



REGIONAL HOUSING MANDATE COMMITTEE

Regular Meeting
March 15, 2012

The Regional Housing Mandate Committee met on this date in the Council Conference Room at 4:04 P.M.

Present: Burt, Holman, Scharff, Schmid

Absent: None

Oral Communications

Shirley Nathan discussed opposition to the designation of El Camino Real and the downtown area as priority development areas. She asked if it was mandatory for Palo Alto to belong to Association of Bay Area Governments (ABAG). She noted there were areas of the community with little or no smart growth or sustainable development. Discussing High Speed Rail she said that the arguments against it were compelling. She said the funding was problematic and the plan was generally flawed. The impact on Palo Alto, especially on residents living close to Alma, would be horrific. She stated that narrowing Alma, building berms and pylons for an elevated railway would be a nightmare. The only marginally acceptable solution was underground or below grade rail to ameliorate the noise factor.

Agenda Items

1. Update regarding Sustainable Communities Strategy and Regional Housing Meetings

Curtis Williams, Director of Planning and Community Environment, updated the Committee on the Regional Advisory Working Group which was comprised of cities, city representatives, and various advocacy

groups and met monthly at the ABAG office. The March 6, 2012 meeting was cancelled because they were busy preparing for the release of the latest preferred scenario. The Santa Clara County Planning Officials Meeting discussed the overall Sustainable Community Strategy but mostly focused on the One Bay Area Grant, which was the transportation grant program from Metropolitan Transportation Commission (MTC). He said that Staff prepared a letter that Council approved which objected to using the Certified Housing Elements as criteria for qualification for transportation grant funds. The California County Cities Association sent a letter related to the One Bay Area Grant program. The Planning Directors approved a letter at the meeting, but it needed to be revised and he did not believe it had been sent out. He said that it was almost identical to the Cities Association letter, which was similar to Palo Alto's except that it took a milder stance on the Certified Housing Element. He wrote the section on the Certified Housing Element because at first they had language stating they supported a Certified Housing Element being required, and he said that was not what he thought was discussed at the previous month's meeting. A number of cities including Morgan Hill and San Jose had Certified Housing Elements and took issue with them agreeing to send the letter with the language that said they did not want to have to have a Certified Housing Element. They did agree to language that essentially said that there was not a general consensus, but that a number of cities had noted concerns. In May the MTC was supposed to consider input on the One Bay Area Grant. He explained that was a program that MTC in conjunction with the effort intended to drive more transportation. In order for cities to apply and receive those funds there must be a Certified Housing Unit. The State's Housing and Community Development Department had to stamp it "approved" and that was a difficult process. About three quarters of the Bay Area cities had that for the current cycle, but Palo Alto did not. Mountain View was in the process, Menlo Park did not have one, and there were a number of other cities that did not have Certified Housing Elements. He said that the future estimates indicated it would be difficult to achieve, so their argument was that they should let the local agency approve their own Housing Element but should not require that Certification by the State necessary for transportation funds. He stated that was the nature of that meeting. On Thursday, March 8, 2012 he and Vice Mayor Scharff attended the Regional Housing Methodology Committee meeting. The Regional Housing Methodology Committee passed out the draft Regional Housing Needs Allocation (RHNA) materials. That included preliminary figures of what each city's housing allocations and targets would be for the next eight year period. He explained that it used to be a five year cycle and then

a seven year cycle but under the SB 373 legislation it would be an eight year cycle to coincide with the regional transportation plan updates. The meeting covered how the income levels were established for each city. They also presented the preferred scenario which was the 30 year, 2010 to 2040, scenario of land use. He said in the draft preferred scenario they had taken information from cities and discovered a few things happened with the region wide numbers. The jobs increased while the housing numbers decreased. Whereas they had looked at about 1 million jobs and 770,000 housing units in the alternative scenarios that were send out several months in the whole Bay Area nine county region, the projection now was 1.12 million jobs over that time period, but the housing number dropped to 660,000 housing units. They explained that and then broke it down by city. The numbers for Palo Alto changed from the prior scenarios from 12,500 new homes and about 25,000 new jobs to 7,100 homes and 29,000 new jobs in a 30 year period.

