



CITY OF  
**PALO  
ALTO**

# **Housing and Unhoused Services Gap Analysis in Palo Alto**



Prepared for the City of Palo Alto



**GOODCITY**  
COMPANY

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## Executive Summary

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As part of the City Council's 2024 Council Priorities and annual objectives process, the Council directed staff to conduct a gap analysis relating to the City's needs on Housing and Unhoused Services. The following report aims to explore the City's current needs relating to housing and unhoused services, as well as its services and programs, to outline gaps, and to provide information on potential actions to address the gaps. Following interviews with dozens of stakeholders (including City staff, developers, partner agencies, and non-profit providers), reviews of relevant social science research, and research on the programs and services of other municipalities, the analysis made the following conclusions relevant to Palo Alto's needs:

- 1) Congregate shelter is not accessible and/or appropriate for many unhoused community members.
- 2) Income-restricted affordable housing is the best fit for many seeking housing, but there is not readily available affordable housing for many who are seeking it.
- 3) Building affordable units is expensive, but cities can use planning programs to incentivize more affordable units (alongside or instead of funding programs).
- 4) Enforcement is unlikely to be a long-term solution.
- 5) An overarching strategy and team is often needed to address the need.

Ultimately, Palo Alto has a large number of services to help residents facing housing crises get assistance, but also faces a number of gaps - most notably, in the availability of temporary shelter and affordable units, across all income levels, but particularly with regards to affordable units for unhoused households. For example, Palo Alto has 120 unhoused community members who have been assessed to need "Permanent Supportive Housing," which is a type of affordable housing meant to provide support to unhoused households with disabling conditions. But, there are no such units entitled in Palo Alto's housing pipeline. Relatedly, 154 Palo Altans became homeless last year, but there are only 286 affordable housing units entitled to be built in the next couple of years - which means homelessness will continue to increase, unless more Palo Altans are prevented from becoming homeless or more affordable units are built.

Palo Alto has a number of opportunities to build on its existing programs and services to further address the needs of those facing housing crises in the City. While the need for housing-related programs and services is high, it is feasible to put together a number of strategies to make meaningful change, prevent homelessness and get Palo Altans into stable, affordable housing.

### **About Good City**

Good City has a long track record of serving public and private sector clients. Our Northern California based history uniquely positions the company to provide technical services tailored to the local area. Our key services include local government staffing, current planning, policy planning, economic development, and city manager's office services.

### **About Micaela Hellman-Tincher, Good City Housing Specialist**

Micaela has extensive experience in local government - and in particular North Santa Clara County - largely focused on housing and social services. Additionally, she grew up in Palo Alto, and currently lives in Palo Alto with her husband, daughter, and mother.

# 1. Needs

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Palo Altans face a diverse array of needs relating to housing. Palo Altans facing housing crises include homeowners, renters, people living in cars and RVs, people living outside, people living in shelters, people “couch surfing,” seniors, people with disabilities, families, individual adults, and transitional-aged youth. The following section aims to illustrate the particular characteristics, and the particular magnitude, of those facing housing needs in Palo Alto, in order to better determine gaps in the existing continuum of interventions and services.

On an issue as large as housing, there are many ways to consider need. Should the City only consider solutions for those who have already lost their housing, or look more broadly to those who are struggling to cover their current housing costs? Is it wise to focus on the City's current population, or to look to the future, and estimate needs based on those who might seek to work or live in the City in the future as well? The report below aims, when feasible, to give a range of data points to consider. When considering ways to address needs, municipalities sometimes come up with a definable goal - for example, no unsheltered families, shelter for anyone who desires it, or a certain number of housing units built in a five-year period. This report aims to give the City an understanding of existing needs and service gaps with which to consider these types of goals.

## *Unhoused Palo Altans*

The most critical need relates to those Palo Altans who are already unhoused. The unhoused population in Palo Alto is also diverse in its needs. For example, of the 269 Palo Alto-affiliated households assessed via the County's “VI-SPDAT” (see footnote) assessment between July 1, 2023 – June 30, 2024, nearly half, 120, need Permanent Supportive Housing (PSH).<sup>1</sup> Permanent Supportive Housing is housing that provides subsidies, as well as case management and supportive services. Permanent Supportive

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<sup>1</sup> A note on data: The two main ways to measure the unhoused population are via the “Point-In-Time” Count, and via the data in the County's Homelessness Information Management System (HMIS). This report relies on HMIS data, mainly because it includes data on responses to the VI-SPDAT (Vulnerability Index – Service Prioritization Decision Assistance Tool), which assesses the types of housing services best suited for each unhoused person based on their vulnerability and personal history. Both are useful ways of understanding the unhoused population.

Housing is for households who face a disabling condition which affects their ability to get and maintain housing. Forty-two unhoused community members were members of a family with children. Another significant subset of the unhoused population in Palo Alto are those over age 65, of which there are 35.

**Table 1.1 - Palo Alto Unhoused Population<sup>2</sup>**

<b>Unhoused Population</b>	<b>Unhoused Population Needing PSH Housing</b>	<b>Unhoused Households with a Population with Children</b>	<b>Unhoused Population Over Age 65</b>
269	120	42	35

Of note, unhoused residents in Palo Alto were more likely to sleep in a car, or to couch surf, than other unhoused people countywide. Over 70 Palo Alto unhoused individuals sleep outdoors, but a lower proportion of unhoused Palo Altans sleep outside compared with the unhoused population county-wide.

In interviews with service providers, City staff found that many unhoused Palo Altans originally come from Palo Alto, or fell on hard times after moving to Palo Alto for work. Still others have children in the local school district. This aligns with Countywide data that 85% of unhoused individuals in Santa Clara County were residents of Santa Clara County when they became homeless, and 54% had been residents for over 10 years.<sup>3</sup>

As in other parts of the County, unhoused community members are disproportionately Black/African American or Latinx/Hispanic. In August of 2024, 32% of the City's unhoused population was Latinx, while 7% of Palo Altans are Latinx/Hispanic, and 26% of the City's unhoused population was Black/African American, while 2% of Palo Altans are Black.<sup>4</sup> Destination: Home reports, "national research has shown that people of color are dramatically more likely than their white counterparts to become homeless in

<sup>2</sup> Santa Clara County VI-SPDAT responses among "Palo Alto affiliated" households, July 1, 2023 - June 30, 2024..

<sup>3</sup> "Santa Clara County Point In Time Report, 2023."

<https://osh.sccgov.org/continuum-care/reports-and-publications/santa-clara-county-homeless-census-and-survey-reports-point>

<sup>4</sup> 2020 Census Data and August Community Housing Queue Data, Santa Clara County.

America, and that the legacy of historical and contemporary structural racism is at the root of who becomes homeless."<sup>5</sup> Historical discrimination, including housing discrimination based on race<sup>6</sup>, and current barriers, such as difficulty obtaining employment and paperwork (for immigrant households), remain relevant in Palo Alto's housing crisis.

### *Those At Risk of Homelessness*

When trying to assess the need, the next most critical group is those who are at risk of becoming homeless. There are a number of ways to estimate the size of this group.

One way to understand who is at risk of becoming homeless is by looking at the "newly unhoused" in Palo Alto each year. From July 1, 2023 to June 30, 2024, 154 unhoused Palo Altans were entered into the County Homeless Management Information System.<sup>7</sup> While an imperfect number, as it doesn't include those who were perhaps unhoused earlier, but not known to outreach teams, it helps to illustrate the number of Palo Altans who go from housing to homelessness in a given year, and who would benefit from help remaining housed.

Table 1.2 describes the number of Palo Altans who applied for homelessness prevention funds through the County's Homelessness Prevention System last fiscal year, and in July and August, 2024. Per the County, "The Homelessness Prevention System provides assistance to low-income families or individuals who are at risk of losing their housing, including: temporary financial assistance, legal support, case management and other services." This demonstrates another way of understanding the housing needs of Palo Altans who are currently housed, but are at a risk of becoming homeless. The County's Homelessness Prevention System prioritizes funds based on a needs assessment, so the numbers below do not necessarily represent every Palo Alto household who may have needed these funds — rather, it represents those that qualified given the available funds.

