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April 6, 2018

Honorable Mayor Kniss and Members of the City Council  
City of Palo Alto  
250 Hamilton Avenue  
Palo Alto, CA 94301

**Re: April 9, 2018 City Council Meeting Agenda Item 7:  
Affordable Housing Combining District Draft Ordinance**

Dear Mayor Kniss, Vice Mayor Filseth, and Councilmembers DuBois, Fine, Holman, Kou, Scharff, Tanaka, and Wolbach:

On behalf of our members, we thank you for your leadership in responding to Palo Alto's affordability challenges by working to increase the supply of housing, particularly for individuals and families with lower incomes. SV@Home supports the City's efforts to meet its RHNA goals via the actions outlined in the 2018 Housing Work Plan. To further these efforts, we strongly encourage you to move forward with adopting an Affordable Housing Combining District Ordinance to unlock new opportunities for affordable housing in Palo Alto.

Affordable housing faces so many barriers – from the increasingly [high costs of land and construction](#) to challenging entitlement processes and regulatory requirements that often make development infeasible. In order to achieve its goals, the City must find ways to eliminate these barriers and make it easier for affordable housing to be built. The proposed Affordable Housing Combining District Ordinance is a step in the right direction.

**SV@Home strongly supports the March 27 Minority Recommendation, authored by PTC Vice Chair Monk and Commissioners Alcheck and Riggs, to adopt the original draft of the ordinance presented by staff on February 14, with additional considerations listed in the memo. In particular, SV@Home supports changes that would create greater flexibility by allowing ministerial changes to individual projects' Floor Area Ratio and retail requirements.**

**Flexibility is key to making this ordinance work.** Every site is different, with unique challenges and constraints. With so many existing barriers, to get affordable housing built, the City must do what it can to make development easier. While it cannot control all of the market factors that stand in the way, it does control how the permitting process works, as well as the often-unfeasible requirements placed on housing. It is thus critical that the Affordable Housing Combining District Ordinance provides flexibility in development requirements via ministerial review. We recommend that the final ordinance specifically provide the Planning Director with discretion to approve the following measures:

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- **Increases in the Floor Area Ratio (FAR) and height where appropriate, particularly in the areas around University Avenue and California Avenue.** This will allow affordable housing developments to fully leverage the limited land we have available for housing and support transit-oriented housing that can reduce automobile dependency and traffic.
- **Waivers to retail requirements in all districts.** As many other affordable housing advocates and developers have pointed out, a retail requirement presents financing challenges and often makes an affordable housing project infeasible, even with the benefits of the combining district. Flexibility with retail requirements will ensure that critical affordable housing opportunities are not lost, especially in areas where retail is less viable.

With the draft ordinance before you, the City of Palo has an important opportunity to take action on its priorities defined in the Housing Work Plan and demonstrate its commitment to responding to its residents' affordable housing needs. We encourage you to move forward without further delay.

Again, we thank you for your leadership on this issue and for the opportunity to share our feedback.

Sincerely,



Pilar Lorenzana  
Deputy Director