Vice Mayor Scharff felt the important issue was that in most of the scenarios Palo Alto had somewhere between 3,500 to 4,500 allocations per housing period cycle.

Barbara Klaussner, Palo Alto Unified School District (PAUSD) Board Member confirmed that was now an eight year period and that was what the 2,000 allocations were for.

Vice Mayor Scharff stated 2000 was fantastic. It was basically cut in half. They went down to the 660,000 housing units which was the driving number. The original number was significantly higher. He said that there was a push in the beginning to give places with good school districts an inordinate amount of housing. This could be a big issue for Palo Alto. He explained how Palo Alto split the 660,000 housing units among the different jurisdictions. They assigned 70 percent to the Priority Development Area (PDA) zones. He thought that was a good move and that the City ended up with less housing because of it. If a city got more than 110 percent of the housing it would have been allocated purely on what was considered to be its natural household formation growth. He said that he did not necessarily believe in the household formation growth numbers, but those were the numbers used. They then limited that and they cut it off at 110 percent. He gave the example of Brisbane, its household formation growth assumed it would get 137 housing units, but yet it was allocated 1,202. That's 877 percent more, and a city was only allowed to get 110 percent more. So they reallocated anything over 110 percent of the growth to other cities. That was the first thing done.

Council Member Burt asked where the number Vice Mayor Scharff referenced came from.

Vice Mayor Scharff said it was natural household formation growth, was derived by the State.

Mr. Williams said it had to do with a combination of births, deaths, and youth graduating from high school. He said that he requested an explanation of the formula and he never received a satisfactory answer. He did not believe the formula included immigration.

Council Member Holman asked if the Council should write a letter requesting clarification.

Mr. Williams thought they needed to discuss everything and then decide where to focus their efforts.

Council Member Burt asked what Palo Alto's number was on the housing information.

Vice Mayor Scharff said after going through the redistribution Palo Alto ended up 32 extra units. Palo Alto's housing formation growth was 3,517 for the next 7 years.

Council Member Burt confirmed they came up with that number for Palo Alto.

Melissa Baten Caswell, PAUSD Board Member stated it was reduced to 2,000.

Mr. Williams said it would go down.

Vice Mayor Scharff explained that was why the original numbers were between 3,500 and 4,500. That was Palo Alto's housing formation growth. He said that at 2,000 they had not reached the 110 percent cap so there was nothing to redistribute. Palo Alto was allocated an extra 32 units because of cities like Brisbane. He explained the large fight was won by Palo Alto because there was a choice of several factors they looked at. The first was the Regional Housing Needs Assessment (RHNA) performance. Palo Alto did better than cities in RHNA performance. The second factor was employment and the jobs/housing imbalance. The other factor was proximity to transit which hurt Palo Alto in terms of housing units because they had two

stops on Caltrain. Because Palo Alto did so well on its RHNA numbers, they took 50 units away and reallocated that to other cities. That came out to 13 percent. Employment made a difference of 112 units, which were more units than almost any other city based on that factor. He said that in the scheme of things that was a small number, and that it was not true that building more jobs would create more of a jobs/housing imbalance which would lead to more RHNA housing units.

Council Member Burt said that Vice Mayor Scharff had said unemployment. He asked if he meant employment.

Vice Mayor Scharff confirmed he meant employment. He explained he meant Palo Alto's jobs/housing imbalance. He stated that they call that "employment." The third factor of proximity to transit added 32 units to Palo Alto's total. He said that the factors did not make much difference; all of the factors added together resulted in 94 units.

Mr. Williams the factors applied to the remaining 30 percent after the 70 percent went to PDAs. There were 38 requests for new PDAs to be designated in other cities. He said that there was a possibility there could be change based on that, but it was not likely because those growth opportunity areas were already in the previous iterations.

Council Member Burt confirmed that their reasons for requesting them were to make them eligible for grants.

Mr. Williams said yes, for grants.

Chair Schmid stated that Palo Alto's share of the PDA's was relatively small, only 40 percent.

