporting company DataQuick shows that the median home price for single-family residences and condominiums in Palo Alto increased 15 percent from 2012 to 2013, from \$1,495,000 to \$1,720,000. Although median home prices in Santa Clara County as a whole are also on the rise, the 2013 median home sales price in Palo Alto was more than 2.5 times that of the County median price of \$645,000. As shown in Table 4.11-11, the average home in Palo Alto sold in 2013 for approximately 5.2 times the affordable sales price for a low-income family of four in Santa Clara County.

As shown in Table 4.11-12, approximately 75 percent of low-income renter households and 42 percent of owner households experience a housing cost burden of over 30 percent.

### *Lower-Income Families*

HUD defines income groups based on Area Median Family Income (AMI) by County. AMI is different from (and in Santa Clara County higher than) median household income: HUD set the 2012 Santa Clara County AMI for a family of four at \$105,000 (with low-income at \$84,000 or below), while the median household income in the County was \$90,747. The median priced home ownership unit in Palo Alto necessitates a household income of \$170,000 or more.<sup>7</sup>

<sup>7</sup> The necessitated household income of \$170,000 was determined based on the U.S. Department of Housing and Urban Development 30 percent threshold in terms of income allocated to housing.

**POPULATION AND HOUSING**

**TABLE 4.11-11 MAXIMUM AFFORDABLE OWNERSHIP HOUSING COSTS, SANTA CLARA COUNTY, 2014**

	Annual Income Limit	Affordable Ownership Housing Cost	Utilities	Taxes/ Insurance	Affordable Sales Price
<b>Extremely Low Income (0-30% AMI)</b>					
1 Person	\$22,300	\$558	\$149	\$112	\$69,122
2 Person	\$25,500	\$638	\$173	\$128	\$78,432
3 Person	\$28,650	\$716	\$198	\$143	\$87,276
4 Person	\$31,850	\$796	\$265	\$159	\$86,577
5 Person	\$34,400	\$860	\$316	\$172	\$86,577
<b>Very Low Income (31-50% AMI)</b>					
1 Person	\$37,150	\$558	\$149	\$186	\$138,244
2 Person	\$42,450	\$638	\$173	\$212	\$157,329
3 Person	\$47,750	\$716	\$198	\$239	\$176,180
4 Person	\$53,050	\$796	\$265	\$265	\$185,257
5 Person	\$57,300	\$860	\$316	\$287	\$193,170
<b>Low Income (51-80% AMI)</b>					
1 Person	\$59,400	\$558	\$149	\$297	\$241,811
2 Person	\$67,900	\$638	\$173	\$340	\$275,791
3 Person	\$76,400	\$716	\$198	\$382	\$309,537
4 Person	\$84,900	\$796	\$265	\$425	\$333,509
5 Person	\$91,650	\$860	\$316	\$458	\$353,059
<b>Median Income (81-100% AMI)</b>					
1 Person	\$73,850	\$558	\$149	\$431	\$366,363
2 Person	\$84,400	\$638	\$173	\$492	\$418,069
3 Person	\$94,950	\$716	\$198	\$554	\$469,542
4 Person	\$105,500	\$796	\$265	\$615	\$511,241
5 Person	\$113,950	\$860	\$316	\$665	\$545,259
<b>Moderate Income (101-120% AMI)</b>					
1 Person	\$88,600	\$558	\$149	\$517	\$446,463
2 Person	\$101,300	\$638	\$173	\$591	\$509,844
3 Person	\$113,950	\$716	\$198	\$665	\$572,721
4 Person	\$126,600	\$796	\$265	\$739	\$625,824
5 Person	\$136,750	\$860	\$316	\$798	\$669,074

Notes: AMI = Area Median Income

Assumptions: 2014 HCD income limits; 30.0% gross household income as affordable housing cost; 20.0% of monthly affordable cost for taxes and insurance; 10.0% down payment; 4.0% interest rate for a 30-year fixed-rate mortgage loan. Utilities based on Housing Authority of Santa Clara 2013 County Utility Allowance.

Sources: California Department of Housing and Community Development, 2014; Housing Authority of the County of Santa Clara, 2013.

## POPULATION AND HOUSING

**TABLE 4.11-12 HOUSING COST BURDEN BY TENURE AND INCOME IN PALO ALTO, 2010**

Income Category	Renters	Owners	Total Households
<b>Extremely Low Income (0-30% AMI)</b>	<b>1550</b>	<b>830</b>	<b>2,380</b>
With any housing problem	64.84%	74.70%	68.28%
With cost burden >30%	62.90%	74.70%	67.37%
With cost burden >50%	48.39%	70.48%	56.21%
<b>Very Low Income (31-50% AMI)</b>	<b>865</b>	<b>670</b>	<b>1,535</b>
With any housing problem	84.97%	42.54%	66.45%
With cost burden >30%	84.97%	34.33%	62.87%
With cost burden >50%	47.98%	26.12%	38.44%
<b>Low Income (51-80% AMI)</b>	<b>870</b>	<b>650</b>	<b>1,520</b>
With any housing problem	88.51%	41.54%	68.42%
With cost burden >30%	75.29%	41.54%	60.53%
With cost burden >50%	27.59%	28.46%	31.25%
<b>Moderate/Above Moderate Income (&gt;80% AMI)</b>	<b>7,430</b>	<b>12,625</b>	<b>20,055</b>
With any housing problem	21.94%	20.71%	21.17%
With cost burden >30%	16.35%	19.64%	18.45%
With cost burden >50%	2.22%	5.19%	4.11%
<b>Total Households</b>	<b>10,710</b>	<b>14,775</b>	<b>25,485</b>
With any housing problem	52.21%	47.79%	31.12%
With cost burden >30%	33.43%	24.37%	28.17%
With cost burden >50%	14.66%	10.83%	12.44%

Notes: AMI = Area Median Income

Data presented in this table are based on special tabulations from 2006-2010 American Community Survey (ACS) data. Due to the small sample size, the margins for error can be significant. Interpretations of these data should focus on the proportion of households in need of assistance rather than on precise numbers.

