

CENTER FOR CONTINUING STUDY OF THE CALIFORNIA ECONOMY

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DATE: January 28, 2016
TO: Palo Alto City Council
FROM: Stephen Levy
SUBJECT: 2016 Council Priorities

I have three priorities I hope you adopt:

- Housing
- Transportation/Parking/TDM
- Regional Cooperation

Housing

For me housing is the number one priority. I ask you as I will ask my other CAC members to consider whether they could buy or rent **today** the home they first moved into here with the income they had **then**.

It is, I think, important to remember that housing is about people. I think what is true for most of us is that we could not move into Palo Alto today. Current trends imply that people like us are not **excluded** from Palo Alto unless we find new **ways** to **include** them since I do not see current prices or rents falling nor do I ask residents to sell or rent their homes for less than market rates.

So housing policy now is about the character and soul of our city into the future. That is why it is my number one priority.

Here is Nancy and my story. We bought our first home at 1058 Stanley Way near the community center in 1978. We paid \$140,000. With a 20% (\$28,000) down payment and an interest rate of 6% the monthly payment including property taxes and insurance would have been \$853 or roughly \$10,000 a year. I do not remember exactly but think I was making \$40-50,000 that year so the home was pretty easily affordable.

Today Zillow estimates the price at \$2.5 million for a 1,600 square foot home. With a 10% (\$250,000) down payment and an interest rate of only 4%, the So my monthly payment is now just over \$14,000 or nearly \$170,000 a year. So my income would have to have been 17 times higher or roughly \$800,000 a year to equal my 1978 position or nearly \$600,000 to make my payments 30% of my income.

Is this the Palo Alto we want to plan for?

So I hope council explores smaller units, more density, perhaps a city bond for subsidized housing, ADUs and other solutions to preserve and expand housing choices in Palo Alto,

Transportation/Parking/TDM

The city has some wonderful initiatives in place. I hope this continues to be a priority.

I encourage council to seriously consider what Stefan Heck said on Monday. I think both technology and the choices of younger residents are expanding the avenues for eventual reduced car and parking use (although personally I support are IBRC recommendation to build some additional parking now).

I hope the TMA can be permanently funded and the concept expanded to other areas of the city.

Regional Cooperation

I see three issues for 2106. One is cooperation around CalTrain expansion and the associated issues of grade separation.

The second is around cooperation for a successful and fair sales tax expansion.

The third is ongoing cooperation with Stanford particularly around SRP and the options for housing on Stanford land in the city.