Mr. Williams said that was correct, but what they then broke down was by each city and how much of its particular allocation was in the PDA. He suggested Staff analyze the documents including the pending Traffic Analysis Zones (TAZ), which would explain what they had thought about and if 40 percent was in the California Avenue area.

Ms. Baten Caswell asked if California Avenue was designated as a PDA.

Mr. Williams said that it was Palo Alto's one PDA. He said that Staff would look at what was put downtown and along different stretches of El Camino. In one of the earlier iterations they had placed units into residential neighborhoods, which was ridiculous. He hoped that they

looked at the comments on those items and realized that they were incorrect.

Council Member Holman asked what role the size of the PDA played.

Mr. Williams said it factored in when they ran their numbers for type of housing. They looked at the zoning and general plans associated with that and that depended on how much. In general the larger the PDA the more units it had, but that was not necessarily all it was dependent on. Each community's policies and regulations were also considered. On average the larger the PDA the larger the amount of development was allocated.

Council Member Holman asked if a PDA boundary could change and what happened if there was some amount of growth that the city could not handle. She said that the whole area should not be PDA, especially as the City looked at the California Avenue Comprehensive Plan. She did not think that the City had looked at making the PDA area smaller but asked if that would affect how much housing Palo Alto might get assigned.

Mr. Williams said the boundary could change but that he did not believe that would change anything at this point. He stated the plan was to be reviewed every four years. In four years if the boundaries had changed some adjustment could be made.

Council Member Holman said that much of this was tied to transportation funding and infrastructure, especially planned development. She said that there were no schools near the Palo Alto designated PDAs. She asked how much proximity to schools was taken into consideration and if funding would be for commuters or schoolchildren.

Mr. Williams guessed there was no consideration given to the schools in the area. They assumed that school districts were there to serve the children that needed education.

Council Member Holman confirmed their infrastructure comments were not referring to schools.

Mr. Williams stated that as Vice Mayor Scharff said, at one point they looked at allocating housing units through a formulaic method based on test scores.

Ms. Baten Caswell asked how that changed.

Mr. Williams said there was a strong push by social equity groups to come up with measures and targets for social equity indicators, quality of life indicators. There was a notion that somehow communities with high levels of quality of life should take on more growth so more people could enjoy that. However, there was a big push from many of the cities with good school districts that the idea was unreasonable and it would be better to put effort, funding, and investment into areas that did not have that quality of life. He said that the feeling was that you could not impact a quarter of the communities in the Bay Area with the impacts from the whole region.

Vice Mayor Scharff said that was the most contentious issue and people were very unhappy with each other about it. He explained that they had broken into small groups and there was shouting going on.

Ms. Klausner confirmed that was the Housing Methodology Committee.

Vice Mayor Scharff said yes.

Ms. Klausner asked if every city was represented.

Mr. Williams said no, this time around there were probably five or six representatives from various cities in Santa Clara County.

Vice Mayor Scharff said the Committee should know that while there was a 110 percent cap on the housing growth there was a 40 percent minimum. Even if there were no PDA's, a city would get 40 percent of the natural housing growth as a minimum.

Mr. Williams said that was targeted at some of the smaller communities that otherwise would have been assigned no housing units. He said that was an adjustment that was made and probably drove Palo Alto's number down.

Vice Mayor Scharff said that at some point he could explain how they allocated between the low and moderate income housing units. There was a formula that handled that allocation and showed each city was assigned percentages. He stated that was a handout that Mr. Williams could provide the Committee. He said that in reviewing the Santa Clara County allocations, the unincorporated area received around 1,000 units.

Mr. Williams said that Santa Clara County had 1,090 units of housing in the last period.

Vice Mayor Scharff said that this year the unincorporated area received about 200 housing units.

Mr. Williams said the number was 280.

Vice Mayor Scharff said that the previous year they argued successfully that Stanford's allocation should be removed from Palo Alto's allocation. That was because Stanford was not in Palo Alto's sphere of influence because the city would never incorporate Stanford. He wondered if Stanford's allocation was still in Palo Alto's number. If so, that should be removed and placed in the County as was done the prior year. That could reduce Palo Alto's number by another 500 units.

Council Member Burt said that as long as it was acknowledged it could be done the other way, which would be that Palo Alto could count Stanford's numbers.

