

PLANNING& TRANSPORTATION COMMISSION MINUTES

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weanesaay, April 25, 2012 Meeting 6:00 PM, Council Chambers 1st Floor, Civic Center 250 Hamilton Avenue Palo Alto, California 94301

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ROLL CALL: 6:08 p.m.

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14 Commissioners: Staff:

15 Eduardo Martinez - Chair Curtis Williams, Planning Director

16 Susan Fineberg – V-Chair Donald Larkin, Assistant City Attorney - Dismissed

Samir Tuma Steven Turner, Advance Planning Manager

18 Arthur Keller Roland Rivera, Senior Planner

19 Greg Tanaka Robin Ellner, Administrative Assoc. III

Mark Michael

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<u>Chair Martinez</u>: Welcome to the April 25 2012, hearing of the Palo Alto Planning and Transportation Commission. Roll call please, Secretary Ellner.

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Robin Ellner, Administrative Assoc. III: Vice Chair Fineberg?

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Chair Martinez: She'll be here.

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Ms. Ellner: She'll be here? Commissioner Keller, Chair Martinez, Commissioner Michael, Commissioner Tanaka, Commissioner Tuma. Six present.

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<u>Chair Martinez:</u> Thank you. We're going to begin this evening with Oral Communications. I see no cards. This is the opportunity for members of the public to speak on items not on tonight's agenda. Ok, with that we are going to close Oral Communications. We have no cards.

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<u>Chair Martinez</u>: Scheduled for tonight were three items for our agenda. The first two items, the oh gosh I forget what it was, the review of the Santa Clara Valley Transportation Authority (VTA) proposed rapid bus line on El Camino Real will be continued to a date uncertain as will a discussion and recommendation on the proposed Housing Density Bonus Ordinance. The remaining item tonight is a presentation by Staff and comments to be received from the Commission on the draft Sustainable Community Scenario. Yes, Director Williams.

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<u>Curtis Williams, Planning Director:</u> Thank you Chair Martinez and Commissioners, I'm Curtis Williams, the Director of Planning and Community Environment. And we are here tonight to talk to you just to provide you basically with an update of the Sustainable Community Strategy,

what is referred to as the Preferred Scenario draft scenario you've currently seen an initial vision scenario and primarily three alternative scenarios that have been developed as to the growth, potential for growth, in the Bay Area and how that might be achieved in a more sustainable manner. So, let me, I'm gonna work off a PowerPoint that Association of Bay Area Governments (ABAG) has used in presenting this and so that'll give you a run through of it and then what we're really looking for tonight is your questions and suggestions for additional analysis. We're not ready at this point to comment back to the regional agencies on this scenario, but we need to do quite a bit more analysis to determine specifically how it affects different parts of Palo Alto and some of the economic and demographic assumptions associated with it.

So the intent, overall intent of the Sustainable Community Strategy, which as we've discussed before is an outgrowth of Senate Bill 375, is to accommodate anticipated growth from now through the year 2040. Originally it started out being 2035, it's now 2040. The anticipated, the projections currently under consideration with this particular scenario includes an addition of 1.1 million new jobs over that time period in the 9 county Bay Area. Over 2 million increase in population and about 660,000 new housing units created. And it's actually about 700,000 households which are distinguished from housing units are new construction of homes or apartments or condominiums, townhouses, whereas households are basically occupied units. So it takes into account as prior efforts did not, the fact that we do have a relatively high vacancy factor in foreclosures and that in the Bay Area so that some of this increased population will occupy units that are already constructed so not new units.

There are, and I can't recall whether I included this PowerPoint in your materials or not, I think I did, yeah, here it is. So you do have this in your Staff Report materials, but there are, and I'm not gonna go through these tables, but projected employment growth by decade. So a lot of the thrust of the plan is to try to direct more of the growth into Planned Development Areas and as you'll recall, California Avenue... Yes?

<u>Commissioner Keller</u>: Excuse me, we have a version of this, but not exact this one. Some of the charts didn't come out exactly, just to let you know.

Mr. Williams: Ok. We would be glad to get you the link to this version if it would be helpful. So the intent is to again focus on Planned Development Areas, most of which are located near transit stations or transit corridors and to thereby enhance walking and transit use and minimize vehicle miles traveled overall reducing greenhouse gas consumption in the region. And, that applies to both employment as well as to housing units so in this particular instance it is showing that there would be an increase in the jobs, total jobs, about 47% are located in Planned Development Areas (PDA) areas right now and about 52% would be by 2040. Population wise about 24% of the population currently lives in these PDA areas and that would increase to about 34% by 2040. And, similarly with housing about 26% of units were currently in PDA's and 37% in 2040. So again our sole PDA is the California Avenue area, however, the El Camino corridor and the downtown area are also part of VTA's Corridor and Cores, Cores and Corridors, concepts and that has been factored in at this point at least, factored into this equation as well.

This shows an increase in jobs, a total number of jobs from 2010 to 2040 and what you will see in both jobs and housing is that Santa Clara County pretty much by far has the most increase in jobs and housing in the region as far as compared to any other county. Of course it's got the

most currently as well, so both of those graphs look pretty similar and the percentage in PDA's again increasing in these areas. So the Preferred Scenario is called the Jobs-Housing Connection Scenario to emphasize that both jobs and housing are being located closer together. I don't think ABAG and Metropolitan Transportation Commission (MTC) would represent that that necessarily means that everyone who lives in near transit or a job is near them that they're going to be working at that location, but that it does facilitate the use of transit and the walkability of areas to have a mix of uses in PDA type of areas.

Part of the whole effort and it's not really outlined in the documents that you have yet, is the transportation network to serve these areas and enhance transit service in particular. Currently 75% of jobs are within a half mile of highway on-ramps and only 44% are within a half mile of regional transit stations or local buses, so the intent is to develop a transportation network to go along with this to help provide funding for upgrading the transportation particularly the transit network and to a lesser extent probably the bicycle and pedestrian networks in the Bay Area. And we've talked before about the One Bay Area Grant program which has been the funding for that coming from MTC, is going to be approximately double to triple the amount that it's typically been for the Bay Area as a whole and particularly for Santa Clara County so that there is a lot more money being directed towards those efforts.

So one of the emphases of this plan is that in order for the City, the City, in order for the region to grow and function well from an economic standpoint that it's necessary to have housing that supports the employees that would come to these jobs. Without providing for reasonably affordable housing in some proximity to these jobs that the employers aren't going to, are as likely to locate in Silicon Valley or the Bay Area as a whole. As well as the fact that then the longer commutes result in more VMT and more greenhouse gas, so that's sort of an underpinning of the plan, but the housing issue is exacerbated, the affordability of course of housing in the Bay Area generally and particularly on the peninsula is difficult for many folks to meet. There are the various barriers to creating more affordable housing and now most recently with the loss of redevelopment funding it's another crimp that is put into the housing availability and supply equation. So, there are a lot of factors working against creating the levels of housing that the plan tries to achieve and I think that's something we come back to as being sort of one of the problems. Is it really realistic given a number of those, some of those barriers can be overcome to some extent, but some it's very hard to imagine that all of them or most of them will be mostly overcome to be able to achieve the kind of numbers that are being created or projected here.

They've talked some about the particularly the aging population and the young professionals that are looking for housing closer to cities and more in transit oriented areas. The senior population and the baby boomers looking for moving out of perhaps single homes into smaller units and more likely toward city areas with services and such. So those are trends that are seen and that seem to help support higher densities around transit stations.

The initial analysis of this scenario in terms of how much greenhouse gas reduction might be achieved and the modeling that ABAG and MTC have done at this point is they are projecting a 9% reduction. That's per capita, it's not a 9% overall, it's 9% reduction per capita and if you recall the target by 2040 for this region and each region of the state has a different target that was set by the California Air Resources Board, the target here is 15% reduction. So, this plan does not achieve 15% reductions and it's likely that it will need to be paired with a number of

transportation initiatives that may be associated with parking or toll lanes or other measures to help enhance or minimize vehicle miles traveled or enhance other elements of transportation that would reduce greenhouse gasses. You may have seen in the paper this week that there was an article about MTC talking about 55 mile per hour speed limits on highways and going back to that because it does, you know, if that were achieved and we can all question whether that would be achieved by putting up signs or not, but if it were achieved it would in and of itself would be projected to have 6% reduction in EMT's so that's the other 6% plus the 9% is 15% but a range of strategies are being analyzed relative to that to look at how to achieve the rest of the 15% reduction.

