



Planning & Development Services

Memorandum

To: Human Relations Commission

From: Lauren Bigelow, Fellow
Clare Campbell, Manager of Long Range Planning

Date: February 11, 2021

Re: Presentation Regarding Policy Development for Renter Protection Measures

Recommendation

Staff recommends the Human Relations Commission (HRC) hosts a presentation to:

- (1) Discuss existing conditions for Palo Alto renters; and
- (2) Provide feedback to staff regarding support for or interest in specific policies and/or outreach efforts.

Report Summary

This report summarizes the renter profile in Palo Alto through qualitative and quantitative data, providing context for the policy discussion. The report describes potential measures the City can consider to further tenant protections. Staff seeks comments from the HRC regarding support for or interest in specific policies or outreach efforts.

Background

The City Council directed staff to research and propose for implementation policies and programs to protect and stabilize renters. The need for renter protections was highlighted for the City Council in 2018 when a property owner proposed the conversion of an existing apartment complex into a hotel. Subsequent discussions and [Colleague's Memo](#)¹ followed, emphasizing City Council's desire to work on the issues of housing affordability and socio-economic diversity through renter protections.

¹ Colleagues Memo 09/10/2018:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=65189.46&BlobID=66602>

In late 2019, in order to move policy development forward, staff applied for and received a Partnership for the Bay's Future Challenge Grant. This grant provided a mid-career fellow for a two-year term to assist with the development and implementation of policies and programs to protect renters and preserve affordable housing.

Partnership for the Bay's Future & Challenge Grant

The Challenge Grant Fellowship is an effort of the [Partnership for the Bay's Future](#)². The Partnership for the Bay's Future (PBF) is a collaborative effort to build a prosperous, inclusive, vibrant and livable Bay Area. Founding members of the Partnership bring together industry leaders from community, businesses, philanthropies, and government to find solutions to ensure that people of all backgrounds and economic statuses can call the Bay Area home. PBF's goal is to increase housing affordability for all and ensure vibrant communities of racial equity and economic inclusion.

In March 2020, Palo Alto's Fellow began her role to assist staff with the development and implementation of policies and programs to protect renters and preserve affordable housing. In addition, Challenge Grant jurisdictions select a community partner to work alongside the City and Challenge Grant Fellow; the City selected Silicon Valley at Home (SV@Home).

Key Activities to Date

Enabled by the Fellow's added capacity, the Planning and Transportation Commission held a study session on September 30, 2020 to begin the discussions and get feedback. Commissioners expressed interest in what group quarters actually entailed, just-cause versus at-cause evictions, and whether a significant portion of the renter households are exempt from current protections due to their status as single-family homes. There were six public speakers for this item, many expressing concerns over the high rents and the importance of renter protections. For more details on the comments and discussion, please see the meeting minutes and staff report.³

In addition, a series of webinars began shortly after the COVID-19 pandemic and continues this year. The webinar series highlights topics of interest to tenants throughout Palo Alto including eviction moratoria, mediation resources, and how to access affordable housing.

Discussion

This section outlines the details of the renter-profile in the City and discusses existing and potential renter protection measures.

Profile of Renters and Rental Housing Units

The key information provided below describes the City's rental profile including the types and quantity of housing units, household income, and rental rates.

² Partnership for the Bay's Future: <https://baysfuture.org/>

³ PTC Staff Report, 09/30/2020: <https://www.cityofpaloalto.org/civicax/filebank/documents/78563>

PTC Meeting Minutes, 09/30/2020: <https://www.cityofpaloalto.org/civicax/filebank/documents/78925>

Rental Housing Unit Type

According to 2018 American Community Survey data, renters occupy 45% of Palo Alto’s housing stock; that is 11,764 renter-occupied units out of 26,212 total units. Single-family homes make up the largest proportion of unit type, with 27% of renter households occupying a single-family home. This is followed by large apartment complexes of 50 units and more; such properties account for 21.9% of rental housing units. Figure 1 provides a graphic illustration of the distribution.