Vice Mayor Scharff said either way was fine, but the point was that there needed to be an adjustment for Stanford. He explained that it was hard to believe that including Stanford the County was assigned only 200 housing units.

Mr. Williams said he contacted ABAG and asked that question. He was told that Palo Alto's initial number was 2,186 and was now 2,033. ABAG said 93 units were reduced for Stanford. It did not change the County's number because that was at the 40 percent. He said they needed to get a better sense of where things were targeted and needed to ask ABAG how it determined the number was 93 when the previous year was 600. He said there was a General Use Permit (GUP) in place that had 3,000 units and several million square feet of new development. He wanted to see if the number was understated.

Council Member Burt said if Palo Alto took the lead it could be an opportunity. He thought it did not matter if Stanford's number came out of Palo Alto's or if Palo Alto got a credit for what Stanford built. However, because they had a concrete planning document like the GUP which included a certain number of housing units, he thought it would be hard for ABAG to not acknowledge that as a valid allocation.

Mr. Williams said Stanford could probably give a good estimate of what the number would be.

Ms. Baten Caswell said she saw Stanford's plan and it included numbers.

Mr. Williams said there were phases of development and Stanford reported to the City on where they were in the plans.

Chair Schmid asked if the Stanford plans had stated dates.

Ms. Baten Caswell said yes, but the dates ranged. She said that the plans stated where the housing would go.

Vice Mayor Scharff agreed with Council Member Burt. He said the Stanford opportunity could cover a huge part of the 2000 units. He said that the City should argue for the opposite of what occurred the previous year.

Mr. Williams said that if they could get rid of the planning of the units that would be great, but if ABAG said Palo Alto would only receive credit for what Stanford actually built, he was not sure if that was optimal.

Vice Mayor Scharff said that if Palo Alto could certify its Housing Element based on that, it would be a very strong legal point. He thought they would never lose on that issue.

Ms. Baten Caswell said Stanford provided housing sites and the proposed number.

Vice Mayor Scharff asked what the numbers were.

Ms. Klausner said they were 2,652 to 3,018 at 15 sites

Council Member Burt said the nature of the agreement with Stanford was a three party agreement between Palo Alto, the County, and Stanford. He said that was the General Use Permit. Even though the academic lands were not in Palo Alto's limits, they were in the City's defined sphere of influence and that was the way the General Use Permit was done. The County had the final decision but acknowledged a special role of Palo Alto because Stanford was in its sphere of influence.

Ms. Baten Caswell said that it was a big number

Council Member Burt said they would have to look at what Stanford had within its academic lands, which was the county land.

Mr. Williams said they had that broken down. The County had a Certified Housing Element and the way they met those 1,090 units was by showing what Stanford had planned. He said Palo Alto should attempt to cover Stanford.

Chair Schmid said there was another item on the agenda and asked if there were any last questions.

Council Member Holman said that the last time the Committee met it had discussed doing a white paper for the acronyms and a list of who were members of the various groups. She asked if there had been progress on that. She said that there was no way for anyone to understand what the Committee discussed, so she asked how it could be summarized and made public.

Mr. Williams said that information had not been completed. Staff would work on it before the Committee's next meeting.

Ms. Baten Caswell requested to know where on the website that would be as it would be helpful for her. She requested the link be added to the minutes.

Vice Mayor Scharff shared that there were discussions about if cities had the right to trade housing units with other cities. He said it was unclear to him if that had to be contiguous or not. He sensed that it did not have to be contiguous. If housing was along the Caltrain shed for instance, the transportation shed, it could be traded. He thought it could be done across counties as well.

Vice Chair Fineberg asked what the housing units would be traded for.

Vice Mayor Scharff gave the example that if Redwood City wanted to trade housing units for funds it was a possibility but explained that those decisions had to be finalized by a date uncertain. He said that the Committee should know when the dates were and if that was an option it could consider.

Chair Schmid stated that Ezra Rapport had said that was fine, but that San Mateo County already had a settlement procedure amongst its

own cities. Therefore when dealing with San Mateo County their allocation process would have to be taken into account.