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<sup>5</sup> "Race and Homelessness in Santa Clara County." Destination: Home.

<https://destinationhomesv.org/race-homelessness-in-santa-clara-county/>

<sup>6</sup> Palo Alto's 2023 Assessment of Fair Housing details some of the City's experience with historical discrimination regarding housing.

<sup>7</sup> Santa Clara County VI-SPDAT responses among "Palo Alto affiliated" households, July 1, 2023 - June 30, 2024.

**Table 1.2 - Palo Alto Households Enrolled in Santa Clara County Homelessness Prevention System In Recent Years**

Time Period	Number of Unduplicated Households Enrolled	Total Financial Assistance Provided
July 2023 - June 2024	111	\$488,658
July and August 2024	46	\$92,967

The broadest way of understanding Palo Altans at risk of becoming homeless is by looking at renters who spend more than 30% of their income on housing costs — a level that is defined as “cost burdened,” by the U.S. Department of Housing and Urban Development.<sup>8</sup> Households with a housing burden greater than 30% struggle to afford to live in Palo Alto, and may be sacrificing other basic needs, such as food and medical attention, in order to cover their housing costs. A single financial crisis could send the family into homelessness.

Of 11,470 renters in Palo Alto, 4,425 spend more than 30% of their income on housing costs. As shown in Table 1.3, households facing a housing cost burden span income levels. Of note, of the 4,425 cost-burdened renters in Palo Alto, over 2,000 earn “very low” or “extremely low” incomes. Spending over 30% of a very low or extremely low income on housing costs does not leave significant additional funds to cover basic needs. In real terms, this would mean a family of four would be spending over 30% of their \$55,300 annual household income on housing, leaving only \$3,225 monthly to cover medical expenses, food, child care, and other basic needs. Appendix A defines the income levels associated with Extremely Low Income (ELI), Very Low Income (VLI), Low Income (LI), and Median Income (MI), per State and Federal income limits.

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<sup>8</sup> Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data, 2017-2021 American Community Survey data.



**Table 1.3 - Cost Burdened Renters by Income Level<sup>9</sup>**

<b>ELI Renters with Housing Cost Burden Greater Than 30%</b>	<b>VLI Renters with Housing Cost Burden Greater Than 30%</b>	<b>LI Renters with Housing Cost Burden Greater Than 30%</b>	<b>MI Renters with Housing Cost Burden Greater Than 30%</b>	<b>Total Renters with Housing Cost Burden Greater Than 30% (includes households earning above MI)</b>
1,460	865	915	550	4,425

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<sup>9</sup> Department of Housing and Urban Development Comprehensive Housing Affordability Strategy Data, 2017-2021 American Community Survey data.

## 2. Existing Programs and Services

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While the need is great, several existing programs and services striving to support Palo Altans facing housing challenges.

There are a number of entities involved in addressing the housing needs of Palo Altans. Besides the City of Palo Alto, involved entities include:

- Santa Clara County. Santa Clara County coordinates the area's Continuum of Care, or CoC. As the CoC, the County receives U.S. Department of Housing and Urban Development (HUD) funds, which it subsequently distributes to service providers or uses to implement programs county-wide. These funds generally amount to \$39 million annually. The County provides an approximately \$10 million local match. The County also applies for other funding programs to implement services, which include a continuum from homelessness prevention to shelter to permanent housing. Many Palo Altans receive services via this continuum. Sometimes they receive these services in Palo Alto - for example, Palo Altans can access homelessness prevention funds via LifeMoves at the Opportunity Services Center. Sometimes they receive these services outside of Palo Alto, for example when they move into permanent supportive housing units in other cities in the County.

A condition of HUD's CoC funding is that the County must implement a "coordinated entry" system, a homeless management information system (HMIS), no-wrong-door services, and a prioritization system based on the vulnerability of various groups. This means that when an unhoused Palo Altan seeks services via the CoC, they are entered into a county-wide system. When they are seeking shelter, they are routed based on a first-come first-served basis, but also based on their needs (for example, North County residents are given preferred access to North County shelters). When they are seeking housing, they are given an assessment, known as the VI-SPDAT (Vulnerability Index – Service Prioritization Decision Assistance Tool), to determine which housing they might qualify for, and to place them on a prioritization queue based on their vulnerability. It is feasible for cities to carve out priority programs for their residents by providing funding that replaces HUD funds for specific programs - for example, providing City funds

to cover case management for specific permanent supportive housing units for Palo Alto residents.

Much of the County's work is based on the 2020-2025 Community Plan to End Homelessness, which is focused on three strategies:

- 1) Address the root causes of homelessness through system and policy change
  - 2) Improve quality of life for unsheltered individuals and create healthy neighborhoods for all
  - 3) Expand homelessness prevention and housing programs to meet the need
- State of California. The State plays a role in enforcing State laws relating to housing development. Most specifically, the State's Housing Element process will monitor the City's recently certified Housing Element. State laws, such as SB 330 - the Housing Crisis Act of 2019 - place requirements on cities to uphold renter protections and to comply with no net loss requirements relating to housing redevelopment. The State also provides annual funding allocations for affordable housing and homelessness services, via a number of grant programs that are both increasing in number and in competitiveness. The City and housing projects in the City have both earned State funding, including the City's upcoming Homekey shelter project.
  - Non-profit partners. Much of the "on the ground" service provision is provided by non-profits. These non-profits provide significant expertise and build community trust with local residents. They also frequently depend on government funders, including the City of Palo Alto and Santa Clara County, to provide services.
  - Funders. In addition to the entities listed above, private entities - including banks, companies, and investors - provide both grant funding and loans which support unhoused services and affordable housing.
  - Developers. Private developers, of both affordable and market-rate housing, are the ultimate providers of housing. Most affordable housing developers depend on a mix of private and public funds to finance their housing, and are therefore

often required to implement specific housing programs as a condition of the funding. Developers partner closely with various suppliers, contractors, and skilled trades to do the actual construction of the units - and the price and availability of these partners intimately affects development costs.

#### *Palo Alto Programs and Services And Known Gaps*

The existing programs and services offered in Palo Alto are divided below into the three strategies that align with the Community Plan to End Homelessness, as listed above.

#### 1) Address the root causes of homelessness through system and policy change

This report is mostly focused on programs and services, but there are several strategies in place in Palo Alto that do help address systems causing homelessness.

These include some of the City's renter protections, such as:

- Security deposit limit of 1.5x rent for unfurnished units
- Just cause eviction protections, expanded to more recent tenants and newer buildings
- One year lease requirements
- Project Sentinel Palo Alto Mediation Program, funded by the City of Palo Alto.

It also includes anti-displacement provisions required by both the City and the State, including:

- Relocation assistance for no fault evictions
- Housing Crisis Act - First right of refusal for displaced households in new buildings

All of the above programs require households to be informed about their rights, and often require the pursuit of a mediation or court process to rectify any wrongs. There is not a proactive monitoring system in Palo Alto for the protections above.

The City also has several strategies in place aimed at increasing the supply of market rate and affordable housing via planning processes - which in addition to the funding programs discussed below, are key for addressing the underlying issue of housing scarcity. These include the following Housing Element programs in process:

- Downtown Housing Plan
- Housing on City-owned lots

- Evaluation of fees and fee amendments
- Developer coordination
- Considering Below-Market-Rate Program modifications
- Housing Incentive Program
- Housing Incentive Program (HIP) and Affordable Housing Incentive Program (AHIP) modifications
- Expansion of the El Camino Real Focus Area
- Streamlining
- Allowing more mixed-use development at commercial sites
- Seismic regulations update
- Code amendments for alternate housing types

In addition to this multitude of programs, there are opportunities for further planning programs aimed at increasing housing and specifically, affordable housing development, further discussed in Section 3.