Figure 1: Rental Housing Units in Palo Alto by Building Type

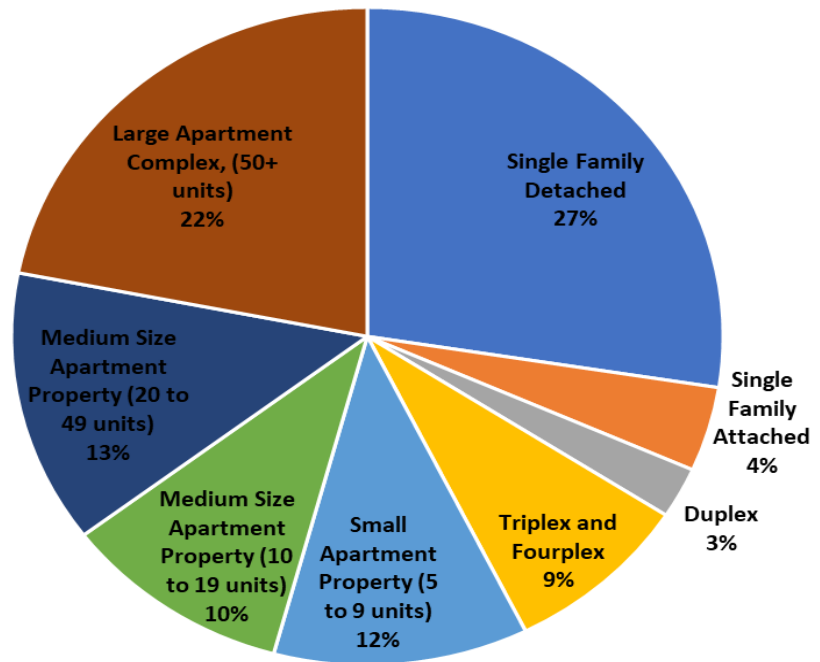


Figure 1 - Source 2018 American Community Survey

Rental Household Income

The incomes of the rental households directly relate to the ability of those households to afford the rent without using a significant portion of their income for rent. Of renting households, 25% make less than \$50,000; 19% make between \$50,000 to \$100,000; and 39%--the largest percentage of renter---are in households earning more than \$150,000 (39%).

	Single Family Detached	Single Family Attached	Duplex	Triplex and Fourplex	Small Apt. (5 to 9 units)	Medium Apt. (10 to 19 units)	Medium Apartment (20 to 49 units)	Large Apt. Complex (50+ units)	Total
Number of Units	3,234	489	294	1,002	1,362	1,228	1,579	2,576	11,764
% of Total Units	27.49%	4.16%	2.50%	8.52%	11.58%	10.44%	13.42%	21.90%	100

Source: 2018 American Community Survey

Palo Alto Rental Costs

The affordability of rent is relative; it relates to a household’s income, it’s size, and the rents within a region. According to the Department of Housing and Urban Development (HUD), a rent

is affordable if a household spends 30% or less of the household’s income on rent. If household spends more than 30% of its income on rent, the housing unit is considered unaffordable and the household is “cost burdened”. If a household spends more than 50% of its income on rent, a household is considered “severely cost burdened.” As rental costs have risen throughout the Bay Area and Palo Alto, many households have become severely rent burdened and are spending more than 50% of their income on their rent.

Table 2 demonstrates the cost burdened households by income category. For the most part, lower income households are more cost-burdened than higher income households. Of the 11,764 total rental units, 37% of the households are considered cost burdened. The lower the household income, the greater the proportion of rent-burdened households in that tier. For example, among Palo Alto’s renter households making more than \$75,000, only 17% of those households are considered rent burdened. While 73% of renting households earning between \$50,000 to \$79,999 annually are cost-burdened. This indicates that lower income households in Palo Alto are the most challenged to pay their rent and have limited resources to use for other needs such as food, child care, transportation, medical care, education, and other needs.

