



CITY OF
**PALO
ALTO**

City Council Staff Report

From: City Manager

Report Type: INFORMATION REPORT

Lead Department: City Manager

Meeting Date: December 9, 2024

Report #:2409-3465

TITLE

Housing and Unhoused Services Gap Analysis Report

RECOMMENDATION

This is an informational report, no City Council action is needed on this Housing and Unhoused Services Gap Analysis report. This report is in response to City Council Priority Objective #52 (“Conduct a gap analysis of housing and services for the unhoused in Palo Alto, considering Council direction, City activities and work, and County activities and work”).

EXECUTIVE SUMMARY

The City Council directed staff through the City Council Priority Objectives to (1) conduct a gap analysis of housing and unhoused services in Palo Alto, considering City Council direction, City activities and work, and County activities and work, and (2) explore clearer data on the population and condition of unhoused people in Palo Alto. This staff report provides a high-level summary of the gap analysis report and incorporates relevant contextual information from data on unhoused Palo Altans. This information provides a foundation for City Council discussion staff will bring forward in 2025.

BACKGROUND

When speaking of housing in tandem with services for the unhoused, the key efforts are focused on housing stability to help people stay housed through renter protections and homeowner assistance programs in addition to achieving consistent housing for those that are unhoused. Efforts towards housing stability for homeowners would include homeowner assistance services such as temporary financial support, legal services, and case management for those at risk of losing their homes. For unhoused individuals, housing stability is distinct

from less stable housing such as couch surfing or staying in overcrowded conditions with friends or family. Housing stability also requires adequate available affordable housing.

The City of Palo Alto increased its focus on housing stability and services for the unhoused in recent years. In April 2021 staff provided a report¹ to the City Council that included the City's efforts on unhoused services using the strategies found in the [Santa Clara County Community Plan to End Homelessness 2020-2025](#).² This discussion was a foundation for the City Council to review the Santa Clara County Community Plan and later to pursue a Homekey grant. The City Council unanimously voted on August 9, 2021 to adopt a resolution endorsing the Santa Clara County Community Plan to End Homelessness with the Plan's goals to achieve countywide:

- A 30% reduction in the annual inflow of people becoming homeless,
- Housing 20,000 people through the supportive housing system,
- Expanding the homelessness prevention system and other early interventions to serve 2,500 people annually,
- Doubling temporary housing and shelter capacity to reduce the number of people sleeping outside, and
- Addressing the racial inequities present among unhoused people and families and track progress toward reducing disparities.

This plan consists of three high level strategies, which are shown below in bold, together with related City efforts in the past several years on housing and unhoused services in support of the Plan's strategies:

1. Address the root causes of homelessness

- *Renter Protections* – In 2023, the City Council expanded a variety of renter protections. This included a lower security deposit limit for unfurnished rental units as well as an extension of just cause eviction protections and decreasing the amount of time a renter must be in a property to qualify for renter protections. After City Council approval, a new renter registry program launched October 1, 2024 to assist with supporting data-informed policies and future programs and resources.

2. Improve the quality of life for the unsheltered individuals and create healthy neighborhoods for all

- *Safe Parking* – The City piloted an interim safe parking ordinance and a three-year lease with Santa Clara County for RV safe parking. The City Council approved the permanent ordinance in 2023 and the RV safe parking expansion in 2024.

¹ City Council Staff Report, April 5, 2021 [Attachment D-Stories from Providers \(cityofpaloalto.org\)](#)

² City Council Action Minutes, August 9, 2021

<https://cityofpaloalto.primegov.com/Public/CompiledDocument?meetingTemplateId=3354&compileOutputType=1>

- *Shelter* – The City applied for and was awarded State Homekey funds in late 2022. Milestones included: a cost reduction redesign and additional funding secured in 2023, permit approval and construction in 2024 and opening scheduled for 2025.
- *Resources* – A new position (Assistant to the City Manager) was added in 2022³ to provide support on housing projects and programs and coordinate multi-departmental efforts related to unhoused services. The City’s work in this area has advanced, including contributing to the release of a comprehensive status report⁴ and leveraging State Permanent Local Housing Allocation funds to pilot an outreach worker program in 2023. Improved communication and coordination relating to vehicle dwellers and the Caltrans El Camino Real Bikeway project. Staff also managed a federal earmark/grant to augment North County TRUST program (Trusted Response Urgent Support Team), an alternative response program, by providing case management, outreach and Mental Health First Aid training.