Sources: HUD Comprehensive Housing Affordability Strategy (CHAS), based on the 2006-2010 ACS. This is the most current dataset available as of January 2016.

**POPULATION AND HOUSING**

Table 4.11-13 compares the proportion of the HUD-defined income groups in Palo Alto and Santa Clara County in 2010 (the most recent year for which estimates are available):

- Extremely Low – less than 30 percent AMI
- Very Low – 30 to 50 percent of AMI
- Low – 50 to 80 percent of AMI
- Moderate/Above Moderate – greater than 80 percent of the Median Family Income

**TABLE 4.11-13 PROPORTION OF LOWER-INCOME FAMILIES**

	Extremely Low	Very Low	Low
Palo Alto	9%	6%	6%
<i>Santa Clara County</i>	<i>13%</i>	<i>10%</i>	<i>9%</i>

Sources: HUD *Comprehensive Housing Affordability Strategy*, 2010. Data not available for overall Bay Area.

**Employment**

The unusually high concentration of jobs in Palo Alto is in large part attributable to the city’s location at the heart of Silicon Valley adjacent to Stanford University. Employment has been growing in the city and more recently the region across almost all commercial and industrial sectors. Renewed loans to small businesses, rising venture capital investment in local companies, and continuing innovation in science and engineering are contributing to a new phase of local and regional job growth.

*Job Trends and Forecast*

As shown in Table 4.11-14, Palo Alto experienced an increase in employment between 2010 and 2014. According to ABAG projections, the rate of employment growth in the region is expected to catch up to that in Palo Alto and peak around 2020, after which job growth in the city and the region is expected to continue but at a slower pace.

**TABLE 4.11-14 JOB TRENDS**

	2010 Jobs	2014 Jobs	Percent Change 2010-2014
Palo Alto (City Limit Only)	86,690	95,460	10.1%
Palo Alto (City + SOI)	95,010	100,829	6.1%

Source: City of Palo Alto, *ABAG Projections 2013*.

The ratio of jobs to employed residents is a means of expressing the “jobs-housing balance” of an area. The ratio of jobs to employed residents is important because an imbalanced ratio can lead to physical impacts on the environment. A high number of jobs relative to a low number of employed residents indicates that workers must commute into the community, while a low number of jobs relative to a high number of employed residents means that residents must commute out of the community to work. As shown in Table 4.11-15, the latest available data from ABAG indicates that in 2014, Palo Alto had 2.80 times as many jobs per employed resident than in Santa Clara County or the Bay Area. This ratio is projected to decline slightly by 2030 as the rate of job growth slows.

**TABLE 4.11-15 JOBS PER EMPLOYED RESIDENT**

	Jobs 2014	Employed Residents 2014	Ratio
Palo Alto (City + SOI)	100,829	36,004	2.80
<i>Santa Clara County</i>	<i>988,278</i>	<i>865,822</i>	<i>1.14</i>
Bay Area	3,613,052	3,491,584	1.03

Sources: *ABAG Projections 2013*, data for 2010 and 2015 were interpolated to derive 2014 data.

## POPULATION AND HOUSING

The Palo Alto economy is driven by the health care sector, educational institutions, and tech and internet-based companies, among other employers. As shown in Table 4.11-16, the 10 largest employers in Palo Alto provided more than 33,000 jobs in 2013, more than 30 percent of 2014 total employment in the city.

**TABLE 4.11-16 MAJOR EMPLOYERS IN PALO ALTO**

	<b>Number of Employees</b>	<b>Percentage of Total City Employment</b>
Stanford University Medical Center/Hospital	5,545	5.81%
Lucile Packard Children's Hospital	4,750	4.98%
Stanford University	4,060	4.25%
Veteran's Affairs Palo Alto Health Care System	3,850	4.03%
VMware Inc.	3,509	3.68%
Hewlett-Packard Company	2,500	2.62%
Palo Alto Medical Foundation	2,200	2.30%
SAP	2,200	2.30%
Space Systems/Loral	3,020	3.16%
Wilson Sonsini Goodrich & Rosati	1,650	1.73%
<b>Total</b>	<b>33,284</b>	<b>34.87%</b>

Source: City of Palo Alto, 2012-2013 *Comprehensive Annual Financial Report*; McNair, Whitney. Director, Land Use Planning, Stanford. 2015.

According to ABAG Projections 2013, the Silicon Valley economy consists primarily of semiconductor and computer industries, as well as electronics, aerospace, medical devices, software, social media, and other internet-related industries. Santa Clara County is home to 15 Fortune 500 companies, including Apple, Hewlett Packard, Intel, and Google. As of 2010, the top employers in the county were Cisco Systems, Santa Clara County, and Kaiser Permanente. The Manufacturing and Wholesale sectors supported the highest share of employment in the county, accounting for 22 percent of total jobs, while the Professional and Managerial sector accounted for 19 percent. Santa Clara County provides 44 percent of Bay Area jobs in the Manufacturing and Wholesale sectors, 39 percent of jobs in Information, and 30 percent in Professional and Managerial Services.