Finally, the City has staff dedicated to addressing housing and homelessness, including 2.5 FTE in Planning, 1 FTE in the City Manager's Office, and 2 FTE in Community Services (not exclusively working on unhoused services).

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

There are a number of strategies aimed at improving the quality of life of unhoused Palo Altans. In general, these kinds of services draw from a range of funding sources. Meals are largely provided by private groups. Medical care is largely paid for by federal, state, and County funds. The majority of shelter is funded by the County and State, but there are two small shelter programs in Palo Alto that receive some funds from Palo Alto, as well as private funding. Below is a list of services available to unhoused Palo Altans:

- *Medical Services* - Peninsula Healthcare Connection and Ravenswood Family Health Center offer medical services, including mental health services. The North County TRUST Team and the Psychiatric Emergency Response Team (PERT) are meant to provide mental health services on demand in response to calls for assistance. PERT is still awaiting a clinician. Peninsula Healthcare Connection,

Ravenswood Family Health Center, and the North County TRUST fund rely on federal, state, and County funds. The City contributed some grant funding to the North County TRUST team. The PERT team is run by the City.

- *Food Services* - There are four food distribution sites in Palo Alto, including hot meals and groceries. The City and County both provide support to La Comida, and the food programs also benefit from private donations. CalFresh and WIC is also available via the County, funded in part by County, state, and federal funds. Palo Altans can sign up via the County at their North County Social Services office in Mountain View, or via outreach services at the Opportunity Center (sometimes).
- *Shelter Services* - Palo Altans can seek shelter in the following locations:
  - Hotel de Zink: a shelter with space for approximately 15 adults at rotating locations (generally faith-based institutions) around the City. LifeMoves coordinates the shelter program, and the City contributes funds.
  - Home and Heart Collaborative: a winter shelter program with space for approximately 15 women at rotating locations (generally faith-based institutions) around the City. The City contributes funds.
  - Overnight Warming Location (O.W.L.): Last year, the City opened the downtown library for overnight shelter during cold weather events. This site can serve approximately 10 people during a cold weather event and was open for 15 nights during the cold weather season.
  - Shelters in Mountain View and Sunnyvale, including the Mountain View Homekey Shelter (serving adults and families in a non-congregate setting), the Sunnyvale Shelter (serving families and adults in a congregate setting), and the Mountain View cold weather shelter hosted at a Mountain View church (serving women in a congregate setting in the winter months). These sites are largely funded by Santa Clara County, using a variety of funds, with contributions from Mountain View and the state for the start up of the Homekey Shelter.
  - Shelters elsewhere, including East Palo Alto and San Jose.
- *Safe Parking* - Palo Altans living in vehicles can live in the City's safe parking program, run in partnership with Santa Clara County and MoveMV at a variety of

sites offered by Palo Alto congregations. There is also a recently expanded site for RVs on city-owned property at Geng Road that offers a variety of amenities on-site, including showers, bathrooms, and laundry facilities.. The congregational sites have rules limiting the hours of use to overnight only, and to cars only.

- *Outreach* - Outreach workers help inform unhoused Palo Altans about services, and try to connect them to both short-term and long-term assistance, tailored to their needs. Several local non-profits perform outreach, including Peninsula Healthcare Connection, Downtown Streets Team, Karat School Project, and LifeMoves provide local outreach. The City, together with some funding from Stanford University, pays for a two-person outreach team from LifeMoves. The County also funds outreach through the Bill Wilson Center. Outreach workers often struggle to engage households living in vehicles, and households who work during the day (these categories often overlap).
- *Other Services*
  - *Employment* - Downtown Streets Team has a model that aims to provide employment opportunities for unhoused Palo Altans.
  - *Shower and Laundry* - Dignity on Wheels, run by WeHope and funded in part by the City as well as the County, provides shower and laundry services, as does the Opportunity Center run by LifeMoves.

Despite this range of services, there are major gaps, and sometimes insurmountable barriers, that prevent unhoused community members from using these services. One service provider shared, “to ask somebody to go do these 10 steps [to apply for a program] over a six month period, you might as well ask them to go get accepted to Harvard and...graduate with a degree.”<sup>10</sup>

The following gaps relating are most significant relating to quality of life for unhoused individuals:

- *Inaccessibility and inappropriateness of existing shelters.* Besides the City's two rotating shelters, which move between congregations, the Heart and Home Collaborative and Hotel de Zink, and the City's Overnight Warming Location

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<sup>10</sup> Interviews with Service Providers, Kathryn Fortenberry for “Understanding the Unhoused Community in Palo Alto: A 2024 Perspective.”

during cold weather events, most Palo Altans seeking shelter need to do so elsewhere. Families with children have nowhere to go for shelter in Palo Alto until the City's Homekey site opens. In 2022, only 24 Palo Altans used the Sunnyvale North County Shelter, and only 122 Palo Altans used other "North County" shelters.<sup>11</sup> This represents less than half of the City's unhoused population. The rest of Palo Altans sleep on the street, in RVs and cars, couch surf, or go further for shelter. This is likely due to barriers to shelter use, discussed further in section three of this report. In short, issues relating to shelter privacy, shelter rules, and shelter safety can be barriers, as is pure shelter capacity.

- *Issues with transportation.* Despite the large array of services in Palo Alto, some services - such as those related to confirming one's identification - are only available in San Jose, which is over an hour away when using public transportation. Even within Palo Alto, transportation issues can have a big impact on those seeking services. One service provider shared that in order for a community member to get from a shelter (at a rotating location) to their regular breakfast program, they would have to walk several miles every morning, as bus services were not available early enough to get them to the breakfast in time. It would be more practical for the client to sleep closer to the breakfast program, even if that meant remaining unsheltered.<sup>12</sup> While the forthcoming Homekey Shelter will offer a number of services on site, its location far from main thoroughways and the City center may be challenging for unhoused Palo Altans who need to access services and supports located elsewhere.
- *Access to communication.* Unstable access to wi-fi, computers, and phones make it particularly difficult for unhoused community members to seek services and secure housing. It is difficult to find out if you've gotten off a waitlist, for example, if it is hard to be contacted. When applying for programs, like CalFresh or MediCal, or, as discussed further in the next section, applying for housing, you often need to submit documents and fill out multiple applications, which is nearly impossible without regular computer access. While both the library and the Opportunity Center offer computer access, and there are programs offering cell

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<sup>11</sup> Santa Clara County Analysis of Palo Alto-Affiliated VI-SPDAT Responses, 2022.

<sup>12</sup> Same as above..



phones, none of these ensure stable access to the communication systems on which most programs, and certainly our society, run.

- *Issues specific to unique needs.* Service providers report other obstacles facing specific populations - such as senior households who cannot work and increase their income, or undocumented households who may not have the proper paperwork to obtain employment or needed services.

Of course, the ultimate quality of life outcome for unhoused Palo Altans is to stabilize in permanent housing. The current options for permanent housing and homelessness prevention are discussed further below, in strategy 3, but an anecdote from a service provider helps to explain how the lack of housing options impacts quality of life issues. According to one service provider, outreach workers helping unhoused community members often encounter a lack of trust, and a lack of desire to engage in services in shelter, when waiting for housing becomes demoralizing.<sup>13</sup> He shared, for example, that trying to sign up seniors for housing programs, when the waitlist is likely several years can lead to a lack of desire to continue with other outreach efforts. Understandably, the many barriers faced by unhoused community members when seeking services can make it very difficult for them to stay engaged with services, especially when a happy end result seems unlikely.