3. Expand homelessness prevention and housing programs

- *Housing* – The City contributed \$20.5 million to the 59 affordable housing unit Wilton Court Apartments (opened in 2022), held the first affordable housing resource fair, and established a temporary Housing Ad Hoc Committee in 2023. In 2024, the City received Housing Element certification and worked to advance the development plan to maintain affordability and improve conditions at the Buena Vista Mobile Home Park as affordable housing.

Recently, at the December 2023 City Council meeting, during City Council discussion⁵ of safe parking, Councilmembers indicated a desire to better understand the Palo Alto unhoused population. City Council directed staff to “explore clearer data on the population and condition of unhoused in Palo Alto.” This direction was elevated into a City Council Priority Objective that also included exploring safe parking expansion, “Initiate research to understand Palo Alto unhoused population and explore feasibility of expanding safe parking options Geng Road.”

The research piece of that objective became what is Attachment B to this staff report, “Understanding the Unhoused Community in Palo Alto (Understanding the Unhoused).” During the January 2024 City Council retreat and the spring budget hearings, Councilmembers indicated an interest in having a direction and plan for housing and services for the unhoused. The resulting City Council Priority Objective, as approved March 25, was to, “conduct a gap analysis of housing and services for the unhoused in Palo Alto, considering City Council direction, City activities and work, and County activities and work.” The resulting report is included with this staff report as Attachment A, “Housing and Unhoused Services Gap Analysis in Palo Alto (Gap Analysis).”

³ City Council Staff Report, October 25, 2021 [20211025pccsm-linked-w-times.pdf \(cityofpaloalto.org\)](https://www.cityofpaloalto.org/2021/10/25/pccsm-linked-w-times.pdf)

⁴ City Council Staff Report March 20, 2023

<https://url.usb.m.mimecastprotect.com/s/OePKCXYG6Dhj5kMF7Spb6?domain=cityofpaloalto.primegov.com>

⁵ City Council Meeting <https://www.youtube.com/watch?v=A-2CuhXvs84>

ANALYSIS

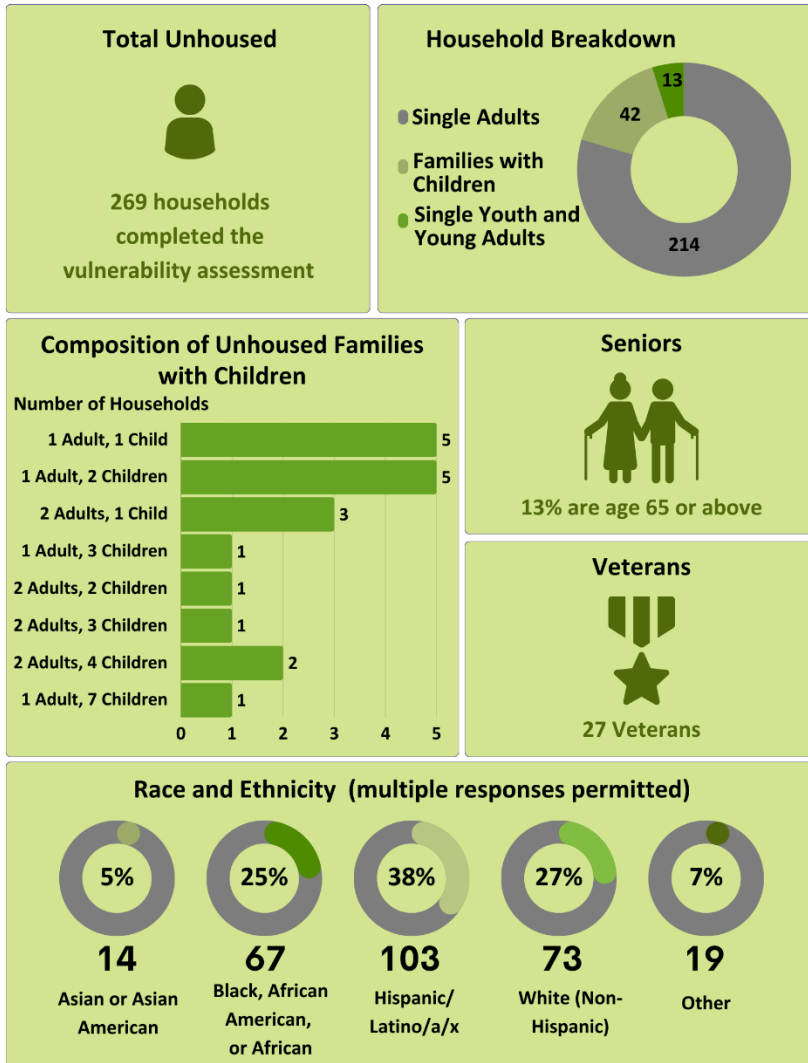
Undertaken concurrently, the Gap Analysis examines the City and County work being done to address needs relating to housing, housing stability, and homelessness, while the “Understanding the Unhoused” report provides data on people currently experiencing homelessness in the community. This data provides context for the Gap Analysis. For example, the “Understanding the Unhoused” report notes that “More people in Palo Alto experiencing homelessness are unsheltered (91%) than countywide (75%) and are more likely to be sheltering in a vehicle in Palo Alto (88%) than countywide (32%).” Complimentary to this data, the Gap Analysis discusses the role of shelter options such as hotel vouchers, and how more affordable housing improves shelter and safe parking throughput.