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Just to touch base quickly on our Regional Housing Needs Allocation (RHND), so the SCS Sustainable Community Strategy Scenario was from 2010 to 2040 covers that period. Our next Housing Element cycle after the one that we're about to finish our Housing Element for and stand up to the State, the next one is basically mid-2014 through 2022. So it's about a third of the way, it's about eight years, it's about a third of the SCS process whole planning timeframe. And, that is a those numbers that will be released fairly shortly relative to each city, each jurisdiction's housing needs for that period. Is not just based on a third of the SCS, which is what we thought, where we thought it might go, but it's actually been reduced from that working with HCD, ABAG, and HCD had talked about the whole issue of foreclosed properties and reoccupation of existing vacancies, you know, and such and determine that given the economic situation that there wouldn't be as much growth in the first housing period as maybe a just a proportional representation would be. So, there's the Housing Methodology Regional Housing Methodology Committee meeting, or has been Committee has been meeting for some time now and about a year. Council Member Scharff is a member of that Committee. Tomorrow is probably that Committee's last meeting before a recommendation goes to the ABAG Board, Planning Committee and Board in May. And that has a couple of different components make up, part of it comes from directly from the SCS and the way things are allocated to Planned Development Areas and part of it is based on a formula that's partly our prior accomplishment of housing goals, the proximity to transit, and other factors. So, 70/30 basically is the split. 70% based on kind of the SCS breakdown and 30% on these other factors and the Housing Methodology Committee, I've attended I think all of their meetings and Council Member Scharff most of them, and I think they'll probably support pretty much what ABAG has right now. There are ways to argue against it, but I can tell you that just from the sort of discussions you hear in the room, there are many, many cities that are quite comfortable with the way it works out, and so it's a pretty difficult, you know, one of those battleships. It's a little hard to steer a different way, but on the other hand, on the other hand there is the fact that the numbers have basically come down from the last period.

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So this table shows that last go round 2007 to 2014 the allocation region wide for the Bay Area region was 214,000 new units, this time it's 187,990 and that's actually over the first one was a seven year period and this is an eight year period so it's even proportionately a little less than that. Again, accounting some extent for the recession and vacant or foreclosed units.

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So the City, we don't have numbers and won't have numbers specifically assigned until something is adopted by ABAG's Board, however, at this point in time our number at the last from the last Methodology Committee Meeting is 2,003 units, so about 850 units less than what our last period was. So if that, and we have questions about how some of the Stanford lands were treated and whether or not, you know, the County has the correct allocation for

development on the Stanford campus that should count in the County so we're still going to be working on trying to make sure that works. They have reduced about 90 units from we were about 2,100 and they've reduced about 90 units based on that they should really be in the County's area given that they related to Stanford, but we think there may be opportunity for more than that. Last time around we argued that point and 600 units, about 600 units were transferred to the County's allocation, so, we still ended up with 2,860.

So, the One Bay Area Grant, I'll just basically mention, I've commented on that a couple of times and particularly our objection to tying grant funding to the Housing Element certification that hasn't gone away through three iterations of the grant process. The latest version they are now saying, "Well you still have to have it certified but if you don't you can come to ABAG and ask for an exception and that they'll consider whether you're having difficulties with HCD or sort of where you are in the process and that and may be grant you an exception and allow you to be eligible for transportation funding," and we have written another letter that basically takes exception with that provision and encourages them to go back to not requiring Housing Element certification as prerequisite to transportation grants. I have very little hope that that will change, so hopefully we'll be able to get our Housing Element certified, but if not, there may be a process for some kind of exception.

And then lastly here, so April I guess, and I haven't received the information that April 13th date up there, I think it was actually about a week later so, that information on the transportation scenarios, I haven't seen that yet but it may be out and released. We'll have to check there, I'm going to the Housing Methodology Committee meeting tomorrow, so they'll probably have that if it's available and then we'll get it to everybody.

May, the ABAG/MTC Joint Committee will be, ABAG or MTC will be looking at the One Bay Area Grant and I expect that that will get, that that criteria will be adopted by them then and will be in place and in the fall they will be releasing calls for projects for applying for grants under that new program. The Jobs-Housing Connection Scenario that's here, what they are going to do in May is they're going to essentially accept that this is their draft. At that point it says adopted but it's more like accepted as a draft to publicly lay out there and start accepting comments on it and to also start doing environmental analysis of it because they are going to need to do an Environmental Impact Report (EIR) on this document as well. So that will happen in May that they'll essentially kick that off through September, at least there will be comment from cities and agencies and the public on the document and then a release of the EIR in the end of the year and then more comments and more input and deliberation until they are showing April of next year, which is when they would finally adopt something that would be in place.

So the housing RHNA numbers have more of an immediate effect on us. We've outlined in the Staff Report a couple of areas that we want to really focus on in our analysis of the Jobs-Housing Connection Scenario, one of them is to continue analyzing the assumptions for the regional forecast in both in particularly the employment forecast which we've provided you with the Vice Mayor Fineberg mentioned a couple of memos that Council Member Schmid had prepared that took that on, you also have in your packet from Walter Kieser, our economic consultant, some analysis of why it is not believed that those are appropriate. Maybe that's an appropriate approach to creating these scenarios. Nevertheless, that's what's out there. Stephen Levy and some other economic consultants have prepared this forecast for ABAG. ABAG says it's going to do a peer review of those numbers, however, the peer review appears that it's going to be by

the Bay Area Council Economic Institute, which includes Stephen Levy and some of the other folks who have worked on this before, but it includes a bunch of other people too. So I don't know, you know, that anything will come out of that.

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So, one of the issues is the economic and demographic projections and assumptions which kind of drive this whole effort. On the other hand, they're required, the agencies are required to come back every four years and update this plan, so there will be another look at sort of how the economy's going, what the projections are, etcetera in four years, in eight years and that. So I think ABAG takes the position that this is our estimate today, you know, you don't like it we'll come back and look at it again in four years and see how on track it is this is a long range plan and we recognize that assumptions are, are these projections are subject to change over time.

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The second area of particular interest for us is the specifically how do these areas break down for Palo Alto, and Mr. Rivera here has prepared two maps that are in your packet that break down the City and some of the surrounding area into Traffic Analysis Zones (TAZ) and those zones, for this is the map for employment, here's another one for housing and it includes basically that there are in each one of these numbered zones there are four numbers in vertical order. The first one is essentially what the 2010 employment or housing number is. The second one is what is projected to be the 2040 number. The third one is the difference between the two, and the fourth one is the percentage change between the two. Right? And, so the color coding is essentially the largest increases, and this is absolute number increases as opposed to percentage increases, are in the areas that, well, it's red on your map, it looks more purplish up there, but red there and then the greenish areas and then the yellow, is that right Roland? The yellows are, the yellows are between the... which is second? Ok. Ok, so the light, and what you're seeing is pretty much that the red is most intense and then the next most intense on this is like the orangish area up along Sand Hill Road and the medical center and all that. And this is jobs again, remember. And then the blue areas, which are along El Camino and downtown to some extent, and then the yellow areas, which are along El Camino and Bayshore and San Antonio and East Meadow areas, and then the greens tend to be much lesser areas of employment, which are in mostly the residential areas. The housing map the lighter colors again are the residential, single family residential, so it's not showing so much the increases in those areas. The increases tend to be focused along El Camino and downtown. There's the area East of Bayshore and there are a few of these zone areas that cover more jurisdictions than just Palo Alto, so you'll see that the one East of Bayshore while it has high numbers in it for both housing and for employment, those we believe, are virtually all Mountain View numbers, Google and, etcetera and not Palo Alto numbers, but one of our tasks is to break those down further so what we want to do with all of these numbers is go back and there are several areas that we've identified where there are numbers that are just seem to be anomalies or they're not clarified as to which jurisdiction they're in or where they came up with in the employment numbers in particular the base that they start with. The housing numbers the base 2010 is from the Census and it's pretty straightforward. The employment numbers seem to be much higher than the base number is than what we've seen in previous iterations of these plans so we need to try to get to the bottom of that and why that is.

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So our task, and it's gonna take us awhile working with our consultant and with Staff, is to go through all of these zones and kind of say, do these numbers make any sense or which areas seem to be particularly missing something or have too much in them that we can't imagine where that came from. And then work initially with ABAG to try to iron out some of those differences

and then what we can't identify for you and the Council so that we can put that into comments back to ABAG on the plan. So this is the again the housing map and the second one or the other one was employment.

And then lastly we will be looking specifically when the RHNA numbers come out at those and some of this specific information too, to kinda truth those and see if that seems to be, you know, we're very glad that it's about half of what it was if you would just apportioned out the last go round on alternative scenarios to Palo Alto, but we still want to see, you know, if there are some issues that we want to point out to ABAG in terms of responding on the housing allocations specifically. And that will have a little more compressed timeframe to deal with so that we can get those and then once they finally adopt those even after that there's an appeal period but, at some point that become our assignment for the next eight years. And so I think one of the key issues that the Commission and Council and Staff need to grapple with is sort of how much effort we put into these different areas, because we just, I mean, there is a limit on how much analysis we can do and responding to all of this.

So, the RHNA is the number that is kind of front and center, it's what we're going to have to deal with most immediately in terms of our planning the SCS numbers are important, it would really help us feel better if they, if we felt like they were closer to what we thought reality was, but their RHNA numbers are the ones that we work from to get a Housing Element, a compliant Housing Element and then potentially grant transportation funds and all that. So, we have to sort of weigh which, you know, where we want to put our emphasis given that all of these things are kind of happening at the same time.

So with that, I know Council Mem... Commissioner Keller had a series of comments today that he sent that were mostly pretty technical in nature. I dragged Roland here because of your comments, but Roland hasn't really had time to look at them. I don't know if he has any initial thoughts on any of that, but if you'd like to go through those we can do that and then our real thought though is to, with those, take those comments and pass them along to our consultant and to Roland and then that'll factor into some of the issues that we're looking at, like we've said, already have identified some anomalies in these areas, TAZ's and methodologies that we can work on. So, it's a long presentation but as you can tell there's a lot of information getting thrown at us here. Thanks, be glad to answer questions.