### 4.11.2 STANDARDS OF SIGNIFICANCE

Appendix G of the California Environmental Quality Act (CEQA) Guidelines contains standards of significance for the evaluation of a project's impacts. Section 15064.7 of the CEQA Guidelines encourages each public agency to develop and publish its own thresholds of significance that the agency uses in evaluating the significance of environmental effects for projects in its jurisdiction. The City of Palo Alto prepared its *Environmental Criteria Used by the City of Palo Alto* in 2007. In determining which standards of significance to use for evaluating the population and housing impacts of the proposed Plan, Appendix G of

## POPULATION AND HOUSING

the CEQA Guidelines and the City's published environmental criteria were considered. The City's criteria include the standards of significance from the CEQA Guidelines as well as two additional standards. The analysis in Section 4.11.3 uses the City's standards of significance. The proposed Plan would result in a significant population and housing impact if it would:

- Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure).
- Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere.
- Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere.
- Create a substantial imbalance between employed residents and jobs.

In this instance, the proposed project is an update to the City's Comprehensive Plan and includes the growth that is anticipated to occur over the life of the Plan. Thus the growth in and of itself does not constitute a significant impact but all sections of the EIR, including this one, consider whether the anticipated growth will *cause* significant impacts. In this case, the proposed Plan would be considered to have a significant impact on population and housing if (1) the anticipated growth and/or other aspects of the Update would allow or *induce* growth that is unplanned for or that exceeds regional projections. A significant impact would also occur if (2) the updated comprehensive plan would exacerbate the City's current imbalance between employed residents and jobs, or if (3) it would displace existing housing or people.

### 4.11.3 IMPACT DISCUSSION

This section provides an analysis of the potential project impacts, including impacts from growth expected to occur during the life of the proposed Plan, as well as cumulative population and housing impacts that could occur as a result of the implementation of the proposed Plan when combined with projects outside of Palo Alto.

This analysis evaluates the following housing and employment projections of the four scenarios (numbers below are for city only /city + SOI):

- Scenario 1:
  - New Housing Units: 2,720 / 3,880
  - New Population: 6,660 / 9,405
  - New Employees: 15,480 / 15,870
  - New Employment Workspace (Square Feet): 3,300,000 / city + SOI data not available (N/A)
- Scenario 2:
  - New Housing Units: 2,720 / 3,880
  - New Population: 6,660 / 9,405

## POPULATION AND HOUSING

- New Employees: 9,850 / 10,240
- New Employment Workspace (Square Feet): 3,000,000 / N/A
- Scenario 3:
  - New Housing Units: 3,545 / 4,710
  - New Population: 8,435 / 11,240
  - New Employees: 12,755 / 13,145
  - New Employment Workspace (Square Feet): ): 3,500,000 / N/A
- Scenario 4:
  - New Housing Units: 4,420 / 5,580
  - New Population: 10,455 / 13,260
  - New Employees: 15,480 / 15,870
  - New Employment Workspace (Square Feet): 4,000,000 / N/A

---

<b>POP-1</b>	<b>Implementation of the proposed Plan would have the potential to induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure). (Less than Significant– All Four Scenarios)</b>
--------------	---

---

**Summary:** As described below, although projected levels of population, housing, and job growth vary for the four scenarios, none of the scenarios would result in growth that substantially exceeds local or regional planning projections. Therefore, all four scenarios would result in a less-than-significant impact from substantial population growth.

The proposed Plan would result in a significant impact related to population growth if it would lead to substantial unplanned growth, either directly or indirectly, that would create the need for unplanned housing units or infrastructure improvements that would affect the physical environment. Examining the potential environmental impacts related to population, housing, and job growth is important because unplanned growth can impact the capability of a jurisdiction to:

- Provide adequate public services, such as police, fire, and schools (see Section 4.12 of this EIR).
- Maintain infrastructure service levels for water, wastewater, stormwater, and roads (see Section 4.14 of this EIR).
- Use land efficiently (see Section 4.9 of this EIR).

As described in Section 3, Project Description, of the Draft EIR, the proposed Plan is a comprehensive, long-range policy plan that would provide a policy context for growth that is projected to occur. No specific development projects are proposed as part of the Project evaluated in this EIR, and as such, the proposed

## POPULATION AND HOUSING

Plan would not result in direct growth. Moreover, the proposed Plan is intended to provide a policy framework that would enable the City to accommodate growth that is already projected to occur in a way that minimizes the physical impacts of that growth. The proposed Plan would be considered to have a significant impact on population and housing if the anticipated growth and/or other aspects of the proposed Plan itself would *induce* growth that is unplanned for or that exceeds regional projections. The potential impacts of the varying population, housing, and job growth projections considered under each scenario are discussed below in relation to both local and regional planning efforts.

### Applicable Regulations:

- Sustainable Communities Strategy
- Regional Housing Needs Allocation

### Local Planning

The developable area of Palo Alto is already largely built out and the EIR Study Area is well served by utility and transportation infrastructure and existing public services (see Chapter 4.12, Public Services and Recreation, and 4.14, Utilities and Service Systems, for a discussion of the proposed Plan's potential impacts to these facilities and services). Nevertheless, the proposed Plan would support and lead to transportation infrastructure improvements that would be needed to accommodate growth in the EIR Study Area through 2030.

