

CENTER FOR CONTINUING STUDY OF THE CALIFORNIA ECONOMY

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TO: Palo Alto City Council and PTC Members, staff and residents

FROM: Stephen Levy

SUBJECT: Comparison of Housing Needs Allocations for Neighboring Cities

Many residents are concerned about the impacts of housing growth on the quality of life in Palo Alto while other residents who spoke at the Our Palo Alto meetings favored more housing growth and a broader variety of choices.

Under state law Palo Alto and other cities are required to identify sites for future housing needs over the next eight years. In the Bay Area the state has given the Association of Bay Area Governments (ABAG) the task of allocating the state determined regional housing planning targets among the region's cities and unincorporated areas.

There has been a strong thought among some in Palo Alto that the city was treated unfairly in the ABAG allocation, particularly with respect to neighboring cities. I believe the data makes a convincing case for the opposite conclusion—that given ABAG's main criteria, Palo Alto was allocated a much lower allocation relative to key indicators than most neighboring cities.

The major indicators in the ABAG allocation methodology are current and projected job levels, city plans and access to transportation corridors such as Caltrain, BART and freeways. The allocation for subsidized housing favors allocating a higher share of new housing to areas that currently have a below average share.

The current (2014-2002) Regional Housing Needs Allocation (RHNA) was developed **before and apart from** the growth projections underlying Plan Bay Area and before the new (and higher) Department of Finance population projections for the region and Santa Clara County were developed.

The basic data I used is shown below on the next page. The job estimates are for 2010 from the Plan Bay Area documentation. The population estimates are for January 1, 2014 from the state Department of Finance. The Caltrain data is

for February 2014 and represents average weekday ridership and the RHNA 2014-2022 planning goals are from documentation on the ABAG website.

	2010	2014	2014	2014-2022
	Jobs	Population	Caltrain Riders	RHNA Goal
Redwood City	27,957	80,768	2,947	2,789
Menlo Park	12,347	32,896	1,668	655
East Palo Alto	6,940	28,934	0	467
Atherton	2,610	6,917	0	93
Portola Valley	1,500	4,480	0	64
Woodside	1,760	5,496	0	62
San Mateo County	257,837	735,739	14,855	16,418
Palo Alto	89,690	66,861	7,939	1,988
Mountain View	47,950	76,781	4,639	2,926
Los Altos	14,760	29,969	0	477
Los Altos Hills	2,060	8,354	0	121
Cupertino	26,090	59,946	0	1,064
Sunnyvale	74,810	147,055	3,443	5,452
Santa Clara	112,890	121,229	909	4,093
San Jose	377,140	1,000,536	4,684	35,080
Santa Clara County	926,270	1,868,558	19,913	58,836

I then calculated the share for each city of the county totals for jobs, population, Caltrain riders and the RHNA housing planning goal. These shares are shown on the following page.

Share of County

	Jobs	Population	Caltrain Riders	RHNA Goal
Redwood City	10.8%	10.7%	19.8%	17.0%
Menlo Park	4.8%	4.5%	11.2%	4.0%
East Palo Alto	2.7%	3.9%	0.0%	2.8%
Atherton	1.0%	0.9%	0.0%	0.6%
Portola Valley	0.6%	0.6%	0.0%	0.4%
Woodside	0.7%	0.7%	0.0%	0.4%
San Mateo County	100.0%	100.0%	100.0%	100.0%
Palo Alto	9.7%	3.6%	39.9%	3.6%
Mountain View	5.2%	4.2%	23.3%	4.2%
Los Altos	1.6%	1.6%	0.0%	1.6%
Los Altos Hills	0.2%	0.4%	0.0%	0.2%
Cupertino	2.8%	3.3%	0.0%	3.3%
Sunnyvale	8.1%	7.9%	17.3%	7.9%
Santa Clara	12.2%	6.5%	4.6%	6.5%
San Jose	40.7%	53.5%	23.5%	59.6%
Santa Clara County	100.0%	100.0%	100.0%	100.0%

In San Mateo County Redwood City stands out as getting a high share of the county's housing allocation compared to its share of jobs and population. Menlo Park has a slightly lower share compared to jobs, population and Caltrain riders. The smaller cities gave a share that is comparable to their job and population shares incorporating the absence of Caltrain access. In any event even slightly higher shares for Atherton, Portola Valley and Woodside would not be a significant number of units as all have less than 1% of jobs and population.

In Santa Clara County San Jose stands out as the city with a higher than expected share of the county's housing goal compared to the city's share of jobs, population and Caltrain riders. Mountain View, Sunnyvale and Santa Clara are at the low end of what their goal might be given their job, population and Caltrain ridership.

But it is Palo Alto that has the far below expected share of the county housing goal given our baseline data.

Palo Alto has 3.6% of the county's population and was allocated 3.6% of the county's total housing goal despite having 9.7% of baseline jobs and nearly 40%

of average weekday Caltrain ridership. I did include half of the San Antonio station ridership to PA but that accounts for less than 2% of total county riders. I do not know all of the details of the ABAG allocation formulas and committee discussion but I do know that staff and the committee did try to take into account local conditions.

It certainly does look like Palo Alto was given consideration both for past efforts and for the built out nature of the city though most neighboring cities have similar development conditions.