<u>Chair Martinez</u>: Excuse me. Thanks Planning Commissioner Williams. Before we open the Public Hearing, do Commissioners have questions, clarification questions rather than commentary kinds of questions of the Planning Director and what he's presented? No one? I do have one, if I may. Curtis, in I think the City Manager's letter it said the Council voted not to have any PDA's? Where does that stand right now?

Mr. Williams: Thank you Chair Martinez, the Council voted to not, not to request that the El Camino corridor and the downtown area be designated planned develop, Priority Development Areas, like California Avenue is Priority Development Area. And, the main reason for that and we've discussed it at one point with the Commission as well and the Regional Housing Mandate Committee, the main reason was we were concerned that doing that was either indicating that we supported the kind of numbers that they were assigning to those areas, or that we were suggesting that they should maybe even increase those numbers because we're identifying as

48 PDA. So, we did not do that. VTA and ABAG now have sent out a letter here just, I don't know

1 if that's what you were referring to, they sent out a letter to City Managers saying that they have 2 these corridors like El Camino and cores like downtown that VTA has identified and that's been 3 on the map as possibly being a PDA candidate and they really have assigned units and jobs to 4 them just as if they were PDA's even though the City might not have designated them as such. 5 And so they're asking us if we, you know, and saying that all we need to do, not provide a lot of 6 information just a resolution that says we support VTA's, you know, designation of these areas 7 and that's pretty much exactly what we've already said we weren't going to do. So we will be 8 responding to ABAG and to VTA and let them know that the Council has voted not to do that, 9 we will indicate to them that we, the City, has long been supportive of that concept and still is, 10 that corridors, transit corridors and downtown and Cal Avenue around train stations are 11 appropriate places for growth, but not, we don't want to be, appear that we are supporting the 12 level of growth that they've shown to this point. And so we are not going to officially ask them 13 to designate this. It hasn't made any difference at this point in time. I don't think it'll make any 14 difference as far as their numbers go up or down. But, also, again, just don't want to appear that 15 we're acquiescing to the numbers that they've been projecting.

<u>Chair Martinez</u>: Vice Chair Fineberg first.

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<u>Vice Chair Fineberg:</u> Could you just quickly review with the Commission what the next steps are after tonight? What additional work Staff will do, and then what will the trigger points be for the additional responses to the various agencies? What's the difference between what you want from us tonight versus two or three months from now?

Mr. Williams: Yes, certainly, thank you. So tonight we're more or less at a information gathering stage to try to determine, you know, all the study points that we ought to be looking into. And then it probably, and this is because of a number of factors, but it probably will be over the next couple of months that we do analysis to the point where we come back to the Regional Housing Mandate Committee and the Commission with suggestions of issues and concerns and how to start packaging a response on this. And then, my guess is that there will be an iteration of, you know, bring back those issues kind of and our tentative responses and then go off after getting that input and then create a letter to ABAG and/or other strategies as far as perhaps some, whether it's lobbying or, you know, involving legislative State legislative folks and if there are issues that we want them to be involved with, but come back with primarily a letter response for the Commission and the Regional Housing Mandate Committee to look at before it goes to Council for Council to send on to ABAG prior to adopting at the earliest in September. They are saying September, we'll see if that stays that. So that's, you know, we'd be to you a couple of times probably during the summer with updates and the last time with a specific recommendation as far as our response. And then the Regional Housing Committee or the Regional Housing numbers is a little unclear. I think the process may be a little longer on that for us to respond or we may do it at the same time, it depends on how closely those things dovetail.

Chair Martinez: Commissioner Keller.

<u>Commissioner Keller</u>: Thank you. So in these long charts that are labeled PDA's, that are actually Attachment D to Attachment A, there are two that are identified as Palo Alto. Namely California Avenue and something called VTA City Cores and Mixed Use Corridor; I can't read it

all because it's cut down. Do we know how those correlate to the RTAZ for housing? Is that correlation been available, is that what you're still trying to figure out?

Roland Rivera, Senior Planner: Yes there is a correlation; the VTA Cores Corridor's ROW that you're referring to refers to the VTA potential. When they first, when they initially started the PDA program there was a planned PDA or a potential PDA and VTA basically applied for a potential PDA for a quarter of a mile of the El Camino Transit Corridor and also half a mile around fixed rail transit stations, so University Ave., Cal Ave. and San Antonio. So that row that says VTA Cores Corridors refers to basically the projection for half mile around University Avenue, quarter of a mile of El Camino Transit Corridor, and the half mile for Cal Ave. since the City applied for a PDA for Cal Ave. they separated that out on a separate row, but there's obviously the PDA, the Cal Ave. PDA boundary is not coterminous with the half mile radius around the Cal Ave. transit station so they have an excess on that. So that also includes that area, that particular area.

<u>Commissioner Keller:</u> But I'm referring to actually this diagram map that we have here. I'm just sort of, if somebody's figured out the correlation between how those things divide up and whether they've actually figured out those the existing housing units correctly?

Mr. Rivera: Well they didn't. it's sort of a sum of all the areas that are affected by, for example, if the University Avenue Caltrain Station is in TAZ 355 and 356, the El Camino Transit Corridor is in 351, 366, so if you add up all those numbers it should somewhat correlate to that row.

Commissioner Keller: But some of those include areas that are not within a half a mile of the transit stations and not within half a mile of the El Camino. And also, not only that, but El Camino is a very long street in Palo Alto and there are essentially three Bus Rapid Transit Stations being proposed. One is for Charleston/Arastradero; one is for California Avenue, which is already next to the Caltrain, California Avenue PDA. And one is for downtown University Avenue. And so is all the space in between there not served by a nearby Bus Rapid Transit? Does that count toward the corridor too?

Mr. Rivera: That's true.

<u>Commissioner Keller:</u> So I think that those are things which it would help to scrub and actually figure out that there might be things that we can lop off the baseline, and if you lop them off the baseline you wind up lopping them off the percentage increase.

<u>Chair Martinez</u>: Let's go with the Public Hearing. We have one speaker, Mr. Bob Moss. You'll have three minutes Mr. Moss. Welcome.

Mr. Bob Moss: Thank you Chair Martinez and Commissioners. Well, all I can say is after going through the report several times, it has so many idiocies in it I don't know where to start. First of all, the projected jobs and housing growth is, to put it mildly, insane. They are projecting more jobs than we had during the peak of the dot com boom in 2000. And since then of course a number of areas have been redeveloped for housing and are not available for jobs. And if you look at the chart where they are showing job growth, they are claiming for example that 2,800 people currently work in the Ventura neighborhood. That's crazy. There aren't any businesses in the Ventura neighborhood. There's a few retail places along the street, and that's it, some

motels. And over 2,000 supposedly work in Barron Park. Again, where? There aren't any office buildings to speak of along there. So this is insane.

Another thing that they are ignoring is the cost. They talk about having a way of providing enough utilities and things for people who work and live here, and I don't know if any of you have ever heard of the Livingston Blaney report, but they accurately predicted that allowing housing to be developed in high densities would bankrupt the City because housing eats more than it pays in taxes. And this was before Proposition 13. So, building anywhere near this number of homes, and of course we're not going to be able to build low income affordable housing, there's no money for that, would be a disaster. It would overwhelm our facilities, overwhelm our schools. Now the downside of course is we're not gonna get money, we're not gonna get grants. We will save ten times the amount that they would grant us by telling ABAG to take their projections and shove them. Sideways. I think what we should be doing is what's good for this community, and what makes sense and what's rational. And if you try going through this report page by page or even chapter by chapter refuting it, it's a waste of time. The simple answer is, your projections are wrong, your predictions are wrong, some of your supposed data is wrong, like the number of jobs in Ventura and Barron Park, and saying we're going to build 1,000 homes in Barron Park where every single lot is built and zoned R1, isn't going to happen. And let me assure you the City Council has said they want to preserve R1 districts. If this goes through as ABAG is proposing and there is a real chance of redeveloping the R1 areas, I will put an initiative on the ballot to prohibit any change in density in the R1 zones. Absolutely and forever, and I bet I don't get more than 85 or 90% yes vote.

<u>Chair Martinez</u>: Thank you Mr. Moss as always. We will close the Public Hearing for now and Commissioners, there are two things I sort of want to lead with. One is that the Sustainable Community Scenario is a 25 year projection and vision and I've been advocating this as precisely the kind of thing that the Planning Commission should be weighing in on. And I hope it's more than every three months, we should I believe have monthly updates, we should be cc'ed on the City Manager's letter to ABAG, we should constantly be in the loop. I think we should really take this as sort of one of our major concerns, for better or for worse.

Secondly, I don't know how far I can go in saying this, but the SCS informs our Housing Element in many ways and Planning Director touched on RHNA and our housing inventory sites and where we're going to build, and I think we need to take those ideas from tonight and really carry them forth. And some ideas such as Professor Geller's idea on affordable housing may make greater sense in this framework of SCS. So I'm, I'm not the economist to talk about growth and projections, so I'm going to leave that to ya'll experts, but I would like us to really frame this larger, this discussion and also this larger framework tonight and also to see it come back to us as often as possible. Let us start at the right end with Commissioner Tuma.