### 3) Expand homelessness prevention and housing programs to meet the need

Ultimately, housing is the only permanent stable outcome for unhoused Palo Altans. As discussed further in section 3, below, affordable housing, rather than market-rate housing, is often the only viable option for unhoused Palo Altans. The VI-SPDAT assesses the types of housing needed by unhoused community members. In July 2023 through June 2024, 115 unhoused Palo Altans were assessed to need Rapid Rehousing, while 120 were assessed to need Permanent Supportive Housing.

Rapid Rehousing (RRH) units are meant to give unhoused households a deeper rental subsidy at first, eventually tapering towards more typical affordable rents as the household stabilizes. As described above, Permanent Supportive Housing (PSH) units provide deep subsidies, services, and case management for households who have a

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<sup>13</sup> Interviews with Service Providers, Kathryn Fortenberry for "Understanding the Unhoused Community in Palo Alto: A 2024 Perspective."

disabling condition that would prevent them from increasing their income in the future. Both of these kinds of units have most recently been funded by Santa Clara County's Measure A funds, which are nearly entirely expended.

There are also many unhoused households who might be able to take advantage of affordable housing that simply provides a subsidy based on income. These affordable units might be part of the City's Below-Market-Rate (BMR) program, which means they were provided as part of a market-rate development. Or, they could be subsidized in a development built by an affordable housing development, which typically is funded in part by state, private, County, and City funding.

Palo Alto currently has 2,336 affordable units, including:

- 242 Below-Market-Rate Ownership Units
- 345 Below-Market-Rate Rental Units, ranging from 30% AMI to 120% AMI
- 1,553 subsidized units (not including the PSH units listed below), ranging from 30% AMI units to 60% AMI units for families, seniors, individuals, formerly homeless, and people with disabilities
- 196 units that could be described as permanent supportive housing (although they were built before the term was standardized)

Many of these units are already full, and there are long waitlists, or even closed waitlists.

Looking forward, Palo Alto has several entitled projects with affordable housing units included. Table 2.1 shows the number of currently entitled affordable housing units at various income levels, not including PSH and RRH units, and not including forthcoming BMR inclusionary units:

**Table 2.1: Currently Entitled Affordable Housing Units (not inclusive of Rapid Rehousing and Permanent Supportive Housing Units)<sup>14</sup>**

Income Level	ELI	VLI	LI	MI	Above MI
<b>Forthcoming Units</b>	46	90	44	36	38

Table 2.2 considers whether the types of forthcoming units in Palo Alto align with those needed for unhoused residents currently 'in the queue' for housing. It compares the number of unhoused individuals in Palo Alto, assessed by the VI-SPDAT as needing rapid rehousing or permanent supportive housing, with the number of newly approved affordable units in Palo Alto that will include these services. Most notably, there are no new permanent supportive housing units expected in Palo Alto in the next few years, despite there being 120 unhoused people affiliated with Palo Alto who have been assessed to need this kind of housing and will have to seek it outside of Palo Alto.

**Table 2.2: Palo Alto Unhoused Assessed to Need Rapid Rehousing or Permanent Supportive Housing vs. Forthcoming Units<sup>15</sup>**

Service Needs	Rapid Rehousing	Permanent Supportive Housing
<b>Forthcoming (entitled) Units</b>	32	0
<b>Palo Alto Unhoused Residents Assessed to Need Various Services</b>	115	120

There are a number of funding programs aimed at increasing the supply of affordable housing, including rapid rehousing and permanent supportive housing, including:

- City funds

<sup>14</sup> The forthcoming units are drawn from the expected income levels of units being built at the following entitled projects: 525 E. Charleston, 3001 El Camino Real, 231 Grant Ave. Forthcoming below-market-rate inclusionary units, and non-entitled projects are not included. The needs of unhoused residents is from the County's VI-SPDAT..

<sup>15</sup> Same as above.

- City Affordable Housing Fund, including funds from the City's business tax, and development fees
- CDBG Funds
- Local Housing Trust Fund
- Permanent Local Housing Allocation Funds
- County Funds
  - Measure A (nearly expended)
  - Stanford Affordable Housing Fund
- State Funds
  - State SuperNOFA Funds
  - Homekey
  - Tax Credits

All of these funds face scarcity compared to demand. The City released a Notice of Funding Availability in September 2024 to solicit proposals for affordable housing developments that could receive local affordable housing funds. Additional funds are expected to be needed to address the planned pipeline of affordable housing projects in Palo Alto. County Measure A funds are nearly all expended. And, increasingly, many state funds are more competitive and are harder to obtain at the levels a project needs. Many projects have had to apply for funding in multiple rounds, or seek alternative funding, due to the increased competition for state funding.

As demonstrated, there simply aren't enough forthcoming affordable units of any type to meet the needs of unhoused Palo Altans. Exacerbating the issue is that each household has their own unique needs relating to affordable housing. For example, some households may face unique challenges, such as major credit issues, that could stymie their affordable housing efforts. Others have unique household sizes, that make it difficult to find a unit - for example, there are several unhoused Palo Alto households with multiple children who will need larger units.

While much of the focus of this report is on the currently unhoused, one of the easiest ways to address homelessness is to prevent people from losing their housing in the first place.

The following homelessness prevention programs are available in Palo Alto:

- *Homelessness Prevention System.* This program is funded by the County, and funds are distributed based on need. 111 Palo Altans used this program last year. Some cities contribute additional funds to the program. LifeMoves is one of several distributors of these funds.
- *Housing Problem Solving.* This County-funded program allows service providers to provide counseling to try to address housing issues creatively and quickly. It is associated with flexible funds available for practical problem solving that prevents homelessness (for example, furniture that might make it feasible to stay with family). Several service providers offer this service, and it can also be accessed by calling the shelter hotline.
- *Rental subsidies.* When the vouchers are available, Palo Altans can access federally-funded Section 8 vouchers to make market-rate units affordable. These vouchers are often associated with long or closed waitlists.

All of these homelessness prevention programs are limited in capacity, compared to need. There are not enough homelessness prevention funds to meet the need, nor affordable units to serve all the households facing crisis.

Affordable housing itself can also be a homelessness prevention program, in that households can move from unaffordable market-rate housing to subsidized housing, rather than falling into homelessness when a financial crisis or an increase in rent forces them out of their housing. In Palo Alto, the number of cost-burdened renters (those spending over 30% of their income on housing) at various income levels is compared to entitled and proposed affordable and market-rate units in table 2.3. While only a small portion of all cost-burdened renters will become homeless in any given year, by definition, all of them would benefit from help affording their housing, either via an affordable housing unit, rent subsidies, income assistance or some other program.

**Table 2.3: Currently Entitled and Proposed Housing Units (not inclusive of Rapid Rehousing and Permanent Supportive Housing Units) Compared to Cost Burdened Renters**

<b>Income Level</b>	<b>ELI</b>	<b>VLI</b>	<b>LI</b>	<b>MI</b>	<b>Above MI</b>
<b>Entitled Units</b>	46	96	49	60	331
<b>Proposed Units (not yet entitled)</b>	3	22	408	51	1,973
<b>Cost-Burdened Renters</b>	1,625	795	820	460	4,220

### 3. Literature Review and Relevant Programs and Services from Other Municipalities

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The following section summarizes key findings in the literature and highlights promising solutions to address the known gaps and known needs in housing and unhoused services in Palo Alto. The key findings touch on the limits of congregate shelter, the high demand for and low availability of affordable housing, the high cost of building new affordable units, and the limits of enforcement.

#### *Congregate shelter is not accessible and/or appropriate for many unhoused community members.*

In Palo Alto, a majority of unhoused residents are unsheltered,<sup>16</sup> living in an RV, car, on the street, or on a couch.<sup>17</sup> This is reflective of a larger statewide trend that unsheltered homelessness is increasing faster than sheltered homelessness.<sup>18</sup>

In addition to inherent safety issues related to remaining unsheltered, unsheltered households in Palo Alto are less likely to access services, ranging from basic support services like healthcare and food, to support applying for housing or overcoming barriers to housing. As the City's safe parking provider explained, unhoused residents often have to spend much of their time ensuring that they have a safe place to sleep. Once they are in a program like safe parking, they have the space and stability to make longer-term plans relating to their housing and livelihoods. And despite the best efforts of outreach workers, it is easier for households to work with case managers and service providers when they can do so at the same place where they are staying.