However, future residential and non-residential development and redevelopment under the proposed Plan would be infill development on vacant or underutilized land. Scenarios 1 and 2 would focus new housing units along El Camino Real, in Downtown, in the Fry's Electronics site area, and along San Antonio, as identified in the Draft 2015-2023 Housing Element and as shown in Figures 3-5 and 3-7.

Under Scenario 3, new housing would be concentrated primarily in Downtown and in the California Avenue area as shown in Figure 3-8. Similar to Scenario 3, Scenario 4 would concentrate new housing in Downtown and in the California Avenue area, but also in transit-rich areas along El Camino Real, as shown in Figure 3-9.

The Housing Element includes the following programs to guide and plan for growth in Palo Alto. Because the proposed Plan does not include an update to the Housing Element, these programs would be maintained under all four scenarios:

- Program H2.1.2: Allow increased residential densities and mixed use development only where adequate urban services and amenities, including roadway capacity, are available.
- Program H2.1.8: Promote redevelopment of underutilized sites by providing information about potential housing sites on the City's website, including the Housing Sites identified to meet the RHNA and information about financial resources available through City housing programs.

## POPULATION AND HOUSING

- Program H5.1.3: Participate in regional planning efforts to ensure that the Regional Housing Needs Allocation targets areas that support sustainability by reducing congestion and greenhouse gas emissions.

To ensure that growth under the proposed Plan is consistent with local planning that serves to adequately accommodate growth, Comprehensive Plan policies would be needed to promote housing to meet existing and projected housing needs, direct housing to areas served by urban services, and ensure that local planning is adequate to accommodate future growth in Palo Alto. Under Scenario 1, existing Comp Plan policies would be maintained but new policies would be needed to ensure less-than-significant impacts. Under Scenarios 2, 3, and 4, because the proposed Plan is still in process it has not yet been decided which policies will be adopted as part of the proposed Plan. Therefore, all scenarios would have a *potentially significant* impact associated with population growth that is not adequately accommodated by local plans.

### Regional Planning

As described above, ABAG and MTC are responsible for regional planning in the nine-county Bay Area, which includes Palo Alto. ABAG and MTC have developed regional growth forecasts for the Bay Area as a whole and for constituent jurisdictions. The most recent set of forecasts is ABAG's *Projections 2013*, described in Section 4.11.1.1 above. Tables 4.11-17, 4.11-18, and 4.11-19 show population, housing, and job growth projections for Palo Alto that are included in the regional forecasts, compared against growth projected from implementation of the four scenarios. The proposed Plan would be considered to induce substantial growth if the estimated buildout resulting from future development permitted under the proposed Plan would substantially diverge from these regional growth projections for Palo Alto.

Tables 4.11-17 through 4.11-19 identify the differences between the scenarios and ABAG's *Projections 2013*.

As shown in Table 4.11-17 and 4.11-18, the 2030 population and housing estimates for Scenarios 1, 2, and 3 are lower than ABAG projections for both the city limit only and for the city limit plus SOI (the EIR Study Area).

Scenario 4 anticipates lower housing and population growth than ABAG within the city limit, but anticipates higher housing and population growth than ABAG within the city limit plus SOI. The exceedance of ABAG housing and population projections within the city limit plus SOI is due to the City's inclusion of documented existing housing and allowed future housing within the SOI that is not accurately reflected in ABAG's *Projections 2013*. As described in the discussion in Section 4.11.1.1, ABAG's *Projections 2013* data for the 2010 to 2015 period does not take into account housing that was built and occupied in the SOI during this period, based on information provided in Stanford's 2014 GUP Annual Report. In addition, ABAG's *Projections 2013* only reflects an increase of 161 units in the SOI between 2014 and 2030, which does not accurately reflect the remaining capacity for an additional 1,134 units under Stanford's approved 2000 GUP. This difference, which is a result of an inaccuracy in ABAG's data and a higher level of detail in the City's estimates, does not indicate that Scenario 4 would induce substantial population growth and does not constitute a significant impact.

**POPULATION AND HOUSING**

**TABLE 4.11-17 2030 POPULATION PROJECTIONS**

	2014 Population	2030 Population	Total Percent Change (2014-2030)	Average Annual Growth Rate (2014-2030)	2030 Difference from ABAG Projections	
					Number	Percent
<b>City Limit Only</b>						
ABAG Projections	66,800 <sup>a</sup>	77,100	15%	0.90%	--	--
Scenario 1	65,685	72,285	10%	0.60%	-4,815	-6.66%
Scenario 2	65,685	72,285	10%	0.60%	-4,815	-6.66%
Scenario 3	65,685	74,120	13%	0.76%	-2,980	-4.02%
Scenario 4	65,685	76,140	16%	0.93%	-960	-1.26%
<b>City Limit + SOI</b>						
					2030 Difference from ABAG Projections	
ABAG Projections <sup>a</sup>	81,035	92,300	14%	0.82%	--	--
Scenario 1	80,805	90,210	12%	0.69%	-2,090	-2.32%
Scenario 2	80,805	90,210	12%	0.69%	-2,090	-2.32%
Scenario 3	80,805	92,045	14%	0.82%	-255	-0.28%
Scenario 4	80,805	94,065	16%	0.95%	+1,765	+1.88%

a. ABAG data for 2010 and 2015 were interpolated to derive 2014 data.  
Source: City of Palo Alto, PlaceWorks, 2015; and ABAG 2013 Projections.