Commissioner Tuma: Ok. To try to focus in on a couple things that the Planning Director had asked us to comment on in particular. I would say first that I agree with continuing to focus on the RHNA work in the broad scheme of things that is I think the most pressing and I think over time, I mean we don't want to look back and say, "Oh, gee, we should have been more engaged with the SCS when it was going on." At the same time, there seems to be a fair amount of interplay between these two and that's something that's tangible. I say that and then I also ask the question of how much of an exercise in futility is this? Because we've been at this for quite a while going back to ABAG. To hear what you just said about other communities and sort of

where they are on the methodology to hear that the outcome of the methodology process will probably be very little change; do we just make ourselves feel better because we're protesting but at the end of the day we're not getting anywhere? And I don't need answers to these questions and I'm sure that you guys think about this as well, but it concerns me that obviously we don't want to walk away from this because there's real problems with it, but at the same time if we're continually beating our heads against the wall not getting anywhere it does beg the question of allocation of resources.

One of the things that we've talked about for years now in this context is how one size doesn't fit all and Palo Alto has some things about it that's different than others and should there be sub regional processes or sub regional analysis or groups and I didn't hear any discussion about where we are on that. So I think that would be interesting to hear a little bit more about, but one of the things that strikes me and I almost hesitate to say this out loud in a public hearing, is that there is talk in this Bay Area Plan, One Bay Area Plan and other things that we've heard about how, and I'll quote from the document here, "current housing prices created high vacancies and number of foreclosures." And so one of the consequences of that seems to have been a reduction of numbers across the, across the, you know, from a macro perspective. But, those demographics don't really apply to Palo Alto. I don't, from what I can tell we don't have high vacancy rates. We don't have a lot of foreclosures. So our ability or room for sort of absorption, and I think this goes in the office or retail side as well, we don't really, we're not going to have a lot of vacancy to absorb a lot of these things. So are we sort of getting the benefit of the economic downturn yet we didn't have that, we weren't hit as hard here? I don't know whether that plays into our strategy at all. I mean it's a way in which we're somewhat different from a lot of other areas within the Bay Area, or other cities, yet it, we're in a strange sort of way benefiting from the larger downturn. I don't know how that plays into our strategy or do we just not talk about it in public? I don't know. So that's another way in which we're different but this time it seems to be helping us.

So I, you know, to be honest with you, I don't, going back to my initial comment, I'm not sure where we should other than just kind of making ourselves feel better about the RHNA process, I almost hear from the Planning Director a sense of futility. So where should we, I mean, where should we go from here? Where should we spend our energy and should we just be focusing more on things that we can have an impact on?

Mr. Williams: Yes, thank you, that's a very pertinent question. So we, you know I think there are some areas of focus that we should look at. We should look at these specific numbers and where we see there are anomalies I think we need to at least go on record with and I think in some areas ABAG will probably understand that something is wrong and make correction. I mean I do want to give them credit that through this process there have been changes made that have been... I didn't mention. One of them is recognizing the housing numbers coming down but another one is that if you recall the earlier alternatives that we looked at and another thing you might not always want to necessarily say at a public hearing but nevertheless it's a fact, we had housing numbers in particular that were pretty much the same as Mountain View and Redwood City's housing. Two cities on either side of us that are a little bit larger population wise than we are, but in many respects are peer cities in terms of location and such. And it always seemed to us I think there was a cities philosophy that it wasn't, it isn't really appropriate to be distributing housing on sort of a formula basis that related specifically to the jobs at some cities and Palo Alto being one or more of a job center, lots of jobs near transit, etcetera. That

there were other cities that had planned for a lot of housing and had areas to accommodate a lot of housing and they are near the train stations. And so having more housing in those locations might be somewhat more affordable, but it also was a fairly short commute by transit and that was a good thing. And so there wasn't really a reason, it seemed disproportional to have all three cities having the same amount of housing.

If you see in this, Redwood City and Mountain View both have about 30 or 40% more housing allocated now in this version than Palo Alto does, which just in a sub-regional kind of context makes a lot more sense I think. Planning wise we've got a lot more jobs. Mountain View has, you know, quite a few jobs too, but not necessarily as transit oriented jobs, but, you know, it went out that way. So I think what's left for us is focusing on some of these anomalies in these areas both in terms of the overall SCS and then on the RHNA side, particularly the Stanford issue, and how is the Stanford units are allocated, and then, you know, I think it's good to be on record about the regional forecasts and why we think those are high, but I don't, it does seem like spending a lot of time on those items and, you know, a lot of City resources on them is gonna have a significant impact given what I certainly have heard. I think what Council Member Scharff has heard at some of these RHNA Committee meetings. You know, I think we've made some good strides here and there were some other cities that were saying, enough other cities saying what we were saying that it made a difference and again, ABAG can be credited for listening to some of that and making some changes. But to get far beyond that at this point, you know, I think they're at a point they're going to want to do the EIR and the document and move forward and so again I think we're well served to focus in on some of these areas that Palo Alto and be sure that data is as accurate as we can get it, but I don't, I would agree that it's, we should have a serious discussion about how much, how many resources we want to devote to studying this.

Commissioner Tuma: Ok. Just one follow up to that which is personally I've been involved in this RHNA discussion quite a bit and was actually involved in drafting some of the early letters that went and things like that and so I don't want you to take this in any way sort of saying, "Well gee, we should just support the numbers and move on with it," but time and time again we run up against the resource issue within our own City and I just wonder at some point are we fighting just to fight? Are we fighting just to be on the record? There is some limited value in that, but at some point refocusing your department's resources in particular on other things, a whole myriad of things that are on our table, on our plate and the City's plate, just would, would like not to like to see us spend the resources beating our heads against the wall but rather doing things that can be productive and have a positive impact for the City.

<u>Chair Martinez:</u> Anybody want to follow up on that? That's a good jumping off point. Then I'm going to go to Commissioner Michael.

<u>Commissioner Michael</u>: So clearly we're dealing with some serious issues with all of this and as you said, it's important to make decisions based on accurate and reliable data. Where instead we have some assumptions and some estimates and given how serious this is I wonder if I could relay a joke that I heard at a conference last year told by Michael Boskin, who is a distinguished economist at Stanford and a Senior Fellow at Hoover. In his keynote address he wanted to be a little bit self-deprecating so he told a joke that three people passed away more or less simultaneously and they arrived at the gates of Heaven and were met by St. Peter who said, "I've got good news and bad news. The bad news is," and this is really sort of a Housing Element

joke, "because we got a housing shortage and there's only one vacancy. So the good news is, whichever one of you practiced the oldest profession when you were on Earth, you get the vacant unit." And so I'm a lawyer, that's just the second oldest profession. So the first person steps up and says, "Well I was, in life I was a doctor, and you know the story of Adam and Eve, that's clearly a medical miracle and so I get it." And the second person says, "No, no, no, no, the Bible is clear that the Earth was created in, you know, a week and the Garden of Eden that's clearly a big engineering project. I was an engineer, I'm taking that unit." The third person says, "Not so fast, I was an economist, what do you think the universe was created out of? Chaos."

Anyway, so with that I think that the big challenge is to me it's really evident that the ABAG scenarios are all gonna be inaccurate. So the only question is sort of the bias and we all know that we all have bias. And so by how much and in which direction will the inaccuracy be and how will that impact Palo Alto? And Councilman Schmid's memo about the consensus forecast for 2010 being 50% too high is very sobering. So I want to give him credit for bringing that to ABAG's attention. And the forecast methodology, I'm looking at the memo from the consultant, Walter Kieser, that was given to your department it was very interesting. Noted that there's a dependency of how you forecast Palo Alto dependent upon how you forecast the region, dependent upon how you forecast the trends in the State and then the national economy all effects what happens right here in Palo Alto. And, this creates further uncertainty on top of the inaccuracy, which makes your job even more fun, I think. And you get, there's a complete disagreement I would say, you know, in the understanding of economic policy as to how you stimulate growth and recovery which affects this, I mean in today's news alone from Europe, the UK is now officially in recession, two quarters of negative growth and Spain is slipping into depression. So the question of, you know, was Keynes right or was Hayek right in terms of how do you, do you have austerity to grow or do you stimulate infrastructure to grow? This affects the City in a big way. So, I would say that the issue of the jobs-housing forecast methodology is maybe an area where we can give some positive reinforcement.

You indicated that there's an intention by ABAG to review their forecast every four years. And based on fairly significant experience in corporate planning, where you make an annual plan and then immediately after the first quarter it's off, so you make another forecast and then immediately that's off as well, so you make a revised target. So I would say that it's very important to maybe give input that going back every four years is way too long of an interval. Given that there assumptions and their scenarios, we know are going to be inaccurate and unreliable. They have to be looked at more or less on a rolling continuous basis. And I would, at a minimum, have these be reviewed annually and revised accordingly. And this would presumably mitigate some of the planning challenges for what commitments have to be made on a city level. You would be continuously moving in the direction of more reliable and accurate data. So I would hope that this would be something that would be useful.

Chair Martinez: Alright, thank you. Commissioner Tanaka, please.

Commissioner Tanaka: Yes, so actually I want to start off by a quick question. It's actually to the Planning Director. So, one question to the Planning Director is, you know, we've heard before San Mateo cooperates to allocate the numbers and, you know, I think I've asked this question before but I'm just wondering, why is it so difficult for Santa Clara? Why can't we get that same process in place where the cities that actually want the housing get the housing? The cities that don't really have space for housing don't get the housing?