There are a range of reasons that an unhoused person may be unsheltered. The Department of Housing and Urban Development (HUD) discusses the following

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<sup>16</sup> In counts of unhoused households, unsheltered typically means living outside of a shelter or transitional housing program - including living in an RV or car, living on the street, and couch surfing.

<sup>17</sup> Santa Clara County VI-SPDAT responses among "Palo Alto affiliated" households, July 1, 2023 - June 30, 2024..

<sup>18</sup> "Five Recent Trends in Homelessness in California." Turner Center for Housing Innovation, UC Berkeley.  
[https://turnercenter.berkeley.edu/wp-content/uploads/2023/10/Five-Trends-in-CA-Homelessness\\_Oct-2023-5.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/2023/10/Five-Trends-in-CA-Homelessness_Oct-2023-5.pdf)

shortcomings in the shelter system that contribute to households living in encampments.<sup>19</sup> While these shortcomings examine the reason households choose encampments instead of shelter, they remain true in Palo Alto, where many households instead choose the relative privacy of living in a car or RV, couch surfing, or living on one's own on the street. HUD lists the reasons households remain outside of shelters as follows:

- Lack of available shelter space. This is particularly relevant in Palo Alto, where most sheltered unhoused Palo Altans need to seek shelter in other towns. The distance to available shelters is a barrier to seeking shelter. In fact, most Palo Altans in emergency shelter are in shelters in San Jose, which can be over one hour away by public transit.
- Concerns about shelter safety and privacy. Many families and single women choose to remain outside of traditional shelter systems because the communal settings feel unsafe for themselves or their families. Many families with children, especially, prefer living in vehicles, where they can have a semblance of privacy and control, rather than a communal shelter setting. Many single women prefer women's only shelters.
- Shelter rules that would separate individuals from members of a family, a partner, or a pet.
- Rules relating to entry and exit times, sobriety or other difficult to follow restrictions. While there are some specialized programs for those facing issues of sobriety, most shelters will not allow continued disruptions due to lack of sobriety.

A local service provider describes the issue as follows, "If we're lucky [after calling the shelter hotline]...clients will be accepted and taken into shelter right there and then. But sometimes, it's difficult because the waiting list is so long...Sometimes there's clients...so used to living out in the outdoors that that's where their comfort zone is at and being in. Being in a shelter is abnormal to them."<sup>20</sup>

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<sup>19</sup> The referenced report defines encampments as "groups of people experiencing unsheltered homelessness together." From: "Understanding Encampments of People Experiencing Homelessness and Community Responses: Emerging Evidence as of Late 2018," U.S. Department of Housing and Urban Development.  
<https://www.huduser.gov/portal/sites/default/files/pdf/Understanding-Encampments.pdf>

<sup>20</sup> Interviews with Service Providers, Kathryn Fortenberry for "Understanding the Unhoused Community in Palo Alto: A 2024 Perspective"



Other municipalities have offered the following to address this issue:

- 1) *Increasing non-congregate shelter*<sup>21</sup> options. Per the Turner Center at UC Berkeley, "Research suggests that non-congregate shelters can provide more stability and more effective services than congregate shelters can to support residents' steps to move back into housing, such as working with case managers, applying for housing assistance, and searching for an available housing unit."<sup>22</sup>

The City's safe parking program is a good first effort at providing a sheltering program that is more attractive to unsheltered households. Similarly, the City's upcoming Project Homekey will also offer non-congregate sheltering options. That said, the City may find that there is more demand for non-congregate shelter than spaces available. If that is the case, the following option may be of consideration.

- 2) *Using Hotels as Temporary or Permanent non-congregate shelters.* The City also has a number of underutilized hotels along El Camino Real, at least one of which was used for non-congregate sheltering during the COVID-19 pandemic. These hotels may be a particularly cost-effective option for offering shelter to households who are facing immediate homelessness, and are unable to access shelter due to shelter capacity issues. The County of Santa Clara, the City of Santa Clara, and the City of San Jose have all begun work on sheltering options in hotels. Motel vouchers are also a common option offered by agencies serving those whose homelessness is caused by domestic violence. This would not necessarily need to be something the City took on by itself, but rather, through partnerships with funders, other municipalities, and non-profits, in order to address a desire to provide non-congregate shelter to those actively seeking it.

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<sup>21</sup> HUD defines non-congregate shelters as one or more buildings that provide private units or rooms for temporary shelter, serve individuals and families that meet one or more of the qualifying populations [generally, homeless, at risk of becoming homeless, or fleeing abuse], and do not require occupants to sign a lease or occupancy agreement.

<sup>22</sup> "Five Recent Trends in Homelessness in California." Turner Center for Housing Innovation, UC Berkeley.  
[https://turnercenter.berkeley.edu/wp-content/uploads/2023/10/Five-Trends-in-CA-Homelessness\\_Oct-2023-5.pdf](https://turnercenter.berkeley.edu/wp-content/uploads/2023/10/Five-Trends-in-CA-Homelessness_Oct-2023-5.pdf)

Income-restricted affordable housing is the best fit for many seeking housing, but there is not readily available affordable housing for many who are seeking it.

There is often a well-intentioned misunderstanding that if unhoused households would only accept help, they would move to housing. This misunderstanding is often particularly discussed when assuming throughput for shelters and transitional housing programs. It is not appropriate to assume that sheltered households will exit the shelter into permanent housing. In fact, in Santa Clara County from May 2022 through April 2023, only 38% of households in shelters exited the shelter into permanent housing, and only 28% of households in transitional housing exited the transitional housing into permanent housing.<sup>23</sup> This lack of exit to permanent housing reflects, among other things, the critical lack of affordable permanent housing options compared to the need, as illustrated above in Section 2.

It is also worth noting that it is extraordinarily difficult for a household to look to employment as their only solution for their housing crisis. That is, while employment may help a household to pay the rent in a subsidized affordable unit, in Palo Alto, where market-rate units are particularly expensive, it is difficult to get enough employment to move from being cost-burdened or homeless into being able to afford a market-rate unit. Joint Venture Silicon Valley's 2024 Silicon Valley Index reports that the median service worker earns \$46,500, while a household of four needs \$30/hour, or \$62,400 annually, to meet the index's "self-sufficiency" wage (defined as "a no-frills, bare-bones minimum for affording basic human needs such as housing, childcare, food, transportation, and healthcare" in Silicon Valley).<sup>24</sup> That is, for the median service worker to be able to afford housing for their family of four in Palo Alto without being cost-burdened, they need affordable housing with a subsidized below-market rent. When affordable housing is lacking compared to demand (as discussed in section 2), there are few solutions for these households, other than leaving the area.

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<sup>23</sup> "Supportive Housing System in Santa Clara County." Santa Clara County Office of Supportive Housing. Report to County Housing, Land Use, Environment and Transportation Committee, June 20, 2023.

[https://osh.sccgov.org/sites/g/files/exjcpb671/files/documents/SH%20Dashboard%20and%20TemporaryHousing\\_PSH\\_Report\\_June\\_2023\\_Final.pdf](https://osh.sccgov.org/sites/g/files/exjcpb671/files/documents/SH%20Dashboard%20and%20TemporaryHousing_PSH_Report_June_2023_Final.pdf)

<sup>24</sup> "2024 Silicon Valley Index." Joint Venture Silicon Valley.