Mr. Williams said that was an issue. He explained Redwood City was looking at its sub regional planning effort and San Mateo County may already have done something there. He said that there was nothing that he knew of that would prohibit them from doing that if they were interested.

Council Member Holman said that she was interested in the formula for the allocation of level of affordable housing. Additionally, she was interested in how the Committee would coordinate that with any Below Market Rate (BMR) units that Palo Alto received as a part of projects or Planned Communities (PC).

Mr. Williams said he would send the formula to the Committee. He said that in the Bay Area the breakdown of housing came out to a certain percentage for each income level. He said there was a written formula and that it showed 25% in each of the four categories across the Bay Area. Then ABAG looked at Palo Alto and saw that its housing stock was 10 percent, 10 percent, 10 percent, 70 percent and said that they wanted to move this a third of the way to where the Bay Area as a whole was. The cities that had the higher cost of housing ended up receiving a higher percentage of the lower cost of housing targets. Cities that had many lower income units already received less. He said it was called regression to the mean.

Council Member Burt said it occurred to him that it was an area that the City had not argued. The City had pointed out that it was incorrect because in the prior Regional Housing Needs Allocation (RHND) period it did very well on low income because it had strong, true subsidized housing. He asked what the term for market rate housing was.

Mr. Williams said the term was moderate.

Council Member Burt said on the moderate rate housing Palo Alto did terribly and that you could not build in Palo Alto without subsidies. In order to have hit ratios, 70 to 80 percent of all housing built in Palo Alto would have had to have been subsidized. He said that the City never went back and argued why that was so flawed, which was because the calculation of the different categories of housing made no compensation for land cost. He said that it was as if the cost of construction and land were equal everywhere, and therefore cities were allocated housing based upon that distribution. He said that just

as Palo Alto challenged some of the things on the job growth, it seemed like this method of calculation was obviously flawed and it should be argued.

Mr. Williams agreed the process was flawed but stated it was really a Housing Methodology Committee issue. He thought there was one meeting left.

Council Member Burt said it brought up his final point, which was if Palo Alto prevailed on the Stanford issue this time it may want to save some of the other issues for next time.

Mr. Williams said that when the Housing Element came to the Committee in a couple of months they would see an attempt to define 20 units per acre as a threshold and define what sites could accommodate that with the thought that the City would get credit for that and would not have to argue the difference between low and very low income.

Council Member Burt said that brought up something they had not implemented yet, which was the zoning. He said that looked at the number of units per acre and the size of units. He explained that if Palo Alto actually increased the mandatory units per acre but capped the floor area, it would force smaller units, which meant there would be more units per acre. He said that this was then actually less likely to be built because the return for the developers was lower and any units build would not increase schoolchildren.

Chair Schmid suggested the last item on the agenda was for future discussions. He suggested they make a list.

Ms. Klausner said that the interesting idea about trading housing allocations was that different school districts received different forms of funding. She said that Palo Alto did not receive additional funds per pupil whereas many of the surrounding districts did.

Ms. Baten Caswell said Redwood City and Mountain View received additional funds on a per pupil basis.

Ms. Klausner said that having increased student enrollment was beneficial for those cities but not for Palo Alto.

Ms. Baten Caswell said there were some districts in Santa Clara County which were declining enrollment but wished they were not. She said that it would be good to know which districts those were.

Vice Chair Fineberg said the argument about the cost of the land and construction not being factored into the calculations related to the school district. The visioning scenarios were saying that we would remove the impediments and find funding sources to overcome the shortages to fund things like the infrastructure, the schools, and the roads. She said that model did not recognize that in the areas that were built out that had higher costs the schools had proportionally higher costs as well. So the impediments were not the same across districts.

