

6 | Housing

SUMMARY OF REVISIONS, MARCH 2017

This March 2017 version of Tab 6 – Housing contains the following revisions to the version provided to Santa Clara County in November 2016:

- As directed by Santa Clara County staff, the year 2018 housing unit totals have been revised to exclude the approved Escondido Village Graduate Residences project. This project would be under construction by 2018, but is not anticipated to be occupied until 2020.
- Estimates of housing unit totals in the year 2020 have been added to reflect conditions at full development of the existing 2000 General Use Permit. This scenario is identical to the 2018 scenario except it includes occupancy of the approved Escondido Village Graduate Residences project.

1.0 INTRODUCTION

1.1 Stanford as a Residential University

Stanford has been a coeducational and residential campus for faculty and students from its inception. At the time of its founding in 1891, few universities were considering housing both male and female students, plus faculty families. Typical college dormitories of the late 1880s and early 1900s were focused on providing basic accommodations for either men or women who were unable to live at home and were designed to supervise and control student behavior. In the mid-19th century, a new kind of college was emerging in American higher education, a reaffirmation of the principle that students and teachers should live and study together in a close-knit community.¹ Frederick Law Olmsted, a primary promoter of this principle, believed a college should be integrated into a humanly scaled domestic community.² In his original campus plan for Stanford, Olmsted envisioned residential areas around three main quadrangles.

Leland and Jane Stanford saw the potential educational benefits of students living on campus in a coeducational community mingled with faculty families to provide oversight and good examples of proper behavior.³ Jane Stanford emphasized the residential community at Stanford in her 1899 address to the Board of Trustees, saying, "It is desirable that the members of the faculty and the students should generally reside upon the grounds of the University." Hence, the University has, from its inception, thought of itself as a residential university.

The first men's dormitory at Stanford, Encina Hall, suffered from a lack of supervision in the early years. (The women's dorm had a "matron" and a curfew from the beginning.) Hall monitors were instituted in 1905 at Encina Hall by the Committee on Student Affairs, with a charge to improve student academic performance as well as to maintain order. This was the beginning of an organized "residential" education program at Stanford.

During this early period, faculty were encouraged to build homes near the campus. The first houses on campus, on Alvarado Row, were a stone's throw from the Main Quadrangle and were intermingled with fraternity and sorority houses.

For many years, residential education took the form of two Deans (one for men, one for women) who organized programs in the dormitories and other student housing. After World War II, new dormitory complexes (Stern and Wilbur) were constructed with apartments for "faculty resident fellows," charged with stimulating undergraduate academic and intellectual growth. Stanford dormitories still have faculty resident fellows in 2016; senior students also serve as resident assistants to provide peer mentoring and organize appropriate social activities.

In the post-war period the University also expanded faculty housing. The San Juan neighborhood with more than 170 homes had been built from the early 1900s through 1950; after 1950 the University added hundreds of new homes in the Pine Hill neighborhood.

In 1957, the University adopted a policy to oppose discriminatory racial and religious practices and established a long-range goal to house all undergraduate students on campus.

In 1968, Stanford published the Study of Education at Stanford, commissioned by then-President Wallace Sterling. It recommended that "first priority" be given to the creation of on-campus residential communities, each with common amenities and recreational facilities for the purpose of building genuine community, and noted that students suffered from a lack of variety in both residence options and dormitory design. The study put forth ideals of diversity via

¹ Paul Venable Turner, *Campus: An American Planning Tradition* (New York: MIT Press, 1984), 90, 140.

² Ibid., 141.