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Mr. Williams: Well, there's a couple answers to that. One is it's a little more problematic to create that structure since we have San Jose in the mix here and it tends to sort of dominate the circumstances as opposed to San Mateo County doesn't have a big city like that, that kind of overwhelms the discussion. But I think you can get around that and I think San Jose is certainly willing to be collaborative and work together, but the, well the second point would then be San Mateo County did this on their Regional Housing Needs numbers last time. It's my assessment from what I've heard from that process that it didn't result in any difference. I mean they might have felt better about it because they went through it, but they went through like five iterations of trying to come up with their own formula for their county and they said, "Well, let's just start with what ABAG would give us, and then trade between the cities accordingly." So they basically took what ABAG would've given them anyway and they made a few adjustments for Woodside and Portola Valley and some of the small cities that may be resulted in 50 units being shifted around within the county. So it really did not result in a lot of change. However, you know, to their credit they were at least in sort of control of that process. So, you know if they had been able to come up with something else they could do.

The third I would mention is that, you know as we went into this process we tried to have that discussion with other cities and I think, you know, we were on the side of let's try to pull something together and do something county wide at least and it was a little different time in that it was a couple of years ago and, you know, resources were, nobody was, everybody was laying off lots of people and that. So nobody wanted to commit to even if it was \$10,000 per city to, you know, be able to hire someone to help coordinate with all the cities and all that. And, my sense also was that a number of the cities just plain weren't interested, you know, they were again comfortable with sort of the process the way it worked. They didn't have any trouble meeting housing numbers and didn't have any particular concern about this and so you know we can only do so much to get them to participate.

Now what has happened in reality is that the planning directors for all the cities in the county who in my experience here have, monthly social meetings basically, in the past. That's the word, professional meeting, you get together and have lunch and that was fine, you shared a little bit of, you know, common knowledge and you learned a little bit more about what was happening in each city kind of thing. The last year those meetings have turned into meetings that used to have anywhere from 12 to 15 people that could be anywhere from an assistant planner to a planning director to meetings that have over 20 people at every meeting and it's almost all the planning directors and it's almost all discussing this issue. So, I think, and we have come up with a fairly together recommendation on the One Bay Area Grant Program. We tried to get some traction behind everybody getting behind some request to have peer review of the economic assumptions and, I mean, there was some support sort of lukewarm support there, but no real fire to do that. But at least we're having those discussions in a group like that and as you move up the Manager's Association and the Cities Association have had some of those discussions although I don't think nearly as focused as the Planning Directors Group. So, I think it's moving to get better in that regard and we have committed, not for this cycle of this, but within the next few years to try to develop a more formalized structure so that we can better have those conversations.

<u>Commissioner Tanaka</u>: Ok, great well that sounds like good progress. Because I think that's may be part of the answer. I agree with all the other speakers so far that the assumptions seem a

bit off given what's happening, the reality of what's happening, and I also agree that it makes sense to update the assumptions more frequently versus once every four years. But, if there are cities where they actually would like housing to do some horse trading, I think that seems to makes a lot of sense.

I think the other thing that we've seen especially with Manhattan is that, you know, jobs near transit hours just as efficient in terms of reducing greenhouse gas as actually having housing near transit and I think I've read that Manhattan is probably one of the greenest cities on Earth because of its density and because of the use of mass transit. So, I think, you know, if greenhouse gas reduction is a goal, having a lot of jobs near transit is actually part of the answer. So I think that could be emphasized. I do understand the frustration of the futility of some of this but I think if you could make some of those arguments perhaps that can help.

But, I think the other larger trend that I don't necessarily think was covered is, well it was maybe just touched on lightly, is the technology trends and the nature of work and how that's changing. Because you know it used to be that video conferencing was once the private realm of very, very expensive companies or totally unattainable, but just about everyone carries or has the ability to do video conferencing even on their iPads and iPhones and, you know, smart phones out there. And so I think this is also going to be changing the nature of work as well. So I don't, I think, I think the kind of methodology and thinking is kind of pre-technology thinking and not necessarily thinking about the tools that are available today and so I think that also kind of throws off some of the assumptions as well. As well as the fact that, you know, its, you know it used to be, you know, you could look at the United States and that was by far the largest economy and, you know, it's rapidly changing with China and India and other countries, the British, Brazil, Russia, India, China are rising. It's also changing how the allocation of where people are immigrating and where technology's being developed. So I think all that stuff, these big global trends aren't really being contemplated, it's more like they took a ruler from the past and drew unintelligible going forward. I'm not sure that's the most accurate way of trying to do a forecast.

And then, kind of my last point here is school impacts. I just wonder, I know that's maybe a bit harder to consider here, but that's the capacity to actually add new schools and actually have educated, an educated workforce is also something that is, to me a concern, and how this is not really contemplated in that is troubling. Those are my comments, thanks.

Chair Martinez: Vice Chair Fineberg.

<u>Vice Chair Fineberg</u>: Commissioner Keller, I see you have your calculator out and I absolutely think your specific and detailed comments would be valuable. One thing that the Planning Director did not communicate to us was during the last Council's Regional Needs Mandate Housing Needs Mandate Committee meeting Walter Kieser had mentioned that much of the data in this, was becoming hard to track and follow because adjustments have been made to certain numbers in certain places. For instance, there were some houses taken out for Stanford, but because there was a reduction of demand based on foreclosures and things like that, that it's hard to see where that number tracks through the different places. So, it's known that those kind of inconsistencies are there, and the more places we can point them out, I think it's good. But it's known that the numbers are kind of tracking like mashed potatoes when you're trying to find one particular potato.

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Chair Martinez: Commissioner Keller, please.

Commissioner Keller: Thank you. So, and the number I just figured out is if you take into account the amount of SCS housing that's supposed to go into Palo Alto that's not in the two PDA like things, there's 309, sorry, 307 housing that's outside. If you look at the TAZ, the R-TAZ's, if you add up all of the housing that's supposed to be added to the non-red areas you wind up with 500 and, sorry, you wind up with 538 units. So there's already some sort of inconsistency. So essentially they've accounted all of the red areas and I haven't done the math in figuring that out, but all of the red areas are considered part of the, part of those priority areas. And what's interesting is a lot of those areas are far beyond the criteria for what would be considered the appropriate for the priority areas. So, and even in that they are being inconsistent.

Let me go through a laundry list of stuff. The first thing, which is this wonderful, yes?

Mr. Williams: I did want to mention that Roland has had a chance to look at your information and there are some pieces of it that he could respond to, if you want to do that after your comments, or now or whenever, so...

Commissioner Keller: You can do that at the end.

Mr. Williams: Ok.

<u>Commissioner Keller</u>: So the first thing is that there's a wonderful saying that I like which is insanity is doing the same thing over and over again and expecting a different result. And ABAG and all these forecasters always over forecast and they're at it again. And they are expecting a different result that somehow they'll be right this time and again they'll be wrong, but in the meanwhile they are putting people through a lot of pain in the process.

I certainly agree with the idea of having the Sustainable Community Strategies focus on greenhouse gasses. That's what SCS, SCS was sold as supporting AB32, and if AB32 was the greenhouse gas reduction plan, and so SCS should be focused on a greenhouse gas reduction plan and it's not. And if it were, we have much better ways of reducing greenhouse gas in Palo Alto and will achieve our targets, as was pointed out in the letter in other communities as well. As is pointed out on the thing where, there's a chart that says, "Fair Share Equal Component," and a fair share component uses a factor of the past RHNA performance. So that is black and white, clear as day, description that building housing in Palo Alto only encourages them. And basically the more housing we build; the more housing they'll make us build. And so as a result of that there should be no extra incentives for building housing. We should not have any reason that says, "Well we want this housing so we'll give them incentives." We should give them the incentives that the State requires us to have. None more, no less. And throttling growth of market rate housing will also help in this regard because it will mean that if we're not preforming to the standards that they want, maybe they will give us less next time. And that's based on their standards.

Part of this plan, I understand this may be going away, is that they are taking into account the quality of life, if you will, the quality of services and adding more housing where the quality of services is and essentially what that is doing is basically making better areas worse. Is the idea,

by sort of dividing the pie into smaller pieces. There's a talk that we had a couple of years ago by somebody from UC Berkley's City and Schools, City Schools Collaboration, and what they said is adding population helps schools. Great, well that's in the places that need it. So why not put the excess housing, put more housing where there is excess school capacity to build up those schools. After all they tend to be, they tend to be revenue limit districts that'll actually get more money from those students and that will actually help those districts. So put the housing where there's excess school capacity and where parkland and other services can be added because as part of development through mellow roos and other kinds of things like that. That seems to make more sense to me.

We should be eliminating as much as possible from the housing that's identified in this as the baseline for the City Core in El Camino neighborhoods and also the R1 neighborhoods from that in terms of this because we're not going to redevelop the R1 neighborhoods. To try to pull those housing units out so that you lower the baseline and lowering the baseline will lower the percentage increase because obviously your percentage is on a lower number. So we should basically scrub those numbers very carefully, that's where a lot of effort is worthwhile going in, scrubbing those numbers outside of a half a mile of Caltrain and a quarter of a mile of Bus Rapid Transit stations.

One question is, should it be a priority of the State notwithstanding the SCS to absorb vacant and foreclosed housing that are in places like Stockton and Tracy? You know, should we try to revitalize those, they're built, they're empty. You know, try to basically rebuild those populations rather than cramming more people here. Obviously you have to build more transit to there, but that's a lot cheaper and also will revitalize those communities that are people leaving those areas there, they are firing their police forces in large portions of them because there's no money.