NO ACTION TAKEN

2. Update Regarding Release of Draft Preferred Scenario for Sustainable Communities Strategy

Curtis Williams, Director of Planning and Community Environment, said at the end of the previous week ABAG and MTC unveiled the Draft Preferred Scenario. They assembled the various comments received on the alternatives and proposed a single scenario which they hoped responded to some of the concerns. The ABAG and MTC Joint Planning Committee would meet and provide the Preferred Scenario for public review in early 2013. He thought it was worthwhile to provide some initial comments to ABAG and MTC before their tentative May meeting. He suggested returning to the Committee at its April meeting with recommendations and items to be focused on. In that time frame they could have more discussions regarding the Stanford issue and anything else the Committee would like Staff to put together and have analyzed. Staff would come out of the April meeting and construct a response to ABAG and MTC before the tentative May meeting. After that there would be time for additional comments. He said the housing allocation stood at 2,003 units, which was a substantial improvement from where it started. He said that everyone would probably agree that it was still a high number that would be difficult to achieve, but the one thing that stood out was that when he looked at Santa Clara and San Mateo Counties in the older scenarios he saw that Redwood City and Mountain View had considerably more space to build on and had more housing orientated policies yet was allocated less housing than Palo Alto.

Palo Alto Unified School District Board Member, Melissa Baten Caswell said they both received smaller allocations than Palo Alto.

Mr. Williams said that was correct and that it did not seem accurate. He said that the new calculations were more accurate because while Palo Alto had 2,003 housing units allocated, Redwood City had 3,200, and Mountain View had 2,800. He thought that someone at ABAG realized the discrepancy and thought the new allocation made more sense. He said that he did not know how realistic the 29,000 new jobs number was, as that was creating 1,000 new jobs per year for the next 30 years. He thought the biggest concern was even though it seemed very ambitious and out of line with historical trends it drove the housing numbers. So, to the extent there were adjustments on the housing side to make that number less proportionate and more realistic, he thought that helped.

Chair Schmid asked if there were questions or comments related to Mr. William's suggestions.

Council Member Holman stated that if a citizen picked up the chart it did not show the progress made by the City. She asked for a way to change the chart to reflect comparisons between the older plans and the new one.

Vice Mayor Scharff would like to see the amount of money in the fund allocated for housing. He felt it would be worthwhile to look at the zoning issues. He said that there was a range of options that made sense with the notion of smaller units that did not produce school aged children. He also wanted to consider the implications of Stanford. He said it was a multipronged strategy to get the City to where it needed to be in terms of a Certified Housing Element without major impacts to the community.

Council Member Burt asked how the numbers on the job site over the extended period were derived.

Mr. Williams said the region was the same. He said it was based on national and regional percentages.

Vice Mayor Scharff said they use the percentage of jobs country wide, compared to the percentage in the Bay Area.

Mr. Williams said that Mr. Levy did a report which they attached to the Committee's materials. He said that it was about that issue and was

more substantial than what they had received several meetings ago. He explained that it was still the overall philosophy and acknowledged that he had to review it for a formula or method as to how they derived the city by city breakdown. He was not sure, but that might have changed.

Ms. Baten Caswell said that there was a chart that appeared to show what Mr. Williams had said. It looked like they just took a percentage.

Mr. Williams said it appeared to be a growth percentage. There was something that was probably in the packet that showed approximately 2.4 percent of the national job share if it were applied to the Bay Area. He stated that jobs grew nationally at 2.4 percent. He said that the reasoning was that Palo Alto was well positioned to capture a share of the jobs in the sectors that were anticipated to grow.

Chair Schmid asked the Committee to look at the summary table on page 9 titled Regional Totals. He said what struck him about the numbers was that in the last document the population figures were 3,300,000 people higher for the Bay Area. So instead of adding 1.9 they added 2.2 million people. The total number of households was virtually the same, and the total jobs were increased by 400,000. He said that when one looked at the allocation by community, the household numbers were down by 100,000 in the Bay Area. He said there was a discrepancy between the regional growth projections and the aggregate numbers. He wondered why they did not publish county figures. He believed the reason was because the figures did not add up to what they listed. So either they had not told the public they were not meeting their goals, or they could return to the cities and say they made a mistake in allocating the houses and ask for 100,000 more.

Mr. Williams said the specific household numbers did not correlate because what they had done was taken into account the recession and the number of foreclosures. They made some assumptions that there were people in the Bay Area that could reoccupy foreclosed homes rather than building new homes.

Chair Schmid said that was 4 percent, while the discrepancies were 16 percent.