³ *Stanford Facts 2016*, http://facts.stanford.edu/pdf/StanfordFacts_2016.pdf.

housing variety, moving away from social conformity in an era when the nation was struggling to address the social problems of war, equity and justice.⁴

Today, Stanford offers a variety of residences for undergraduate and graduate students. Housing options include dormitories; theme houses for language and culture, ethnic, academic and special programs; co-operated and self-operated houses where responsibilities of daily living are shared; and fraternity and sorority houses. Living on campus fosters community engagement; promotes diversity, inclusion and respect; and empowers students to thrive.⁵

With an approximate 4-to-1 student-to-faculty ratio,⁶ Stanford emphasizes close interactions among students and faculty. Such interactions inside or outside of the classroom, including advising, mentoring, and collaborating, are greatly enhanced when faculty and students live and learn in community with one another.

The ability to attract top scholars is essential to Stanford's future and the University continues to make great efforts in an extremely expensive housing market to provide housing for its students and faculty.⁷ There are over 900 single-family or condominium homes on campus that house faculty. They are available via long-term leaseholds or as rentals.

In addition to housing on campus, Stanford also facilitated the development of housing on Stanford's lands outside of the academic campus. This started in the 1950s with 123 single-family units in the Stanford Hills and Stanford Creek subdivisions in Menlo Park, followed by the construction of Oak Creek Apartments in 1969. These housing communities were developed by ground lessees on Stanford's lands and have been available to members of the public as well as Stanford affiliates from their inception.

In 1987, Stanford added 108 apartments at Welch Road in Palo Alto near the Stanford Hospital, primarily for medical residents, and some faculty and staff. In 2001, Stanford added the Stanford West Apartments with 628 units for faculty and staff, including 156 below-market-rate units. In 2005, the Vi at Palo Alto Senior Housing was completed by a ground lessee and is primarily open to members of the public, with limited priority for Stanford affiliates.

At present, Stanford is constructing 180 units on California Avenue in Palo Alto for faculty to be completed in 2018. Finally, Stanford has submitted an application to the City of Menlo Park to build 215 rental units at 500 El Camino Real that will be made available to faculty and staff.

Stanford prioritizes use of its academic campus lands to house students and faculty because housing students and faculty in close proximity fosters collaboration and learning. With limited exceptions, staff and other affiliated housing has been provided outside of the core academic campus lands, in nearby jurisdictions. Recognizing this pattern, the Stanford Community Plan includes a policy to "Support Stanford's efforts to develop housing on land in other jurisdictions, particularly housing specifically targeted to Stanford faculty, staff, students and other affiliated persons." (Policy H.9)

⁴ Stanford Residential Education, "A Residential University: Before 1970," <https://resed.stanford.edu/get-know-us/history/residential-university-1970>.

⁵ Stanford Student Affairs, <https://studentaffairs.stanford.edu/>.

⁶ *Stanford Facts 2016*.

⁷ Clifton B. Parker, "Faculty Senate hears report on the impact of housing costs on Stanford," *Stanford Report*, June 10, 2016, <http://news.stanford.edu/2016/06/10/faculty-senate-hears-report-impact-housing-costs-stanford/>.

2.0 STANFORD HOUSING INVENTORY

2.1 Historic Housing Growth

Stanford land supports a substantial amount of housing. As the academic campus has grown, the amount of Stanford-owned land used for housing has also grown. Stanford has made generous commitments to house its students and faculty on or near the campus and has created denser housing and infill development over time. **Figures HSG.1 – HSG.4** show the addition of student and other housing (i.e., housing for faculty and staff, as well as housing generally available to members of the public) on Stanford lands on or near the academic campus from 1875 through today. The four housing periods represented here are 1875 to 1950, 1951 to 1975, 1976 to 2000, and 2001 to the present. Today, about a third of Stanford’s acreage on the academic campus is used for housing.

From 1875 to 1950, 191 single-family housing units for faculty and staff were constructed in the faculty subdivision. The earliest dormitories and row houses for students were built on the academic campus flanking the main quad and academic buildings, providing over 2,300 student beds. The close proximity of student and faculty housing to the academic core implemented the founding vision of a residential university and remains an integral principle to campus planning to this day.