The below infographic from the “Understanding the Unhoused” report provides insight into people experiencing homelessness in Palo Alto in 2024⁶. This illuminating data, together with the Gap Analysis, are foundational to future effectiveness on this topic. Together, these two reports document the baseline conditions, providing an understanding of:

- Who is currently experiencing homelessness,
- What services are available to both prevent and address homelessness, and
- Whether there is enough affordable housing in the pipeline for people to achieve housing stability.

⁶ Infographic from “Understanding the Unhoused Community in Palo Alto”, see attachment. Data from Palo Alto affiliated individuals taking an assessment to receive services between July 1, 2023 and June 30, 2024. Veteran data was gathered from September 1, 2022 to August 31, 2024.

Palo Alto Unhoused at a Glance, 2024



This understanding of baseline conditions can be used to inform a strategy for addressing homelessness in Palo Alto, which staff anticipate advancing for City Council discussion in 2025.

The City of Palo Alto offers a variety of services and programs to people experiencing homelessness, as well as those in danger of becoming homeless. As described in the attachments, the City of Palo Alto has both opportunities and challenges relating to housing and unhoused services.

The Gap Analysis organized Palo Alto's current programs and services in the same categories as described in the County's Community Plan to End Homelessness. These categories, as shown above are: 1) addressing the root causes of homelessness through system and policy change; 2) improve quality of life for unsheltered individuals and create healthy neighborhoods for all; and 3) expand homelessness prevention and housing programs to meet the need. The Gap Analysis

notes where there are gaps and/or opportunities for additional or alternative approaches. **The Gap Analysis key considerations and ideas are summarized below:**

1. Addressing the root causes of homelessness through system and policy change

- While there are a variety of renter protections and anti-displacement provisions, they all require households to be informed as to their rights and require pursuing mediation or a court process. There is not a proactive monitoring system related to the protections or provisions.
- The City is employing several strategies to increase the supply of affordable housing, including a dozen Housing Element programs. There are also additional strategies the City could consider.
- The City has staff working on housing, housing stability, and homelessness, located in three different departments. This reflects the range of city functions that intersect with homelessness issues. Development of a primary organizational unit in the City responsible for housing stability and homelessness could develop specific goals tailored to the City's needs, lead to a focus on getting affordable units built, and apply for funding opportunities and develop funding strategies, among other things.

2. Improve quality of life for unsheltered individuals and create healthy neighborhoods for all

- There are a variety of services available in Palo Alto, yet many seeking shelter find it outside of Palo Alto or remain unsheltered (i.e., in a vehicle, on a couch, or outdoors). The barriers potentially leading to this include shelter capacity / availability and concerns about privacy, rules, and safety while within congregate shelter.
- Transportation can be difficult when services and programs are not nearby. For example, some services are only available in San Jose, an hour's commute via public transit.
- Timely communication is necessary to leverage services and gain housing, but access to wi-fi, computers and phones may be inconsistent.

3. Expand homelessness prevention and housing programs to meet needs

- The City has 2,336 affordable units; however, many are already full and there are long (and, in some cases, closed) waitlists.
- The pipeline for affordable housing is encouraging but still lower than and not matching to the existing need. For example, for 120 people waiting for permanent supportive housing, there are currently no such units in the pipeline.
- There are a variety of funding options from the City, County, and State, however, the competition for this money is high and demand outnumbers available funds.