**TABLE 4.11-18 2030 HOUSING UNIT PROJECTIONS**

	2014 Housing Units	2030 Housing Units	Total Percent Change (2014-2030)	Average Annual Growth Rate (2014-2030)	2030 Difference from ABAG Projections	
					Number	Percent
<b>City Limit Only</b>						
ABAG Projections <sup>a</sup>	28,970	33,400	15%	0.89%	--	--
Scenario 1	28,545	31,265	10%	0.57%	-2,135	-6.83%
Scenario 2	28,545	31,265	10%	0.57%	-2,135	-6.83%
Scenario 3	28,545	32,090	12%	0.73%	-1,310	-4.08%
Scenario 4	28,545	32,965	15%	0.90%	-435	-1.32%

## POPULATION AND HOUSING

**TABLE 4.11-18 2030 HOUSING UNIT PROJECTIONS (CONTINUED)**

City Limit + SOI					2030 Difference from ABAG Projections	
ABAG Projections <sup>a</sup>	33,200	37,800	14%	0.7081%	--	--
Scenario 1	33,070	36,950	12%	0.70%	-850	-2.30%
Scenario 2	33,070	36,950	12%	0.70%	-850	-2.30%
Scenario 3	33,070	37,780	14%	0.84%	-20	-0.05%
Scenario 4	33,070	38,650	17%	0.98%	+850	+2.20%

a. ABAG data for 2010 and 2015 were interpolated to derive 2014 data. ABAG *Projections 2013* does not forecast housing units City of Palo Alto staff assumed a 5 percent vacancy rate for households, based on 2010 US Census data, to arrive at the housing unit numbers for 2014-2030 for comparison purposes.

Source: City of Palo Alto, PlaceWorks, 2015; and ABAG 2013 Projections.

**TABLE 4.11-19 2030 EMPLOYMENT PROJECTIONS**

	2014 Jobs	2030 Jobs	Total Percent Change (2014-2030)	Average Annual Growth Rate (2014-2030)	2030 Difference from ABAG Projections	
					Number	Percent
<b>City Limit Only<sup>a</sup></b>						
ABAG Projections	95,460	110,940	16%	0.94%	--	--
Scenario 1	95,460	110,940	16%	0.94%	same	same
Scenario 2	95,460	105,310	10%	0.62%	-5,630	-5.35%
Scenario 3	95,460	108,215	13%	0.79%	-2,725	-2.39%
Scenario 4	95,460	110,940	16%	0.94%	same	same
<b>City Limit + SOI<sup>a</sup></b>						
ABAG Projections	100,830	116,700	16%	0.92%	--	--
Scenario 1	100,830	116,700	16%	0.92%	same	same
Scenario 2	100,830	111,070	10%	0.61%	-5,630	-5.07%
Scenario 3	100,830	113,975	13%	0.75%	-2,725	-2.66%
Scenario 4	100,830	116,700	16%	0.92%	same	same

a. ABAG data for 2010 and 2015 were interpolated to derive 2014 data.

Source: PlaceWorks and ABAG 2013 Projections.

In terms of employment growth, Scenarios 1 and 4 are the same as ABAG *Projections 2013* for both the city limit only and for the city limit plus SOI (the EIR Study Area), while Scenarios 2 and 3 are each lower than ABAG *Projections 2013*.

**POPULATION AND HOUSING**

Growth under the proposed Plan would occur incrementally over a period of approximately 15 years and would be guided by a policy framework in the proposed Plan that is generally consistent with many of the principal goals and objectives established in regional planning initiatives for the Bay Area. As discussed above, one of the key concepts of *Plan Bay Area* is the idea of focusing future growth into transit-oriented, infill development opportunity areas within existing communities that are expected to host the majority of future development.

In addition, as previously discussed and as shown on Figures 3-5, 3-7, 3-8, and 3-9, growth anticipated by the scenarios would be infill development on vacant or underutilized parcels focused along El Camino Real, a major transit corridor, within a ½-mile of a Caltrain stop, within Downtown Palo Alto, and/or within the California Avenue Priority Development Area (PDA). Implementation of any of the scenarios would facilitate infill growth and support regional planning efforts, but Scenario 4 focuses the most intensive amount of growth in transit-served areas in Palo Alto's single PDA.

All four scenarios are at or below ABAG's population, housing, and employment projections, or, in the case of Scenario 4, only exceed the projections because the City has chosen to accurately count existing units in the SOI and more accurately reflect the likelihood that Stanford will build allowed housing. Moreover, all four scenarios are consistent with the planning principles that underlie *Projections 2013*. Therefore, all four scenarios are consistent with regional projections and would not induce growth beyond what is already projected to occur.

**Significance before Mitigation:** This would be a less-than-significant impact, and no mitigation would be required.

---

**POP-2                      Implementation of the proposed Plan would not displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere. (Less than Significant– All Four Scenarios)**

---

**Summary:** As described below, all four scenarios would allow increased housing growth in Palo Alto and all four would allow the City to meet its projected RHNA for the 2015-2023 Housing Element cycle. For the most part, the Scenarios propose new housing on either vacant land designated as residential or on land with a commercial designation, either vacant or underutilized. The development or redevelopment of underutilized commercially designated sites would not displace existing housing since there are currently no residential units on these sites. Therefore, all four scenarios would result in a less-than-significant impact.

The proposed Plan would substantially displace existing housing if it would result in a decreased housing supply that would necessitate the construction of replacement housing elsewhere.