<https://jointventure.org/images/stories/pdf/index2024.pdf>

One potential opportunity involves increasing homelessness prevention programs. There are several cities that contribute to the County's Homelessness Prevention program, with the aim of preventing households from falling into homelessness in the first place. If the City were to consider this option, it would need to work with the County to determine an appropriate funding amount that would augment the County's program, in hopes of better meeting the need.

*Building affordable units is expensive, but cities can use planning programs to incentivize more affordable units (alongside or instead of funding programs).*

For the past several years, affordable housing in Santa Clara County has benefitted from a mix of state funding, the County's Measure A program, and local funds. State funding has become considerably more competitive, and the County's Measure A funds are close to depleted. While a regional funding measure<sup>25</sup> was recently on the ballot, it has since been pulled.

The City of Palo Alto already appropriates a portion of its business tax towards affordable housing and unhoused services. The City also contributes specific development impact fees and in-lieu fees towards affordable housing. Per the City's Housing Element, the City expects \$20 million to be set aside for these uses over the next eight years, which the City estimates could provide gap funding for 55 affordable housing units. As noted in section 2, the City is already planning to undergo nexus studies relating to impact fees.

The City also has existing planning programs, as well as planning programs currently under review (as noted in section 2), meant to incentivize affordable housing. For example, the Affordable Housing Incentive Program (AHIP) specifically provides for major flexibility for affordable housing developers to increase density, and waive certain development regulations. The Housing Impact Program, provides greater flexibility for residential development in commercial zones and allows for increased density, both for market-rate and affordable housing developers.

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<sup>25</sup> The Bay Area Housing Finance Authority had originally authorized a large funding measure, meant to provide affordable housing funds across the Bay Area. This measure has since been removed from the ballot.

In order to continue to build affordable housing in Palo Alto, the City can build on its work by :

- increasing available funding,
- making the development of affordable housing more affordable, and/or,
- requiring or incentivizing the creation of affordable housing.

The following are options for each of these possibilities:

### **1) Increasing available funding.**

Several local municipalities have sought alternative sources of funding for affordable housing via ballot measure. To augment currently available funding, the City may consider engaging analysts to evaluate the potential of additional funding sources, such as a transfer tax (as in the City of San Jose) or a vacancy tax (as in the City of Berkeley) to provide the City with funding exclusively for affordable housing. In addition to simply making affordable housing development more feasible, the City's ability to offer affordable housing funds makes it possible for the City to require developments to meet the City's housing needs — for example, more ELI units.

### **2) Making the Development of Affordable Housing More Affordable.**

Many local cities, including Palo Alto, have used publicly-owned land and institutionally-owned land for affordable housing, which in turn reduces the affordable housing development's funding needs by the price of the land, which is significant. Recently, the City of Palo Alto requested refined proposals for a public-private partnership to develop affordable housing on a downtown city-owned surface lot. The County of Santa Clara's two affordable housing developments in Palo Alto are on County-owned land. Palo Alto also has partnered with local institutions in the past — such as Stanford University — to use land contributions to meet City requirements and needs. There are possibilities for building on this example to create more opportunities for land donations for affordable housing — including City-owned parking lots, privately-owned parking lots (with incentives offered for development on other parts of the land), and institutional sites (such as places of worship or schools) facing redevelopment.

### **3) Requiring or Incentivizing the Creation of Affordable Housing.**

*Inclusionary Rental Housing.* Requiring inclusionary affordable units in rental housing may, depending on how the inclusionary requirement affects the costs of development, significantly increase the supply of affordable units in Palo Alto. Many cities in the Bay Area, including Menlo Park, Mountain View, Morgan Hill, Los Gatos, Campbell, San Jose, San Francisco, and others have inclusionary housing requirements for rental projects.

Many cities fine-tune their inclusionary requirements to 1) prevent the inclusionary requirement from meaningfully decreasing development, and 2) incentivize the creation of units of the specific size and income levels that meet their needs (for example, requiring less ELI units or more MI units to meet the same requirement). Any such requirement will likely also require the fine-tuning of the City's rental housing in-lieu fees to make the fee requirement (which would become an alternative to creating inclusionary units) more comparable to the cost of creating inclusionary units. An inclusionary requirement would also need to be carefully considered with respect to the City's Housing Incentive Program and Housing Focus Areas to ensure all three programs could coexist to increase the development of affordable housing.

*Going Beyond Density Bonus for Affordable Housing.* The City already offers incentives and concessions to builders who develop affordable housing, per state Density Bonus Law and the City's Affordable Housing Incentive Program. There are other options that have been offered in other municipalities and in the state in order to incentivize the creation of affordable housing, in particular:

- The City of San Diego created a Bonus ADU program, which allowed for the creation of additional ADUs (beyond SB 9 requirements) if some of the additional ADUs were deed-restricted to be affordable units for a limited period of time.
- The State's "Builder's Remedy," while controversial, allowed for significant density increases in exchange for the creation of affordable units. Time will tell the actual success of this program in developing affordable units.

The City could consider additional incentives and concessions for those proposing affordable housing that particularly meets the city's needs. This might go beyond the City's existing Affordable Housing Incentive Program in that it

would include market-rate developers with included affordable units, or would provide additional development concessions that affordable housing developers propose. Any exploration of this option would require the engagement of housing developers as well as an economic policy analysis firm to analyze the appropriate incentives to create more affordable units in Palo Alto.

*Replacing Commercial Development Impact Fees with Options for Building Housing.* Depending on Palo Alto's anticipation of commercial development, the City could adopt incentives (such as waiving development impact fees), to encourage commercial developers to build affordable units. The City embarked on an effort like this at the Fry's site. This is generally effective in places where there will be vast commercial development, which is less common in Palo Alto, but could be adapted, for example, in smaller tracts, such as shopping centers undergoing redevelopment or existing commercial zones undergoing redevelopment. These requirements would likely match well with the City's existing efforts to allow for mixed-use development on formerly commercial-zoned sites. In Redwood City, the city encourages "simultaneous development" of residential and commercial.

*Enforcement is unlikely to be a long-term solution.*

In general, there are very few tools for law enforcement to provide permanent solutions for unhoused households. While there are some citations that law enforcement can issue, and while law enforcement often plays an important role when there are health and safety issues, ultimately, forcing households to move or issuing a citation does not address the long-term issue of households not having a long-term place to live. Even in places where things like parking bans have been enforced, households have simply moved around to other areas nearby. As discussed in section 1, many unhoused households in Palo Alto have connections in Palo Alto, and have incentive to stay - for jobs, for kids in local schools, or for proximity to family or community.

County staff shared that often citations and removals end up causing additional barriers for households trying to stabilize and seek housing. Households that are moved are harder to reach by outreach workers, who may have been working with them in a known location. When citations are issued, households who are already facing financial

struggles incur another financial obligation that makes it harder for them to get funds together for basic needs or housing solutions. Often, these enforcement actions make it harder for households to ultimately get housing.

While this analysis is focused on housing and services for the unhoused, the City is also reviewing its own enforcement and that of neighboring and like jurisdictions, in light of the recent Supreme Court decision enabling jurisdictions to engage in enforcement activities previously halted under a 9<sup>th</sup> circuit opinion.

*An overarching strategy and team is often needed to address the need.*

As discussed above, the need is large when addressing housing crises, and municipalities often need to set discrete goals and cohesive strategies in order to effect change. This includes, for example, setting requirements for BMR inclusionary housing to have a specific affordability level that the City knows is of particular need, focusing affordable housing funds on a specific type of affordable housing that will address the needs of the unhoused, or building shelter programs to serve an underserved population.

Many cities, including the cities of Milpitas, Morgan Hill, Cupertino, Mountain View, Santa Clara, Sunnyvale, and San Jose have a specific housing department (or division or unit) whose role is to administer the City's various housing programs, services for unhoused residents, and to implement strategies as discussed above. While Palo Alto has a number of staff across multiple departments — the Community Services Department, the Planning and Development Department, and the City Manager's Office — who work on elements of housing and homelessness, there is no central hub.