Vice Chair Fineberg asked if it was the time frames.

Mr. Williams said there were unemployed people that would then be fully employed.

Chair Schmid asked if they were manipulating the numbers to make the housing change numbers look better than they actually were and would there be adjustments down the road. He said that he was concerned.

Mr. Williams said the more likely scenario was that they felt enough pressure on the housing side from cities to be as conservative as they could.

Chair Schmid said they had to be conservative on their assumptions. He said they were asking the cities to accept a set of assumptions, which meant they could come back at any time and say that the cities had agreed to those assumptions, but they now needed to be adjusted.

Mr. Williams said he thought the assumptions needed further evaluation.

Chair Schmid said his second question was on the base assumptions. He said that the new jobs number was substantially higher than the previous jobs number. As Mr. Williams said they could have broken the jobs/housing connection, but that was not what was stated in the report. The report said jobs led to housing. He said that the Committee and citizens needed to understand how they could print the table at 400,000 more jobs than their last output and yet say they could drop the number for housing units.

Mr. Williams asked where Chair Schmid was getting his information. He said that he saw 1.12 million jobs and it was just under 1 million before.

Chair Schmid stated jobs were on page 9. It said 4.5 million, but the previous Bay Area Plan they had 4.1.

Mr. Williams asked if they showed the change of 990,000 from 2022 to 2040.

Chair Schmid said the problem was the numbers were not consistent and connected jobs and housing. He said that the third element that was out of line was also on page 9. He said that the assumptions of the population figures, housing figures, and jobs figures came from the

Department of Finance and that there was a footnote on page 9 which said, "We expect a net migration into California of 177,000 people." He said that the historical record between 1960 and 1990 showed that immigration averaged 225,000 people per year. In the 1990's it averaged 100,000 people per year, in the 2000's it averaged 400,000 and the last two years, including 2011 was -22,000.

Council Member Burt asked if Chair Schmid was referring to legal immigration.

Chair Schmid said it was all migration, domestic, international, legal, and illegal. He explained it was net figure of all the people moving in and out of California. The State itself admitted that the migration figure was in the negative. The report assumed 177,000 incoming people per year, which seemed outlandish. He said it meant that the model was aspirational, but it was not in line with the demographic reality of California.

Ms. Baten Caswell said the date on page 9 was from July 2007, but noted the world changed in 2008 for the United States.

Chair Schmid said they were asking Palo Alto to have its Housing Element certified for the 2013 transportation grant year. He said that they would not revise the long term forecasts using 2010 census data until 2013. They were asking Palo Alto to sign on before the State adjusted its numbers.

Ms. Baten Caswell said she thought it was strange that the data came from July 2007.

Chair Schmid said they had not integrated the 2010 data. He said that the idea that they had to deal with 2.1 million people a year was a shaky assumption.

Mr. Williams said one of the things they could do in the next month was to have the consultant provide information.

Chair Schmid said that the nice thing was that they had for the first time given detail about the assumptions.

Vice Mayor Scharff said as a follow up to that question he would like to have Stephen Levy attend the meeting and explain his numbers. Then the Committee could ask him direct questions.

Mr. Williams said he had come previously.

Council Member Burt said that was true but Mr. Levy spoke as a member of the public. He was not invited to sit and have a substantive conversation.

Council Member Holman said that the document indicated the number of persons per household would increase. She asked if that was factored into the jobs and housing calculation. For example, if seven people lived in a house, was it feasible that only one person would be working. She asked if that was factored into the allocation.

Mr. Williams said he would look into the allocation ratio process.

Chair Schmid asked if Ms. Baten Caswell or Ms. Klausner had any comments.

Ms. Baten Caswell said that there were regular assumptions that if housing units were made small enough they would not bring children into the school district. She said that they did not know what size was small enough because each time they thought they made units small enough, somehow families moved into the housing units. She said it was a word of caution.

Council Member Burt said there were certain calculations and assumptions that were made based on units with certain numbers of bedrooms and the City may have had more occupants and children in those units than was projected, but that did not mean that there was not a correlation between the two. He said that a studio apartment or one bedroom would clearly have fewer occupants.