Scenarios 1 and 2 rely on the adopted 2015-2023 Housing Element sites to accommodate new residential growth. As required by State law, the Housing Element identifies adequate sites to accommodate the city's future housing needs, as defined by the RHNA. The sites identified within the Housing Element rely upon

## POPULATION AND HOUSING

either vacant land or underutilized commercial sites that do not include existing residential units. Under Scenarios 1 and 2, new housing would be concentrated primarily in Downtown, along El Camino Real, in the Fry's site area, and along San Antonio. In addition, under Scenario 2, the Housing Element would be amended to add policy language that focuses housing growth on smaller units geared towards empty-nest seniors and young singles with jobs in Palo Alto. Scenarios 1 and 2 would result in a net increase of 3,880 housing units.

Under Scenario 3, new housing would be concentrated primarily in Downtown and in the California Avenue area, where the Pedestrian and Transit-Oriented Development Combining District (PTOD) zone would apply, by increasing density in those areas while removing Housing Element residential sites (though not actual housing units) in the south of the city. Scenario 3 would encourage smaller units (studio and 1-bedroom) geared towards empty-nest seniors and young singles with jobs in Palo Alto. Scenario 3 would result in a net increase of 4,710 housing units.

Scenario 4 would concentrate new housing in areas similar to Scenario 3, with the addition of residential sites along El Camino Real. Housing growth would be focused in Downtown and near transit. Housing would also be permitted in certain areas of the Stanford Research Park and Shopping Center, where the PTOD would apply. Scenario 4 would result in a net increase of 5,580 housing units.

Existing Housing Element policy and programs help preserve existing housing stock or to replace in excess if targeted for redevelopment. These programs and policies are as follows:

- Program H1.1.3: Provide incentives to developers such as reduced fees and flexible development standards to encourage the preservation of existing rental cottages and duplexes currently located in the R-1 and R-2 residential areas.
- Policy H1.2: Support efforts to preserve multifamily housing units in existing neighborhoods.
- Program H1.2.1: When a loss of rental housing occurs due to subdivision or condominium conversion approvals, the project shall require 25 percent BMR units.

Because the proposed Plan would allow a net increase of housing under all four scenarios, and because the existing Housing Element includes policies and programs that protect existing neighborhoods and housing, the impact related to housing displacement would be less than significant. Therefore, construction of replacement housing elsewhere would not be necessary and the impact would be *less than significant*.

### **Applicable Regulations:**

- None

**Significance before Mitigation:** The proposed Plan would allow a net increase of housing, and the existing Housing Element includes policies and programs that protect existing neighborhoods and housing. Therefore, construction of replacement housing elsewhere would not be necessary and the impact would be less than significant for all scenarios.

**POPULATION AND HOUSING**

---

**POP-3                    Implementation of the proposed Plan would not displace substantial numbers of people, necessitating the construction of replacement housing elsewhere. (Less than Significant– All Four Scenarios)**

---

**Summary:** The proposed scenarios would not displace substantial numbers of people, necessitating the construction of replacement housing. Therefore, all four scenarios would result in a less-than-significant impact.

The proposed Plan would displace a substantial number of people, necessitating the construction of replacement housing elsewhere, if it would result in a decreased housing supply that would require the construction of replacement housing elsewhere.

As described under Impact POP-2, all four scenarios would result in a net increase of housing. New housing will mostly be built on vacant residential sites or underutilized commercial sites that do not currently include existing housing units. However, there is the potential that proposed and existing Comp Plan policies and programs could encourage increased residential growth that could temporarily displace existing housing units that would temporarily displace existing occupants while the new residential units are under construction. However, all four scenarios would result in a net increase of housing that would accommodate the following net increases in population in the city limit plus the SOI:

- Scenario 1: 9,405 net new residents.
- Scenario 2: 9,405 net new residents.
- Scenario 3: 11,240 net new residents.
- Scenario 4: 13,260 net new residents.

Although no housing would be displaced as part of this project, there is the possibility that existing residents could be displaced from housing due to rising home costs in Palo Alto. As discussed in Section 10.1.2, Palo Alto has some of the highest home sale and rental prices in Santa Clara County. As of 2013, the median home sales price of \$1,720,000 in Palo Alto was more than 2.5 times that of the County median price of \$645,000. In addition, the 2014 housing rental survey found that the average 2-bedroom unit in Palo Alto rented for approximately 1.8 times the affordable rental price for a low-income family of four in Santa Clara County. It is likely that housing affordability will continue to be an issue in the future as Palo Alto’s job growth is projected to outpace its housing growth under all four scenarios. However, quantifying the number or percentage of existing residents who would be displaced if costs continue to increase, the potential for booms and busts in housing costs, and/or increases or decreases in wages by 2030 would be speculative, so this potential impact is not considered further, in accordance with CEQA Guidelines Section 15145.

As discussed above, existing occupants could temporarily be displaced from existing housing while new residential units are under construction. The possibility for permanent displacement from housing arises if the existing housing stock is rebuilt and new housing prices are at a rate not affordable to lower- and moderate-income households. However, the City has the following existing Housing Element programs in

## POPULATION AND HOUSING

place to address the potential loss of rental housing and displacement of lower and moderate income households due to new development:

- Program H3.1.1 amends the City’s Below Market Rental (BMR) ordinance to lower the BMR thresholds to apply to projects of three or more units.
- Program H3.1.2 implements the BMR ordinance which requires:
  - A minimum of 15 percent of all new housing units in a project to be affordable to very low-, low-, and moderate-income households. Projects that cause the loss of existing rental housing may be subject to providing 25 percent of all new housing units to be affordable to very low-, low-, and moderate-income households.
  - If the providing on-site BMR housing is not feasible, developers must build BMR units off-site or pay into the Residential Housing Fund.
- Program 3.1.4 requires the City to monitor affordable housing developments at risk of market rate conversions.
- Program 3.1.6 requires developers of employment-generating commercial and industrial developments to pay commercial in-lieu fees to contribute to the supply of low- and moderate-income housing.
- Program 3.1.7 requires the Zoning Code allow innovative housing types, such as co-housing, to encourage smaller, and thus more affordable, units.
- Program 3.1.8 calls for any redevelopment of the Buena Vista Mobile Home Park to preserve the existing units on the site.
- Program 3.1.11 calls for the City, when using Housing Development funds for residential projects, to give strong preference to developments that service extremely low-, very low-, and low-income households.
- Program 3.1.12 calls for the City to amend the Zoning Code to provide incentives to developers who provide service extremely low-, very low-, and low-income housing units above and beyond what is required by the BMR program.
- Program 3.1.13 calls for the City to work with owners of affordable developments at risk to market rate conversions to explore the possibility of extending the affordability of the development.

The Housing Element programs described above either help generate new affordable housing or maintain existing affordable housing. Therefore, not only is the proposed Plan anticipated to result in an increase in residential units under all four scenarios, but also, should some types of individual development projects be permitted under the proposed Plan that would potentially displace people due to housing affordability, provisions of the Housing Element as outlined above would serve to minimize impacts. Therefore, the construction of replacement housing elsewhere would not be warranted and the impact would be *less than significant*.

**POPULATION AND HOUSING**

**Applicable Regulations:**

- None

**Significance before Mitigation:** The Housing Element includes programs that would generate new affordable housing or maintain existing affordable housing, and provisions that would minimize impacts to the potential displacement of people due to housing affordability. Further, the proposed Plan is anticipated to result in an increase in residential units, and the construction of replacement housing elsewhere would not be warranted. Therefore, the impact would be less than significant for all scenarios.

---

**POP-4                      Implementation of the proposed Plan would not create a substantial imbalance between employed residents and jobs. (Less than Significant– All Four Scenarios)**

---

**Summary:** As described below, Scenarios 2, 3, and 4 would slightly improve the current imbalance between employed residents and jobs in Palo Alto when compared to the existing ratio of jobs to employed residents, within both the city limit only and within the city limit plus the SOI. Scenario 1 would increase the current ratio of jobs to employed residents, within both the city limit only and within the city limit plus the SOI, but this increase would not create the imbalance, nor would the imbalance be more substantial than it is today. Therefore, all four scenarios would result in a less-than-significant impact.

The proposed Plan would create a substantial imbalance between employed residents and jobs if it would substantially worsen the existing jobs to employed resident ratio.

The ratio of jobs to employed residents demonstrates the balance between jobs and employed residents within a community. It is found by dividing the number of jobs in the community by the number of employed residents in the same area. A higher number of jobs than employed residents, as found in Palo Alto, indicates that workers must commute into the community. (By contrast, a low number of jobs and high number of employed residents would mean that residents must commute out of the community to work.) Examining the potential impacts related to an imbalance of employed residents and jobs is important because an imbalanced ratio can lead to physical impacts on the environment that include increased traffic congestion, increased air pollutant emissions, increased noise, and increased GHG emissions; the physical impacts of the jobs to employed residents ratio are evaluated under Sections 4.2, Air Quality; 4.6, Greenhouse Gas Emissions; 4.10, Noise; and 4.13, Traffic and Transportation. A healthy jobs/employed residents ratio, which is region-specific, as described further below, increases opportunities for residents to work locally, thus decreasing vehicle miles traveled, vehicular air and noise emissions, and congestion and commute time, improving workers’ productivity and quality of life.

Economists and land use planners often use the region as a benchmark for a healthy jobs/employed resident ratio, based on the notion that Bay Area employers generally draw their workforce from within the region. As shown in Table 4.11-15, based on data interpolated from ABAG’s *Projections 2013*, the region had approximately 1.03 jobs per employed resident in 2014, and Santa Clara County as a whole had a ratio of

## POPULATION AND HOUSING

1.14 jobs per employed resident. In contrast, Palo Alto's 2014 ratio was 2.80 jobs per employed resident within the city limit and SOI, indicating that Palo Alto draws a large percentage of workers from outside the city.

As shown in Table 4.11-20, in the city limit only, the 2030 jobs to employed residents ratio would increase under Scenario 1 from the existing ratio of 3.06 jobs per employed resident to 3.19 jobs per employed resident, indicating ample employment opportunities for local employees, but also indicating that Palo Alto will continue to draw employees from the surrounding region. Table 4.11-20 also shows that under Scenarios 2, 3, and 4, the 2030 jobs to employed residents ratio within the city limit only would be slightly lower than the existing ratio.

Table 4.11-21 shows that Scenario 1 would also slightly increase the jobs to employed residents ratio within the city limit plus SOI (the EIR Study Area), while Scenarios 2, 3, and 4 would slightly lower the ratio.

In summary, within both the city limit only and the city limit plus SOI, Scenarios 2 through 4 would slightly decrease the existing ratio of jobs per employed resident, and Scenario 1 would increase the ratio. However, the increase in the ratio from 3.06 to 3.19 does not represent the creation of an imbalance, nor is this 0.13 difference substantial. The impact of all four scenarios would be *less than significant*.

### Applicable Regulations:

- None

**Significance before Mitigation:** None of the scenarios would create a substantial imbalance of employed residents to jobs when compared to the existing imbalance in the city, so the impact would be *less than significant*. Nevertheless, the City can seek to address the ongoing imbalance through mitigation.