One question I have is, how many housing units from the 2007 to 2014 housing inventory can we reuse for 2014-2022? And that's a very interesting number. In other words, where's, how much can we reuse and what's the gap? Because if, the more we can reuse the smaller the gap is, and that tells us how much pain we'll have to go through. And the same question in 2022, how much can we reuse from 2014 to 2022 and how much will we have to add to it to fill the gap, because that's our pain in that. And, and finally... (interrupted)

<u>Chair Martinez</u>: Do you want an answer to that question?

<u>Commissioner Keller</u>: Well, I'm not sure if they have an answer to that but let me give my last point. Go ahead. To you want to answer that quickly?

<u>Chair Martinez</u>: Roland? How does that work?

Mr. Williams: I think basically the ones, I mean the ones that we've committed to as built and all that we obviously can't reuse, but the housing sites that we're showing now if they are not built by then we can reuse them in the next round and that was something we certainly would be counting on so it's like 11 or at least 1,100 or something like that.

<u>Commissioner Keller</u>: So if our Housing Element, if our Housing RHNA allocation is 2,100, say for discussion's sake, and we have 1,100 then we have to find 1,000 more? So, basically you get

double whammied when you build the housing not only do you have to get more sites to replace the ones you built, but also you encourage them to give you more higher numbers. So, basically it's a worst treadmill. So in terms of the RHNA, as was suggested by focusing on the RHND suggested by Commissioner Tuma, one is try to reduce the base number of housing in City Core and VTA El Camino Corridors because the more you lower that base the more that you can justify lowering the RHNA allocation to us based on that calculation. Because that seems to be the bulk of what's assigned to us.

And the second strategy that we should follow is see how much housing again is mischaracterized as being within Palo Alto and should be characterized as being at Stanford. And those two strategies will, I think, go far to reducing our RHNA allocation in a justifiable way based on the existing housing methodology from ABAG that, you know, we can use that to make the pain of the gap that we have to fill less each time. Thank you.

<u>Chair Martinez</u>: Thank you Commissioner. Vice Chair?

<u>Vice Chair Fineberg</u>: There was some responses to questions.

19 <u>Chair Martinez</u>: Oh, yeah, Roland there was some responses to questions you had.

Mr. Williams: We did pass those out or send those to all of you, right? The questions?

<u>Commissioner Keller:</u> They were responses.

25 Mr. Williams: Right, you have them.

Mr. Rivera: So I had limited time in looking and getting the responses to your questions Commissioner Keller, but I, there was some off the top of my head that I could respond to. The question about, right below the notice of fair share component, right below that the question is for the California Avenue, how can housing unit growth exceed local housing unit growth? And how can household vacancy absorption exceed vacant housing unit? Basically when we applied for our PDA for Cal Ave. we gave them sort of a growth projection for that area. And that's where that local housing unit number came from, it came from us. The housing unit growth that ABAG eventually came with in this particular scenario took that into consideration and adjusted it with the factors that, you know, fair share, household vacancy absorption, etcetera. And came up with their own number. The reason why it's listed on that particular column is they wanted to show that, "Ok, this is what the City said they were going to grow," and at least for our particular situation we didn't deviate far from that. I think that's the reason why they wanted to show that.

The reason why the VTA Cores and Station Corridors didn't have a local housing unit number is because we didn't apply for a PDA on those, so there was no City input as far as growth projections in those particular areas.

<u>Commissioner Keller</u>: So if we just, hypothetically, I'm suggesting we do this, but let's suppose for discussion's sake that we were to apply for PDA's for downtown and El Camino and we were to give realistic numbers for those, would that override the ABAG's or VTA's imputation of extremely large numbers that are ridiculous?

 Mr. Williams: Hard to tell, but I doubt it.

<u>Commissioner Keller</u>: In other words it's too late, they've given us numbers and we're stuck with them.

Mr. Rivera: Well they assigned those numbers to those VTA Cores Corridors, it depends on what they categorized it as far as development type or housing type is concerned. For example, they had a certain housing factor for, you know, regional transit cores. They applied a different housing factor for transit corridors or for town centers, etcetera. So, based on what they know about those particular cores and stations and corridors they applied those housing factors. We did give them density ranges as far as what zones those particular areas are currently zoned as, and we gave them, you know, density ranges as far as what's currently allowed as far as housing density is concerned. So they also took that into consideration.

So the household vacancy absorption, commenting a little bit on Commissioner Tuma's comment earlier about the vacancy, the foreclosures and short sales or vacancy rates in Palo Alto really didn't reflect what the rest of the State or what the rest of the region has. It, relatively speaking that's correct, but we did see a spike, a higher vacancy rate from the 2000 Census to the 2010 Census. The vacancy rate in 2000 I believe is 3.2%; the vacancy rate in the 2010 Census is 6.1%. so, what I think ABAG did was when they looked at, for example, your particular question on Cal Ave. PDA, they looked at the vacancy rate for that particular area, I believe it was 5.1% and they took that into consideration and said, "Ok, well, they don't need to build as many housing units to accommodate the household gain that we're projecting from them." And I think that's what the household vacancy rate is; the reason why it's a little bit higher than the actual vacancy in units is because they are projecting that from 2010 to 2040 they would think that about 73 units could be absorbed from that vacancy. So it's not necessarily the 2010 vacancy number they are talking about. They are talking about within the span of our projection in the next 30 years we can probably say that 73 housing units will be occupied and can be absorbed in that household gain.

<u>Commissioner Keller</u>: Would it also make sense to say that since the RHNA allocation essentially the demand is for the whole Bay Area, that if there is a lot of vacant or foreclosed housing elsewhere in the Bay Area that those should be absorbed first, in some sense that that sort of reduces the overall amount. So it's true that we benefit from that, but it actually makes sense because you want to use, you want to fill those rather than leaving them be vacant and be blight.

Mr. Rivera: Just to respond to your next question after that, it's sort of the same response that I said earlier. We didn't give any growth projection numbers for the VTA planned PDA's which is the Core and Corridor areas in Palo Alto. And, you were trying, you asked whether or not, oh, you asked what the correlation is between the PDA, the VTA PDA Cores Corridors and the TAZ's and I believe I answered that earlier. It's the VTA PDA is scattered through about four or five regional TAZ's. And one point I do want to make is the VTA PDA, which is, you know, half mile of University Ave. and a quarter of a mile of El Camino Real Corridor, those boundaries are not coterminous with the TAZ boundaries, so even if they're saying that, you know, within those two areas, you know, the Cal Ave. PDA and the VTA PDA they are saying that the growth might be 5,000. There's spillover from the rest of the TAZ boundaries.

 Commissioner Keller: So they're over counting?

Mr. Rivera: Well we haven't made that analysis yet, but if the number shouldn't match between the total of those TAZ's that are affected by the PDA and the totals of the VTA numbers and the Cal Ave. PDA numbers. They shouldn't match because the boundaries are not the same.

<u>Commissioner Keller</u>: It's also interesting that the amount that they assign increased housing for the corridor, the VTA City Core Corridor in San Jose is zero. They don't assign any housing to that corridor and they don't assign any housing to the corridor in Las Gatos either, and that seems strange.

<u>Chair Martinez</u>: Ok. Vice Chair Fineberg.

<u>Vice Chair Fineberg</u>: I'd like Staff to... I would like to thank Staff for all their time and their hard work on this. Having been to the Council's committee meetings, I see the tremendous commitment of resources and time from our Staff and question whether the State process to reduce greenhouse gases is being achieved by putting an incredible burden of work on city staff throughout the State. On the Commissioners, Board Members, and Community members and I don't think it's a successful way to achieve the desired goals and the analysis bears that out.

My first suggestion would be that we request One Bay Area Government to rewrite the entire document in plain English. This entire process is so full of jargon and planner speak that I can't explain what it is in plain English without using technical terms that make no sense out of context. When it's in context, I get it. It's complicated, but I think that's a fundamental flaw that there's so much in it that's so jargon filled that only works in context.

From a high level, I'd like to start by making some comments about the assumptions and statistical methods and then I'll drill down into some more fine points of detail. The assumptions that are being used are fundamentally flawed. The growth rates are not supported by reality. The proof of that is that in the recent past they've shifted their methodologies when they were calculating the jobs, they moved from a calculation method that was bottom up in the State of California and when the recent Census showed that it was completely off base they changed to the shift share analysis. The shift share analysis basically takes the Federal forecast, starts with the current numbers of jobs, makes a number of adjustments based on many assumptions. The adjustments have to do with birth, deaths, demographic trends about people working longer, shifts from manufacturing to service sector, and many more like that. And then comes up with Federal forecasts that go out quite some time. Then they take a look at the share that California has of these Federal jobs over the recent past, and it's been approximately 2.5. So you take a huge number that has hundreds and hundreds of assumptions buried in it and divide it by another number and what you get is a forecast that has an extraordinarily high degree of uncertainty that can range from a low to a high, and you might have something in the middle that you can work with, but you're more likely to be way wrong than you are to be right. And it's dangerous to plan and it's dangerous to zone based on a number that has a very low degree of certainty.

There are economists who can say that in a more technically precise manner, my last economics course was in the '80's, so my memory isn't perfect on it, but having a good and fair peer review I think is absolutely warranted. Having a peer review conducted by a team composed of the

folks who have done the analysis is like putting the fox in charge of the hen house. It's just not a successful, it is not an honest, it is not an academically rigorous peer review. It's a PR job.