Palo Alto rental rates range across housing types. The median rent across all housing types and unit sizes in Palo Alto (2014-2018) was \$2,471.⁴ A household of 4 would need to earn \$88,956 for the median rent to be affordable.

Table 2: Rent Burdened Households in Palo Alto				
	Number of Units	Percent of Total Renter Units	Cost Burdened Units	Percent of Cost Burdened Units in Income Tier
Zero or Negative Income	369	3.1%		
Less than \$20,000	1,344	11.4%	1,135	84.45%
\$20,000 to \$34,999	752	6.4%	672	89.36%
\$35,000 to \$49,999	600	5.1%	449	74.83%
\$50,000 to \$74,999	1,319	11.2%	968	73.39%
\$75,000 or more	6958	59.1%	1,185	17.03%
No Cash Rent	422	3.8%		
TOTAL UNITS	11,764	100%	4,409	37.48%
<i>Source: American Community Survey</i>				

Renter Protection Policies as Racial Equity Tools

According to a June 15, 2020 staff report⁵, City Council made it clear that addressing issues of systemic racism was a high priority for the City. The Human Relations Commission (HRC) had been of great assistance in furthering that priority.

⁴ 2018 American Community Survey

⁵ City Council Report, 06/15/2020:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=75278.55&BlobID=77273>

Further movement and momentum to address systemic racism can be achieved through the support of renter protections. Studies show that “people of color are more likely to pay too much for rent and face greater housing instability than Whites” (Policylink, [Inclusive Processes to Advance Racial Equity in Housing Recovery](#)). By pursuing tenant protections, the City of Palo Alto can help alleviate some elements of instability and housing discrimination. If the creation of tenant protection policies centers Black and other marginalized populations, they can combat systemic racism.

Palo Alto Renter Protection Policies

Palo Alto has several permanent rental protection policies and programs in place. Palo Alto’s mediation program⁶ has been in existence for over 30 years, helping renters and landlords talk to each other to resolve disputes. Palo Alto also has the right to a one-year lease (PAMC Section 9.68.030), which is a common renter protection policy. Council also adopted a tenant relocation assistance policy for housing developments of 50 units or more (PAMC Section 9.68.035).

State Renter Protection Policies

The California legislature passed and Governor Newsom signed [AB 1482](#), known as the Tenant Protection Act of 2019. AB 1482 caps annual rent increases statewide at 5% plus the rate of inflation for much of the state’s multifamily housing stock. It also requires landlords to demonstrate an acceptable reason to evict tenants in place for 12 months or more. Such acceptable reasons include the tenant has not paid their rent or is using the unit for something illegal. AB 1482 went into effect on January 1, 2020 and will remain in effect for a decade.

While AB 1482 provides a framework for allowable rent increases, the enforcement of these increases is not addressed by the law. A tenant who feels the landlords have violated the law may seek mediation or redress from a court for violation of the law. Such means of addressing alleged violations may be beyond the means of many, especially low-income tenants or those who face a language barrier. To aid in the enforcement of AB 1482, local jurisdictions can implement a rental registry. By regularly requiring landlords to provide information regarding their units, cities gain insight into the practices of landlords—and their adherence to state law.

A number of other tenant protection policies have been implemented by cities and jurisdictions throughout California and the United States. Tenant relocation assistance does not prevent displacement of tenant, but does provide a softer landing and may discourage eviction of long-time tenants. Palo Alto has this policy and could consider expanding it to smaller units. Building on AB 1482, jurisdictions have further limited the acceptable reasons for evicting a tenant. Providing tenants with a right to counsel in legal proceedings has shown significant impact in jurisdictions that have adopted this. are some of the other policies that are under consideration. Staff are working together with Policy Link, Silicon Valley at Home, and local organizations to understand local needs related to implementation of AB 1482 and additional policies that can serve local renters.