Ms. Baten Caswell agreed, but stated they made assumptions that, for example, if there were no yard that a family would not move in. She said that they did it in the school district as well, and she had heard conversations in various committees and thought they had to be careful with their assumptions.

Council Member Burt said he made a distinction between what he thought would be a fallacious assumption like there would be no children in units without yards because urban cities have children in apartments with no yards. On the other hand, he said that San Francisco had a big problem retaining families with young children for those kinds of reasons. He thought there was a correlation although it may not be as large as some demographers estimated.

Vice Mayor Scharff said that he thought they could get data. He said that they could look at their studio units and two bedrooms and determine how many children were actually living there. He asked if the school district had any of that data.

Ms. Klausner said they used yields.

Ms. Baten Caswell agreed they use yields but they were not always correct.

Chair Schmid said one issue was yields from the apartments built in the 1970's, 1980's, and 1990's were applied to the townhouses and apartments built in the 2000's.

Ms. Baten Caswell said because the population had shifted, the norms of how many people might live in a housing unit had changed.

Vice Chair Fineberg said the development Palo Alto over the past 5 to 10 years had shrunk on lot size but not in the bedroom count or square footage of the interior. So a 3,500 square foot house on a 4,000 square foot lot would yield children. She said that some anecdotal evidence was that in the new Tree House project there were approximately 35 units.

Mr. Williams said there were 33 studios.

Vice Chair Fineberg said there were 2 one bedrooms and 1 of the one bedrooms had a toddler which would be a surprise for the school district when the child reached kindergarten because the school district had no way of capturing that child.

Ms. Baten Caswell said that was exactly her point. They never thought a one bedroom apartment would be adequate for a family, but they were seeing different family norms than there were in the 1970's.

Future Meetings

Chair Schmid asked Mr. Williams for suggestions for the next meeting's agenda.

Curtis Williams, Director of Planning and Community Environment, said the primary item would be Staff's analysis of the Preferred Scenario and the recommendations to the Committee as to the analysis of the

traffic zones, Stanford information, housing funds, trades with other cities. For the Committee's information there was information and direction in the packets about the housing unit sizes. He said that they would meet with Walter Kieser to respond to comments the Committee had last time and to have him give his assessment of the new documents. He said that he would probably bring Mr. Kieser to the next meeting as well so the Committee could ask questions. He stated he would be glad to invite Stephen Levy, who had indicated that he would be willing to speak with the Committee. He said that was a full agenda. He knew they had requested a primer of sorts, but he thought it was better to have the City Attorney do an overview of ABAG at the meeting. He said that would be hard to squeeze into an already full agenda.

Council Member Holman suggested that should be a separate meeting. She thought it could be a community meeting because the public had questions.

Chair Schmid said they had identified a place for housing sites with increased density near transit and that was frustrated.

Vice Mayor Scharff said that was Chair Schmid's Motion.

Chair Schmid said the mandate for the Committee was to discuss the issue of where the housing would go.

Mr. Williams said it was up to the Committee as to what extent they wanted to address the issues that were part of the Housing Element, what were the appropriate location, unit sizes, policies, and those types of issues.

Council Member Burt requested a map of market housing and affordable housing. He said that when they looked at the greater University Avenue Area, they had very dense housing including projects that were built recently, both affordable housing projects and market rate units. He said that they had 800 High Street, they had Alma Place, they had Oak Court, and the affordable housing on Alma that was under construction. He said that those were high volume affordable housing and they were on the borders of the downtown area. He did not believe that a few penthouses not occurring were substantive in the equation.

Vice Mayor Scharff said he wanted to get an overview of the Housing Element. He wanted to look at the sites as that would be an excellent

purview of the Committee as it moved into how they would tie that into the whole Housing Element. He said that they could then make reasonable recommendations to Council.

Chair Schmid said it would help facilitate the process.

Vice Chair Fineberg said it would be helpful in earlier stages of the Planning and Transportation Commission (P&TC) to have polices that could be relied on before 2014 when the Comp Plan would be adopted. She said that they had to be able to apply polices and guidelines in the absence of a complete update.

ADJOURNMENT: The meeting was adjourned at 5:31 P.M.