The SCS process clearly states that it removes the constraints of reality. It is a visioning exercise. It is a way to come up with a scenario that could possibly be implemented if the constraints of reality are later removed. The only language I've seen that addresses removing those constraints are the carrot of getting transportation grants, and the stick of having shorter time frames for review of the Housing Element. I've seen absolutely no language that talks about addressing the other real world constraints of shortage of land that isn't built on, cash to pay for the infrastructure improvements, the impacts on schools, the need to build new schools and the list goes on and on. If this becomes a mandate, then the State is... I don't know the right word, but needs to provide the things that remove those constraints. Without removing those constraints this really should only be a visioning exercise and not a real world actionable plan.

As far as the schools, the California Bond Fund that the State Allocation Board gives to revenue limit districts for construction of new schools is nearly depleted. If it goes to zero either the State is going to have to find new funds to replenish that Bond Fund or the legal landscape that we operate under with California Environmental Quality Act (CEQA) review will revert back to the condition before that Bond Fund was created, which means that the State will not pay to build new schools. We don't get that money because we don't qualify; we haven't had Bond Funds fail. But for the districts that do get that money, they would not, but what would happen is on project review full mitigation would be a full payment of the impact, of the school impact funds, not just half which is currently paid and that entire process needs to be factored into for the SCS.

I have a couple more, should I continue? Ok. I think it's absolutely important that we push hard on the fact that the Preferred Scenario is not achieving the greenhouse gas reductions of SB375, it's imposing draconian zoning requirements and placing huge burdens of work on, and huge tax resource costs on our Staff and not delivering the results. It needs to focus on the reduction of greenhouse gases.

Down to some finer points now, I agree that Staff needs to continue working on things like getting the Stanford housing that is being demanded because of Stanford jobs and County land needs to get reallocated to the County and not be to Palo Alto or vice versa, that if we get the demand from the jobs we get their housing credits that are also built on County land. But right now it's structured where it's not consistently fair.

One of the other things that I've thought is that it would be I think very helpful for the Commission to hear from either Mr. Stephen Levy or Walter Kieser. I've been very impressed by Mr. Kieser's analysis and understanding. I've learned a tremendous amount from the presentations he has made to Council at the subcommittee and I had asked Curtis if that might be possible. It wasn't for tonight because of some budget constraints, but I think it would be marvelous if maybe two or three months in the next round, I don't know if we can call him up and ask him to volunteer his time for a volunteer group, or if money can be found, but I think it would benefit the whole Commission. Mr. Levy did volunteer to come talk to us, so again I don't know if it can be done voluntarily, while I might not necessarily be keen on his analytical methods, I've learned a tremendous amount from hearing him speaking and think it would be good for all of us to hear from both of them.

 For the PDA's I think one of the issues that we've been talking about on the corridor is in Palo Alto in our Housing Element, which is a parallel track we've been wanting, talking about increasing the density along El Camino. Mixed use, maybe higher buildings, and I think when we're talking about it internally we're talking about almost in many places one lot deep. Some places maybe a bit more. When this scenario is talking about it, they are literally talking a quarter or a half mile, which is deep into R1 and I just don't know how that's gonna happen because are we gonna have a 75-foot multifamily housing project one or two blocks in surrounded by one story houses? Or two story houses? So, I think that also played into why Council didn't elect to participate in the PDA's at this time.

One of the thoughts that came up that I think we ought to remember is the possibility of trading housing units with other communities. I think there was some discussion at one of the Council subcommittee, committee meetings that there would be the possibility that there would be a trading market put in place. And I think particularly for the communities that are on the border between the two counties where the allocations aren't interchangeable within the region that, that might have some beneficial outcomes.

One of the other thoughts that came up relative to a couple comments from some other Commissioners tonight, Councilman Scharff had talked about, in his attendance at the RHNA Housing Methodology Committee that one of the prior methods they were using for allocating the housing was putting all of the housing demand in the communities that had high API test scores. And the goal was that you put the kids in the good school districts so you get better educated Californians. That's good in theory, but on a micro level in practice I think it would break the camel's back. It would destroy the good school districts. So they backed off that, but I think that there's still a kernel of that philosophy which explains why they are still putting the housing where people want to live as opposed to the housing where people don't want to live. And they definitely are trying to put the housing where there are schools and not where schools will have to be built. But who knows how successful that's been.

Ok, a couple super quick things at the micro level. On the TAZ maps the last two pages of our packets, Staff, correct me if I have this backwards but the baseline for the actuals are different between the two maps. I believe the baseline Census for the jobs was in 2000 and the baseline Census for the housing was in 2010. So it makes it impossible to compare across the two that if you need X housing for X jobs, they are using two different baselines so it's not like a factor you can multiply it by.

So on the, a question from Commissioner Keller, on the TAZ maps there are four numbers and Planning Director referred to this earlier, there are four numbers in each TAZ zone. The first number, so for instance if you look at the legend for the households, the red one in the top right is area 401, and that's actually Mountain View. That has 346, so that would be the actual number on the Census from housing is 2010. The second number is the goal for 2040, the third number is the difference, the actual calculated difference in the first and second number and the fourth number is the percentage change. So the first number on the housing page is a 2010 Census, but the first number on the jobs is based on the 2000 Census. So this... (interrupted)

Mr. Williams: I'd like to have Roland address that.

 Vice Chair Fineberg: Ok.

Mr. Rivera: I actually spoke to some people at the ABAG MTC just so these data sets basically are enormous and unwieldy and I needed to get some sort of meta data as far as what the fields actually mean. And one of the fields that I asked was the jobs number, your baseline jobs number, is that? Because the way they had it they said that they actually got it from the 2010 Census and I asked them if, I'm not aware of any official 2010 Census jobs number and they said, "Well, you're right, it's not from the 2010 Census, but it is a 2010 number based on this other data set that Census has it's called Longitudinal Employment Housing Dynamics data set, which does have a 2010 number, data set." So they, it is one of the fields that I asked about, is this a 2010 number or a 2000 number? And they told me it was a 2010 number.

<u>Vice Chair Fineberg</u>: Ok, I appreciate that update. So, I'll stand corrected on that with the new information. On the specifics for the TAZ, imperative that they get the southern boarder of Palo Alto drawn correctly. There are thousands of jobs that are on there that are really in Mountain View. There are thousands of dwelling units that are in Mountain View and Los Altos that need to be corrected. Members of Council at the committee also pointed out hundreds of jobs as Mr. Moss did today that are in Barron Park that are in old downtown neighborhoods, Professorville, things like that where there just aren't the businesses to support those kinds of numbers. That needs to be corrected. And that was pretty much my list. That's it.

<u>Chair Martinez</u>: Ok. For the record, Commissioner Michael had to leave at 8:00. I should've announced that earlier.

It kind of strikes me as ironic that Palo Alto should really be advocating something like the SCS because it's sort of what we've, this is how we've, the direction we've been going with our climate protection plan and emphasis on bicycles and on complete streets and trying to improve our transportation networks. If you look at what SCS says about the benefits of this jobs to housing connection, it talks about strengthening local character, preserving open space, reducing greenhouse gases, reducing dependence on the private automobile, these are qualities that our community stands for. And so, it troubles me that when I read the letters that were in our packet or I recall the letter then Mayor Burt sent on the same issues it was coming across as if we really were opposing this imposition of a strategy to reduce our greenhouse gas emissions on Palo Alto.

I understand that in reading the two or three or the number of analysis about jobs and growth that there are enormous errors in that and, you know, Commissioner Tuma alluded to maybe it's time we stop sort of beating the dead horse on that. And that may be, but it also may be that we need to one more time go on record in saying this is where we believe we stand on this. But then, really put it aside because I think we need to go back to ABAG and MTC with what Palo Alto can really do under this SCS program. I mean we can promote housing development near transit as we're doing in our Housing Element. We can promote better transportation and look for ways, public transportation, and look for ways to do that. Our area plans, our Housing Elements, our Land Use Element; they all go in the direction of this.

One more thing I think that we should support is the fact that the Sustainable Communities Scenario really brings other communities to the place where Palo Alto is going. I don't know what the direction of Mountain View or Redwood City or other counties, but it really puts us all in the same place. So, I would like us to see us change our strategy and really come more

positive with this is what Palo Alto can do. You know, we believe for these reasons we can provide this number of affordable housing units within that period of time and in four years or two years, whatever the number is that you choose, let's look at your forecast and where we're going and how we're meeting what the forecast really turns out to be.

I think we need to really bend our direction towards really putting it in a structure where it's something that we're supporting, we're achieving, may be in a way that's not to what their expectation is but we need to say what it is, why it is, how it really is supporting this plan and why the plan is a good thing. I believe all the arguments that Council Member Schmid and the consultant and the City has put forth about why this isn't going to turn out are legitimate, but I think it's time as Commissioner Tuma said to really go beyond that, make our last statement about that and move to this is how we are implementing our responsibility for reducing greenhouse gasses.

Commissioners, final comments? Oh yes, Commissioner Keller.