In addition to reviewing existing programs and services in Palo Alto, the Gap Analysis also considered the literature and work being done in other communities. From this, the Gap

Analysis made some key findings, noting the limits of congregate shelter, the high demand for and low availability of affordable housing, the high costs associated with building new affordable housing, and the limits of enforcement. In terms of roles, while the County holds the ultimate responsibility for the “Continuum of Care,” overseeing the services and programs that help people experiencing homelessness to attain housing, the City stills plays several important and distinct roles. Besides supporting the County’s work by funding a variety of services and programs relating to housing, housing stability, and homelessness, the City is also responsible for maintaining order and public safety in the community and enforcing the rule of law where violations exist.

Enforcement:

In other agencies, encampment clearing and cleaning is an unavoidable dimension of addressing homelessness. Palo Alto's approach to encampment clearing and cleaning involves a combination of compassionate outreach and regulatory measures aimed at addressing the complexities of homelessness in the city. Overall, Palo Alto's approach aims to be both humane and practical, recognizing the need to enforce state and local health and safety laws while prioritizing the well-being of individuals experiencing homelessness, recognizing that the state of being homeless is not a crime or violation of the law.

Site Cleanups: The City enforces state and local laws to maintain public safety and cleanliness. This can include laws addressing public nuisances and regulations about camping in public spaces, with the goal of balancing the needs of homeless individuals and the wider community. When there is a need to clear an accumulation of items (e.g., from parking garages), the City provides advance notice before clearing a site, ensuring that individuals are offered the opportunity to gather and relocate their belongings.

Law Enforcement: While the primary focus is on supportive services, law enforcement may be involved when there are issues related to individual behavior which impacts overall public safety. Police officers take enforcement action where necessary, using a variety of state and local code provisions and respecting the rights and dignity of persons experiencing homelessness. The Police Department includes a special detail unit / team that regularly interacts with unhoused community members to offer assistance and works with local businesses and residents to address impact issues.

Most enforcement involves misdemeanor offenses, which are typically resolved by the issuance of a citation with a court date. Prosecution relies on the District Attorney, Public Defender and Superior Court.

Lastly, California voters in the 2024 Election approved Proposition 36 which could have unknown impacts on Palo Alto’s unhoused population. The Proposition creates a new process for some drug possession crimes, and also allows for felony prosecution of certain drug possession and petty theft offenses which are otherwise misdemeanors. These changes could

impact some unhoused individuals in Palo Alto and more broadly.

Considerations:

In terms of methods for addressing the above summarized gaps and opportunities for alternative approaches, the Gap Analysis highlighted that Palo Alto could consider some or all of the following:

- Understanding the limits of congregate shelter: addressing the need for shelter in Palo Alto by increasing non-congregate shelter using hotel voucher programs or converting hotels into shelters.
- Contributing funds to the County's Homelessness Prevention System⁷ as well as increasing awareness of its resources to stem the inflow of new people into homelessness.
- Increasing the throughput from shelters and safe parking to permanent housing and increasing affordable options for cost-burdened renters as a form of homelessness prevention. Pursuing additional new funding sources for affordable housing and considering additional programs to require and/or incentivize affordable housing.
- Increasing alignment and efficiencies, adding staff to increase ability to advance priorities, identify and utilize new funding opportunities, and pursue goals tailored to community needs by establishing a housing stability team.

Pursuing any of these methods would require further examination of feasibility and resource considerations. As previously mentioned, these observations from the Gap Analysis, together with the data from the "Understanding the Unhoused Community in Palo Alto" report, staff plan to use to inform a strategy for addressing homelessness in Palo Alto, which staff anticipate bringing to City Council in 2025.

FISCAL/RESOURCE IMPACT

This report is for information sharing only as the foundation for future discussions. No additional funding is requested with this item. The Gap Analysis work was funded with \$50,000 from the fiscal year 2024 City Manager Contingency Fund.

STAKEHOLDER ENGAGEMENT

Staff consulted with colleagues and professionals with experience locally and regionally. Additionally, as noted in the attachments, the Gap Analysis and the "Understanding the

⁷ The Homelessness Prevention program provides financial assistance, legal support, and case management to people at risk of losing their homes. It is funded by both private sector and public agencies, including the State, Santa Clara County, and the Cities of Morgan Hill, San Jose, and Santa Clara. <https://preventhomelessness.org/>

Unhoused” report both relied on meeting with community partners, service providers, City staff, and other subject matter experts.

ENVIRONMENTAL REVIEW

Receipt of this report is not a project for the purposes of the California Environmental Quality Act.

ATTACHMENTS

Attachment A: Housing and Unhoused Services Gap Analysis

Attachment B: Understanding the Unhoused Community in Palo Alto

APPROVED BY:

Ed Shikada, City Manager