⁶ Palo Alto Mediation Program: <http://www.paloaltomediation.com/home.html>

The PBF Fellow has engaged in conversations with local renters. Through these conversations the Fellow has learned that many renters want to learn more about these laws. There is some confusion regarding what applies to and protects both tenants and landlords. This may be an opportunity for the City, SV@Home, and local community members to work together to provide information on what current laws cover and what resources are available to residents.

In a 2017 Colleague's Memo⁷ on renter protections, City Attorney Molly Stump included several useful pieces of research. This included an analysis conducted by the City of Fremont through Management Partners. They analyzed just cause evictions and rent control. The conclusion of the analysis states that the most effective policies were those that responded to needs of the community, as told to the policymakers by members of the renter community. Because there are a number of renter protections folded into AB1482, it will be up to the City to decide how larger state law will be implemented at the city level.

Next Steps

Through this project, the City will continue to explore the renter protection policies that best fit Palo Alto. Through PolicyLink, the cohort of seven jurisdictions, and other resources, the City has significant access to guidance regarding best practices and examples from nearby jurisdictions that can inform what may best serve Palo Alto.

In addition, the Planning and Development Services Department continues to find ways to gather qualitative information from local Palo Alto renters to better understand the challenges they face. It is worth noting that the percentage of renters in Palo Alto surprises people because renter voices are not routinely heard at community engagement events. A significant undertaking for this program is to strengthen the connection between the City and its renters, allowing the renters to understand that their needs and desires are considered. Reaching out and building rapport with the large and disparate renter community in Palo Alto has been challenged by necessary precautions to protect against COVID. Nevertheless, the City is partnering with other organizations to host webinars, virtual calls, and other virtual activities to get in touch with more renters, hear their stories, and learn what can help improve the stability of renters in Palo Alto.

Community Outreach

The Challenge Grant proposal submitted by the City envisioned a period of outreach including small group meetings, focus groups, workshops, and other events to hear directly from renters regarding any challenges they face. Due to the pandemic, the City is working to adapt these outreach methods to be virtual. As phone calls and virtual meetings have become more normalized, the team continues to enhance opportunities to hear from renters directly and develop policies and strategies that address the needs of Palo Alto's renter community.

⁷ Colleague's Memo 10/16/2017: <https://www.cityofpaloalto.org/civicax/filebank/documents/61406>

Staff has successfully worked with our community partners with the following webinars:

- *What does COVID-19 Mean for Renters in Palo Alto?*⁸, September 10, 2020
 - An overview of the eviction moratoriums that impact Palo Alto residents and information regarding the local resources that are available to help.
- *Palo Alto Mediation Program Renter Resources*, December 1, 2020
 - A casual discussion of what the Palo Alto Mediation Program is and what to expect when using it.
- (Future webinar) *Yes, Palo Alto does have affordable housing!*, February 18, 2021
 - A casual discussion of what the term affordable housing actually means and how to access it with Alta Housing.

Staff is cognizant that the lack of equitably distributed digital resources and computing hardware (access to the internet, laptop computer, etc.) can prevent the most marginalized persons from participating. Partnering with organizations like Life Moves, who operate the Opportunity Center, Downtown Streets Team, and others has been one avenue taken to get in touch with harder-to-reach Palo Altans.

Additionally, staff is developing a Renter Resource Center that will live on the City's website and act as a guide for both tenants and landlords, providing webinars, contact information for partner organizations, sample forms and summaries of laws. It is the hope of the program that this will also be two-way interaction with concerned Palo Altans, providing them a space to give feedback and answer surveys about their experiences.

HRC Discussion

At this point, the desire to create greater connections between the City of Palo Alto and most vulnerable members of the Renter Community is strong. This presentation is intended to inform a discussion regarding the HRC's thoughts on how best to reach those vulnerable populations and make the City more accessible to them, so that the policies developed center the needs of those most impacted.

⁸ What does COVID-19 Mean for Renters in Palo Alto?

https://www.youtube.com/watch?app=desktop&v=vO0KK35FogM&feature=youtu.be&ab_channel=SiliconValleyatHome