## Mitigation Measures

**Mitigation Measure POP-4a:** Conduct a nexus study and update the City's affordable housing linkage fee for commercial development to ensure that new job-generating development adequately mitigates the costs of its impacts on housing affordability in Palo Alto.

**Mitigation Measure POP-4b:** Continue to increase the supply of housing in the city through implementation of the adopted Housing Element policies and programs, and/or slow the rate of job growth in the city. Possible zoning adjustments to accomplish more housing and/or fewer jobs could include changes to allow more residential density by right in areas that are well-served by services and transit, somewhat reducing commercial FAR and replacing it with residential FAR, and/or implementing an annual limit on new office and R&D development.

**Significance after Mitigation:** Less than Significant.

**POPULATION AND HOUSING**

**TABLE 4.11-20 EXISTING AND 2030 PALO ALTO JOBS TO EMPLOYED RESIDENTS RATIO (CITY ONLY)**

	A Jobs	B Population	C Employed Residents <sup>a</sup>	D Jobs to Employed Residents Ratio (A ÷ C)
Existing Conditions	95,460	65,685	31,165 <sup>b</sup>	3.06
Scenario 1	110,940	72,285	34,697	3.20
Scenario 2	105,311	72,285	34,697	3.04
Scenario 3	107,915	74,120	35,578	3.03
Scenario 4	110,940	76,140	36,547	3.04

<sup>a</sup>To determine the number of employed residents in the scenarios, PlaceWorks assumed that 48 percent of the 2030 (city limit) population (Column B) would be employed, which the same percentage of employed residents to total population only as is found in ABAG *Projections 2013* year 2030 projections for the city only (37,150 employed residents ÷ 77,100 population = 0.48).

<sup>b</sup>The number of existing employed residents is taken from the US Census Bureau, American Community Survey, Demographic and Housing 2011-2013 3-Year Estimates, Table DP03, Selected Economic Characteristics

Source: PlaceWorks, 2015 and ABAG *Projections 2013*.

**TABLE 4.11-21 EXISTING AND 2030 PALO ALTO JOBS TO EMPLOYED RESIDENTS RATIO (CITY +SOI)**

	A Jobs	B Population	C Employed Residents <sup>a</sup>	D Jobs to Employed Residents Ratio (A ÷ C)
Existing Conditions	100,830 <sup>b</sup>	80,805 <sup>c</sup>	36,004 <sup>b,d</sup>	2.80
Scenario 1	116,700	90,210	40,595	2.87
Scenario 2	111,070	90,210	40,595	2.74
Scenario 3	113,975	92,045	41,420	2.75
Scenario 4	116,700	94,065	42,329	2.76

<sup>a</sup> To determine the number of employed residents in the scenarios, PlaceWorks assumed that 45 percent of the 2030 population would be employed, which the same percentage of employed residents to total population as is found in ABAG *Projections 2013* year 2030 projections for the City + SOI (41,850 employed residents in 2030 ÷ 92,300 population = 0.45).

<sup>b</sup> Existing numbers of jobs and employed residents for the City + SOI are based on published data in ABAG *Projections 2013*; ABAG data for 2010 and 2015 were interpolated to derive 2014 data.

<sup>c</sup> Existing population is based on City analysis and is consistent with the number used throughout this EIR.

<sup>d</sup> Existing number of employed residents is interpolated from ABAG's 2010 and 2015 numbers of employed residents. It is not calculated based on a percent of the existing population in column B.

Source: PlaceWorks, 2016 and ABAG *Projections 2013*.

## POPULATION AND HOUSING

### 4.11.4 CUMULATIVE IMPACTS

---

**POP-5**                    **Implementation of the proposed Plan, in combination with past, present, and reasonably foreseeable projects, would not substantially cumulatively exceed regional or local population projections. (Less than Significant– All Four Scenarios)**

---

**Summary:** As described below, the higher housing and population projections in Scenarios 3 and 4 would not contribute to a meaningful difference in overall regional projections, when considered along with cumulative growth outside the EIR Study Area. Therefore, all four scenarios would result in a less-than-significant impact.

As discussed in Section 4, Environmental Evaluation, of this Draft EIR, this EIR takes into account growth projected by the proposed Plan within the Palo Alto city limit and SOI, including impacts from projected growth in Stanford University as set forth in the 2000 Stanford General Use Permit, and projected growth from the rest of Santa Clara County, and the surrounding region, as forecast by ABAG. ABAG projects that Santa Clara County’s population will increase from 1,877,700 people in 2015 to 2,188,500 people in 2030, an increase of 310,800 people. The nine-county Bay Area as a whole is projected to increase from 7,461,400 people to 8,496,800 people in the same period, an increase of over 1 million. Within this context, the various differences of the scenarios from ABAG projections are not cumulatively considerable.

Impacts from cumulative growth are considered in the context of their consistency with regional planning efforts. As described above, the proposed Plan would not induce a substantial amount of growth that has not been adequately planned for or require the construction of replacement housing elsewhere. Cumulative growth would be consistent with regional planning efforts. Thus, when considered along with the proposed Plan, cumulative growth would not displace substantial numbers of people or housing, exceed planned levels of growth, exacerbate an imbalance between jobs and employed residents. Therefore, cumulative impacts would be *less than significant*.

**Applicable Regulations:**

- None

**Significance before Mitigation:** Implementation of the proposed Plan would not contribute to a substantial cumulative exceedance of regional population projections, so the impact would be less than significant.