Some cities have a housing team that mainly works on issuing funds and supporting affordable housing developments through the planning process. Others have housing teams that also implement supportive programs serving unhoused communities. Still others focus on rental protections. Nearly all require investment into work related to grant funding and coordination with potential partners.

A centralized housing team could work on the following:

- Developing specific goals tailored to the City's housing needs. This would go beyond the goals set in the Housing Element to tailor goals to specific — and

occasionally changing — needs in the cost-burdened and unhoused populations.

- Coordinating existing and future efforts - both with regards to housing and serving the unhoused - so that they are aligned and working towards the aforementioned goals.
- Developing relationships with affordable and market-rate developers to understand barriers to housing development.
- Serving as a "responsible party," as developments go through the City's planning process, helping to advise developers on streamlined processes, and coordinating with other departments for more efficient and seamless review processes. The goal for this role is to "get stuff done," - that is, get affordable housing built.
- Applying for funding opportunities and developing funding strategies.
- Partnering with non-profits and other municipalities to pool resources and collaborate on solutions.

The list above is not a comprehensive list of possible programs. It includes those that link most directly to Palo Alto's current efforts. Appendix C lists some other programs and services offered by other municipalities that could be considered for Palo Alto.



#### **4. Summary of Gaps**

Palo Alto has both significant needs relating to housing and the unhoused, and significant services and programs meant to address those needs, and yet, because of the depth of the housing crisis, gaps remain.

One of the most notable gaps involves the need for non-congregate shelter, which could provide an important option for unsheltered Palo Altans to stabilize, and receive services. While the City's upcoming Homekey site may address a large portion of the need for non-congregate shelter, more options may be worth considering to meet the demand, such as a motel voucher program with key partners.

Another notable gap is the quantity and type of affordable housing expected to be produced in the City, compared with the number of unhoused Palo Altans, and the number of Palo Altans at risk of becoming unhoused. While the City currently has programs in place meant to incentivize and fund affordable housing, additional programs are needed to create the quantity and type of units necessary to house the City's currently unhoused population.

Additionally, given the number of Palo Altans who become homeless annually, and the number of Palo Altans facing housing cost burdens, more options are needed to prevent households from becoming homeless. While housed Palo Altans facing housing crises currently benefit from programs like the County's Homelessness Prevention System, further supports - either through an expansion of this program or some other program - are needed to prevent Palo Altans facing rent burdens from falling into homelessness.

Armed with the knowledge of the City's current needs relating to housing and the unhoused, the City can strategize on the best paths forward to address them. Unlike most cities, Palo Alto does not have a centralized housing team to dedicate time to coordinating the City's strategies relating to housing and the unhoused. Such a centralized office allows the City to focus on moving projects and programs through the process and into production. Depending on the City's goals, the team can focus exclusively on getting affordable units built, and the funding and planning processes that entails, or can more broadly coordinate rental protections, unhoused services, and even homelessness prevention-related programs.

## APPENDIX A: Income Categories and Definitions

This report uses the following definitions for income categories, which combines the definitions in the U.S. Department of Housing and Urban Development's Comprehensive Housing Affordability Strategy Data and the California Department of Housing and Community Development annual income limits. Note that there are slight differences between how these two data sources define income categories (for example, the state has an "acutely low income" category, and uses a "moderate income" category), but for the purposes of comparing data, the definitions were combined as follows.

Income Categories	
Extremely Low Income (ELI)	Less than 30% of Area Median Income
Very Low Income (VLI)	30% to 50% of Area Median Income
Low Income (LI)	50% to 80% of Area Median Income
Median Income (MI)	80% to 100% of Area Median Income
Above Median Income (Above MI)	Above 100% of Area Median Income

In Santa Clara County, the categories above correspond with the following income limits, per the California Department of Housing and Community Development, as of May 9, 2024:

Household Size:	1	2	3	4	5
ELI	\$38,750	\$44,250	\$49,800	\$55,300	\$59,750
VLI	\$64,550	\$73,750	\$82,950	\$92,150	\$99,550
LI	\$102,300	\$116,900	\$131,500	\$146,100	\$157,800
MI	\$129,000	\$147,450	\$165,850	\$184,300	\$199,050

Any income above MI would be considered "Above Median Income" in the report.

## **APPENDIX B: Definitions of Terms**

This report uses the following definition of terms. These definitions come from the Santa Clara County Office of Supportive Housing's Glossary of Terms:

**Coordinated Assessment/Entry System (CAS/CES):** Coordinated

Assessment/coordinated entry is a consistent, community wide intake process that is used to match people experiencing homelessness to existing community resources that are the best fit for their situation. Coordinated assessment maximizes the use of available resources and minimizes the time and frustration people spend while trying to find assistance. It also identifies and quantifies housing and service gaps and thereby enables effective and efficient systems planning.

**Homeless Management Information System (HMIS):** Help Management Information System or Homeless Management Information System. The HMIS is a secure online database that stores data on all homelessness services provided in Santa Clara County.

**Homelessness Prevention:** Homelessness prevention is a key component of the Santa Clara County Community Plan to end homelessness. The homeless prevention program focuses on individuals and households at risk of homelessness in the community and provides critical homeless prevention resources and services to them.

**Permanent Supportive Housing (PSH) program:** Permanent Supportive Housing program provides permanent housing and supportive services to chronically homeless individuals and families. The target population for permanent supportive housing program are chronically homeless individuals with a disability. The program focuses on the population that has high acuity and high costs. The program provides rental subsidy, intensive case management and health care (including behavioral health) to the program participants. There is usually no time limit for the program. PSH has been seen to have a high impact on housing stability. Nationally 84% of program participants have been observed to retain housing for at least a year.

**Point-in-Time (PIT) Count:** Point-in-Time Count refers to the Homeless Census and Survey that is undertaken every two years in the last ten days of January. It is mandatory for all jurisdictions receiving funding from HUD to undertake the Point-in-Time Count. The data

gathered from the count helps the County and local homeless service providers to better understand the needs of the community, evaluate the current system of services, and apply for federal and local funding.

**RRH (Rapid Rehousing program):** Rapid rehousing is an intervention that has been seen to be a successful model in addressing the issue of homelessness in different parts of the country. There are three core-components of rapid rehousing– 1. Housing identification, 2. Move-in and rent assistance and 3. Rapid rehousing case management and services. The clients are provided shallow or declining rent subsidy, other temporary financial assistance and time-limited case management. It has been observed that rapid rehousing helps individuals and families to quickly exit homelessness, return to housing in the community and not become homeless again in the near future.

**VI-SPDAT: Vulnerability Index – Service Prioritization Decision Assistance Tool:** The VI-SPDAT is a part of the coordinated assessment process. The tool is used at the time of intake. It considers the household's situation and identifies the best type of housing/supportive services intervention to address the household's situation.

**APPENDIX C: Programs and Services in Other Municipalities (not inclusive of existing Palo Alto Programs)**

Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
<b>Homelessness Prevention</b>	Renter Protections	<ul style="list-style-type: none"> <li>Rent stabilization (capping rent increases)</li> <li>Right to petition (for tenants and property owners)</li> <li>Right to petition for habitability issues</li> </ul>	<p>Rent stabilization may prevent some households from falling into further housing cost burdens.</p> <p>More universally relevant, however, is the ability for households to petition when renter protections are not followed — something not currently feasible outside of court for a Palo Alto resident. This typically doesn't exist outside of rent stabilization, however.</p>	Will require the creation of a new infrastructure to monitor and implement these protections.	Rent stabilization exists in various forms in: East Palo Alto Mountain View San Jose Los Gatos, and several other Bay Area cities.

Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
		<ul style="list-style-type: none"> <li>Housing Payment Equality Ordinance (protection from discrimination based on payment source - particularly protects tenant seeking housing with a housing voucher)</li> </ul>	No data was uncovered to determine if housing discrimination related to payment source was an issue in Palo Alto. Those facing this issue can seek help from the City's partnership with Project Sentinel.		City of San Jose
	Rent Subsidies	<ul style="list-style-type: none"> <li>Tenant Based Rental Assistance (TBRA)</li> </ul>	This rental subsidy program is typically funded by HOME funds, but that doesn't preclude Palo Alto from using another funding	TBRA programs are most effective in places where there is unlikely to be a significant increase in housing production, and	City of Santa Clara, City of San Jose

Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
			source. A partnership with the County of Santa Clara on rapid rehousing programs (see below) may result in the same outcome.	<p>where it is feasible for households to pay market rents after an initial subsidy. Neither are necessarily the case in Palo Alto, where housing production goals continue to grow and market rents continue to be out of reach for many full-time working households. In general, housing vouchers often go unused in places where housing is scarce.<sup>26</sup></p> <p>That said, a small-scale</p>	

<sup>26</sup>"Using Emergency Housing Vouchers to Address Homelessness." Turner Center for Housing Innovation, UC Berkeley.  
<https://turnercenter.berkeley.edu/research-and-policy/emergency-housing-vouchers-lessons/>

Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
				program to prevent temporary homelessness for households that have an immediate emergency that lasts beyond the initial month of emergency funding currently available may be of use.	
	Homelessness Prevention Funds	<ul style="list-style-type: none"> <li>Some cities contribute funds to the County's Homelessness Prevention System to increase funding availability for those in need of services.</li> </ul>	Last year, County homelessness prevention funds provided an average of a little more than \$4,000/person was spent on 111 Palo Alto households. More funding would increase availability to households with	The City could work with the County to determine the appropriate funding amount to address likely need in Palo Alto and simply pay into the existing program. Any additional funds would be	Santa Clara contributes additional funds to the system.



Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
			less vulnerability.	added to the larger pool meant to serve the whole County. The current Countywide homelessness prevention system pools funds and uses a vulnerability index to distribute based on need. LifeMoves (at the Opportunity Services Center) is the most local distributing agency, but there is a “no wrong door” policy that allows Palo Altans to access funds from multiple agencies.	
	Displacement	<ul style="list-style-type: none"> <li>Tenant</li> </ul>	Several Bay Area	This type of	San Jose

Category	Program	Specific Programs	Relevance to Palo Alto Needs	Considerations	Participating Municipalities
	Response & Prevention	Opportunity to Purchase/Community Opportunity to Purchase Acts (TOPA/COPA)	<p>cities, including San Jose, are exploring this rule, which would require private residential property owners to give either their tenants, or a community partner (like an affordable housing non-profit) the first opportunity to purchase housing that is set to be sold for redevelopment, at a market price.</p> <p>Given that the City has significant rental housing stock that is nearing a natural need for upgrade, it may be worthwhile for the City to explore options to stem displacement</p>	<p>intervention has not yet been successfully implemented in the Bay Area and would require significant work with stakeholders, as well as a funding mechanism, to be effective.</p> <p>TOPA/TOCA is not the only tool needed to address displacement - funding would be needed as well - but it may give the City or affordable housing developers the opportunity to help intervene in the case of potential</p>	

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			and to consider opportunities to rehabilitate older buildings into permanent affordable housing.	mass displacement.	
<b>Shelter</b>	Tiny homes	<ul style="list-style-type: none"> <li>Tiny homes</li> </ul>	The City's Homekey project has many similarities to a tiny homes project, so this was not further analyzed.		San Jose
	Non-congregate shelter	<ul style="list-style-type: none"> <li>Motel voucher/ motel shelter program</li> </ul>	In certain circumstances, typical shelter options, and even a non-congregate shelter like the one the City is building, are uncomfortable or feel unsafe to certain unhoused households. If the	If the City combines such a program with a specific goal (for example, no unsheltered families, or shelter for those who seek it), it could be limited in nature. The City would	Non-profits, Domestic Violence-related agencies, Santa Clara, San Jose (both cities converting motels into non-congregate shelters)

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			<p>City, working with a non-profit administrator, had a small fund to provide motel vouchers for some households, it may help prevent some of the most vulnerable households experiencing homelessness to get some respite.</p> <p>Alternatively, or in addition, a motel could be a first stopping point for households while waiting for an open spot at the City's new Homekey-funded non-congregate shelter.</p>	<p>likely need to seek funding partners, as well as a non-profit to implement the program.</p> <p>This may be worth considering after the Project Homekey shelter is up and running, to determine the additional need for non-congregate shelter.</p>	

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			Often, when a household is able to stabilize in a safe place, they have more time and capacity to engage with outreach workers on problem solving, including signing up for additional services or housing lists.		
	Sanctioned encampment	<ul style="list-style-type: none"> <li>Sanctioned encampment</li> </ul>	The City of San Jose is considering sanctioned encampments in particular to help move an unhoused encampment from an unsafe location to more desirable locations.	This proposal is unlikely to address the City's current needs.?	San Jose
<b>Housing</b>	Rapid Rehousing	<ul style="list-style-type: none"> <li>Rapid Rehousing</li> </ul>	The City has 32 rapid rehousing units in its	Rapid rehousing requires a subsidy	Santa Clara County

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		Units	<p>pipeline, compared with 120 Palo Altans assessed to need these units. These units are meant to give unhoused households a deeper rental subsidy at first, eventually tapering towards more typical affordable rents as the household stabilizes. These units have most recently been funded by Santa Clara County's Measure A funds, which are nearly entirely expended. It may be worth reaching out to the County to explore other opportunities to bring these units</p>	<p>to decrease already subsidized affordable units. Investment in these kinds of units will require significant additional funds. That said, if this population is determined to be a priority, the City could direct its affordable housing funds towards incentivizing these kinds of units.</p>	

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			to Palo Alto developments, however.		
	Permanent Supportive Housing	<ul style="list-style-type: none"> <li>Permanent Supportive Housing Units</li> </ul>	Despite 45% of the City's unhoused population assessed to need permanent supportive housing, there are no permanent supportive housing units planned in the City's affordable housing pipeline.	Permanent Supportive Housing requires funding for case management, in addition to funding for the affordable units themselves.. Investment in these kinds of units will require significant additional funds. That said, if this population is determined to be a priority, the City could direct its affordable housing funds towards incentivizing these kinds of units, as there is already a	

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				Countywide infrastructure in place to provide case management to these kinds of units.	
<b>Infrastructure</b>	Planning Programs	<ul style="list-style-type: none"> <li>• Inclusionary Rental Housing Requirement</li> <li>• Additional Incentives for Affordable Housing Creation</li> <li>• Replacement of commercial impact fees with housing development requirements</li> </ul>	Given funding shortages, the requirement of affordable housing development, if finely-tuned so as to not meaningfully stifle development, may be an appropriate way to increase the number of affordable units in Palo Alto.	Will require thoughtful consideration of the City's existing housing incentive programs, the City's current impact and in-lieu fee programs, and an understanding of the potential impacts of these requirements on development in general, in order for these programs to actually create affordable units.	Menlo Park, Campbell, Los Gatos, Mountain View, and others have similar programs in place.



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	Staffing	<ul style="list-style-type: none"> <li>Centralized Housing Staff</li> </ul>	Many cities, including the cities of Milpitas, Morgan Hill, Cupertino, Mountain View, Santa Clara, Sunnyvale, and San Jose have a specific housing department whose role is to administer the City's various housing programs.	Some cities have a housing team that mainly works on issuing funds and supporting affordable housing developments. Others have housing teams that also implement supportive programs serving unhoused communities. Still others focus on rental protections. Nearly all require investment into work related to grant funding and coordination with potential partners.	Milpitas, Morgan Hill, Cupertino, Mountain View, Santa Clara, Sunnyvale, and San Jose