Commissioner Keller: So I think that the issue for me is not whether we're agreeing with the Sustainable Community Strategy. Because the Sustainable Community Strategy is in support of AB 32 greenhouse gas reductions. And so I think that the most recent Mayor's letter talking about those things that Palo Alto is doing which are within our control, where we will meet the first few requirements for AB32 greenhouse gas reduction targets and it's not clear that any of the SCS strategy will get us close enough. And so I think, you know, we should tout our approach to greenhouse gas reduction and that's what we should come first and center. What we want to do, you know one of the things, I agree with a bunch of things that Chair Martinez said. We want to promote greenhouse gas reductions, we want to make sure that our community is sustainable, we want to retain our quality of life and it seems to me that everybody would agree with those three things. However, the RHNA allocation does not promote greenhouse gas reductions. It does not maintain our quality of life. It certainly is in conflict with maintaining the quality of our schools to the extent that we add more schoolchildren, housing for schoolchildren.

And I'm gonna close with one thing. And that is that in senior housing there's identified 131% increase. In other words, more than doubling the need for senior housing. Ok. So, there's 131% projected increase of the next 30 years in seniors in the Bay Area. And so all the other increases are dwarfed by that 131%. And so the whole idea that Palo Alto which is graying faster than a lot of the other communities should focus on housing for families, we should really focus on housing for seniors. That's the demand. Palo Alto is graying. And so, that's what we need to be focusing our housing on, it doesn't impact the schools directly. Indirectly it does because people move out of the existing single family residential stock, but that happens organically. But adding more family oriented housing in general, just adds more to that, it's a faster rate. And so the issue is let it take its natural course, build more senior housing because that's the need.

And there's also, you know, the question of the increase in young urban professionals, and what's interesting to me, at one point in time they were called Yuppies, remember that? But the interesting thing is that if you look at the housing stock in Palo Alto versus what appears to be the demand, we have a lot of housing stock for family oriented housing. I would say that 80% of our housing stock is for family oriented housing, somewhere in that order. But very little of our housing stock is for seniors and we need a lot more. And relatively little of our housing stock is

designed as small units for young urban professionals. And so there's a demonstrated need for those kind of housing so therefore we should be able to argue positively that the kind of housing we want to build is for young urban professionals and for seniors, because that's where the demand is, that's where the demographics are for, what was needed in Palo Alto are not being met by the existing housing stock. And I think that's something positive that we can lean towards as opposed to saying the positive thing of, you know, the negative thing of just say no. I think that we can't just say no. We do need some housing but it's not family oriented housing of any kind, market rate or below market rate in my personal opinion.

<u>Chair Martinez</u>: Thank you Commissioner. I agree with you with that, and there are other things like if we reduce the amount of, what was it called, tier 3 travel trips less then or more than 20 miles by 10% that's a huge change. So I mean if we focus our attention on things that are really achievable and go on record that these others are really problematic for a city like ours, I think we are really responding in a positive way. And, just in closing one last note, if SCS, ABAG is saying that we are, don't have a certified Housing Element, you can say you're having a problem with the Planning Commission. I'm joking. Thank you very much and we'll close on that item.

COMMISSION ACTION: No action

APPROVAL OF MINUTES: Minutes of March 28 meeting.

<u>Chair Martinez:</u> Ok, Commissioners, reports from subcommittees, commissions? Do you want to do that first? Ok. Minutes from March 28th. Any revisions, corrections? Is there a motion to approve? Motion by Commissioner Tanaka, seconded by Commissioner Tuma. Those in favor? There are five in favor, with Commissioner Keller, Tanaka, Martinez, Fineberg, and Tuma supporting it, and Commissioner Michael absent having to leave early.

COMMISSION ACTION: Moved by Tanaka with second from Tuma (5-0-0-1).

REPORTS FROM OFFICIALS/COMMITTEES.

<u>Chair Martinez</u>: Reports from commissions and committees. Vice Chair, you've been busy.

<u>Vice Chair Fineberg</u>: Regional Housing Mandate Committee, I think we've said enough on that tonight and thank you everyone for your time. And then, Transportation, I'll let Commissioner Keller handle that one, if that's ok, and that's it for me.

Chair Martinez: Commissioner Keller.

Commissioner Keller: Yes, we met again and we're making progress and plan to go through all the sections by the end of May is our goal and in fact we upped our meeting schedules so we're going to meet every Wednesday in May independently of whether there is a Planning Commission meeting or not. In terms, one follow up to the 885, to the minutes, is I'm wondering if there's any feedback. I had a discussion with Amy about the 885 Seale and the second story issue.

Mr. Williams: I'm not familiar with the issue.

Commissioner Keller: Ok, well the issue was whether or not the second story whether there was imputed square footage from the second story. Whether or not it's accessible. And she came back and we had a discussion and the discussion was A) that the space does count if it's 17 feet above, so that's above the first floor independently of whether it is accessible by a staircase or anything, has nothing to do with accessibility, it has to do with the height. And she did compute the amount of square footage involved. There is sufficient square footage for 885 Seale, but the code basically says it counts. The housing technical manual actually says it doesn't, so she said that the housing technical manual will have to be corrected to match the code so that they actually do compute the square footage for that attic space even if it's not accessible. Because it's based on massing not based on accessibility. That's my understanding of the conversation that I had.

<u>Chair Martinez</u>: Commissioner Tanaka.

Commissioner Tanaka: No real updates. So, for Cubberley I think, actually I'd like to hear from the Planning Director as to, I saw some things about the Cubberley I guess community meetings starting to form, but I didn't hear much. I didn't get much on it. I don't know if there's an update on that in terms of Cubberley?

Mr. Williams: I have to confess I'm not, Amy's been going to some meetings but I know the committee, the Citizen's Committee, not the Policy Committee is I think they're looking at early May to try to have their first meeting.

Commissioner Tanaka: Ok. Great, thank you.

Mr. Williams: Have you heard? You're on it; you're the appointment, right?

29 Commissioner Tanaka: Correct.

31 Mr. Williams: Yeah. So you haven't gotten any official?

33 <u>Commissioner Tanaka</u>: Not yet.

35 Mr. Williams: Ok, I'll check in with her tomorrow and see.

37 <u>Commissioner Tanaka</u>: Thank you.

39 <u>Chair Martinez</u>: And your parking committees, anything to report on that?

<u>Commissioner Tanaka</u>: Yeah, so I've been following that, I've been following Professorville, and I should probably the Planning Director should give an update on that in terms of the trial that will happen, or at least the planned trial.

Mr. Williams: Well, we'll be talking, the group meets, working group meets next Thursday the 3rd and we'll be talking very specifically about a proposed trial residential permit parking program there and see how that goes and then kind of meld that into a bigger effort that we come back to that Commission and Council with later in the year.

<u>Commissioner Keller</u>: So will we see what the proposal is for a trail before it gets enacted?

3 4

Mr. Williams: No.

<u>Commissioner Keller</u>: And will it in involve... (interrupted)

Mr. Williams: Yeah, I mean we're probably gonna do it before anything goes to the Council. Just on a trial basis as a very limited area, like a four block area of Professorville. And they're anxious to get going and we're anxious to get it going so, I think that you'll see embodied then the program as part of the overall parking strategy. And then we'll be monitoring it and talk about the, you'll see it before it becomes anything permanent.

<u>Commissioner Keller</u>: So will it be something like the residents are entitled to some, to buy some number of permits and nonresidents are allowed to park for two hours at a time or something like that? Is that the kind of permit that we're talking about?

Mr. Williams: It's very secret, I can't tell you. No. Something like that, it'll have components that'll allow residents to be able to park with permits and the public be able to park for only limited periods of time. You know, the extent we haven't finalized and we'll be working with the group to determine, you know, how, whether it's the whole all the streets or whether it's, you know, one side of the street where it's 2 hours or what the time period is, that kind of thing.

<u>Commissioner Keller</u>: And will permits be available for people who work in the area or only for residents?

Mr. Williams: I don't know, that's on the table. That's been proposed and it's been opposed, so, we'll see where it comes out next week.

<u>Commissioner Tanaka</u>: I can't say by <u>[unintelligible]</u> means that still does a lot of angst over all lot the details so, yeah, it's not easy to make everyone happy on this one.

<u>Chair Martinez</u>: Thank you. I'm sorry I didn't let you guys go, but we wanted to do a little report on the Housing Element. One question came up from Commissioner Michael this evening is that when can they see the sort of the way that the comments from the Commission have been addressed? Do you have a response for that, or is it just going to be part of the Staff Report?

Steven Turner, Advance Planning Manager: Staff is currently compiling all of the comments and responses that the Commission has made from the April 11th meeting and also compiling the responses from the subcommittee, the Housing Element Subcommittee, who is charged with responding to those April 11th comments. We are still in the process of putting that document together, as soon as we have I think some raw data we can send that out to you, but the Staff Report itself most likely won't be available until the regular packet distribution date which would be next week.

Chair Martinez: Ok. Vice Chair do you have anything to add about our subcommittee?

1	<u>Vice Chair Fineberg</u> : The only thing is the subcommittee hasn't been added to our listing so if
2	that can be done showing that both you and I are on the subcommittee.
3	
4	<u>Chair Martinez</u> : You want credit for that?
5	
6	<u>Vice Chair Fineberg</u> : Well, that way I won't forget next time what I'm supposed to report on
7	too.
8	
9	<u>Chair Martinez</u> : There you go. Ok, anything else? Council meeting, you went to that. Yeah,
10	commission, no. This last one was a consent item and he didn't attend and it was on the Seale
11	Street project that you mentioned that was approved on consent. Ok, with that, Commissioners
12	our meeting is adjourned. Thank you very much. Thanks for staying guys.
13	
14	MEETING ADJOURNED 8:21 P.M.

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