From the 1950s to the mid-1970s, as the campus added academic buildings, Stanford increased faculty housing by building the new single-family neighborhoods of Pine Hill and Frenchman’s Hill, expanding eastward in the faculty subdivision. Stanford also oversaw the addition of single-family housing in the Stanford Hills and Stanford Creek subdivisions in Menlo Park that were made available to the public. Stanford also added multifamily housing in the form of the Pearce Mitchell condominiums on campus for faculty, and the Oak Creek multifamily complex was constructed by a ground lessee in Palo Alto, west of Sand Hill Road for members of the public as well as Stanford affiliates.

During this period, significant additions were also made to house more students on campus, most notably in the Florence Moore housing complex and Escondido Village. These new student housing developments increased the amount of student housing on campus by about 4,410 units. The new on-campus housing product types provided variety for faculty and students and demonstrated the principle of compact urban development on Stanford lands.

From the mid-1970s to 2000, Stanford continued to pursue compact urban development principles by adding housing to the faculty subdivision and by building multi-story, multifamily-style housing.

The Peter Coutts condominiums in the faculty subdivision, together with Ryan Court and the Hill Site in 1996, added new multifamily and single-family options for faculty. The Welch Road Apartments in Palo Alto were added in 1987; they are rented today by medical residents as well as faculty and staff.

Housing growth on campus since 2000 has been directed by the Stanford Community Plan and the 2000 General Use Permit principles and conditions. Stanford has built housing commensurate with academic development by meeting and exceeding the housing linkage requirement established in the 2000 General Use Permit. Stanford has increased housing density on campus through the following:

- **Intensification of Escondido Village** – Several projects within the Escondido Village area intensified the student bed count in this area. The largest project will be the Escondido Village Graduate Student Residences Project, which will soon be under construction and will add 2,020 net new graduate student beds, estimated to be complete by 2020.
- **Infill Student Housing** – Student housing was added to the Campus Center, East Campus and Lagunita Development Districts, achieving better usage of the land. The Munger graduate student housing project is served by an underground parking garage with an at-grade recreational field. The new Meier and Norcliffe undergraduate houses at Lagunita Court repurposed parts of a surface parking lot for housing.

- **Compact Faculty and Staff Housing** – Olmsted Terrace and Olmsted Staff Rentals are examples of small, high-quality, single-family and duplex family housing products that meet the needs of Stanford’s faculty and staff. The faculty residences built at Olmsted Terrace in 2011 are compact single-family lots averaging 0.1 acre and Olmsted Staff Rentals include single-family attached and detached housing.

Outside of the academic campus, housing has been developed on Stanford lands along Sand Hill Road in the City of Palo Alto. This stretch includes the Vi at Palo Alto Senior Housing development (388 independent living units and an additional 106 beds in the Health Center), open to the public, and Stanford West Apartments (628 faculty and staff units, including 156 below-market-rate units). An additional 180 faculty housing units at the University Terrace project in Palo Alto are currently under construction and are expected to be completed by 2018. This development includes 112 condominium units and 68 single-family units. Another 70 units of below-market-rate housing are currently being constructed at 2500 El Camino Real in Palo Alto, and will be open to the public. An application has been submitted to Menlo Park for 215 future rental units that would be available to faculty and staff.

In sum, since the University’s inception, housing offered to students has been substantial. Undergraduate students are guaranteed four years of housing, and six years of housing priority are given to eligible graduate students. Stanford also offers long-term housing opportunities to faculty, not merely transitional housing.

In Fall 2015, there were approximately 11,900 on-campus Stanford-operated student beds. With the addition of undergraduate and graduate student housing projects between 2015 and 2018, the total number of student beds in 2018 is estimated to be approximately 12,300.

By 2020, after the completion of the Escondido Village Graduate Residences, there will be about 14,300 on-campus Stanford-operated student beds. Stanford will have built or facilitated the development of about 3,400 other housing units on its lands, including more than 2,000 housing units for faculty and staff.

Figure HSG.1: Housing on Stanford Lands, 1875 to 1950

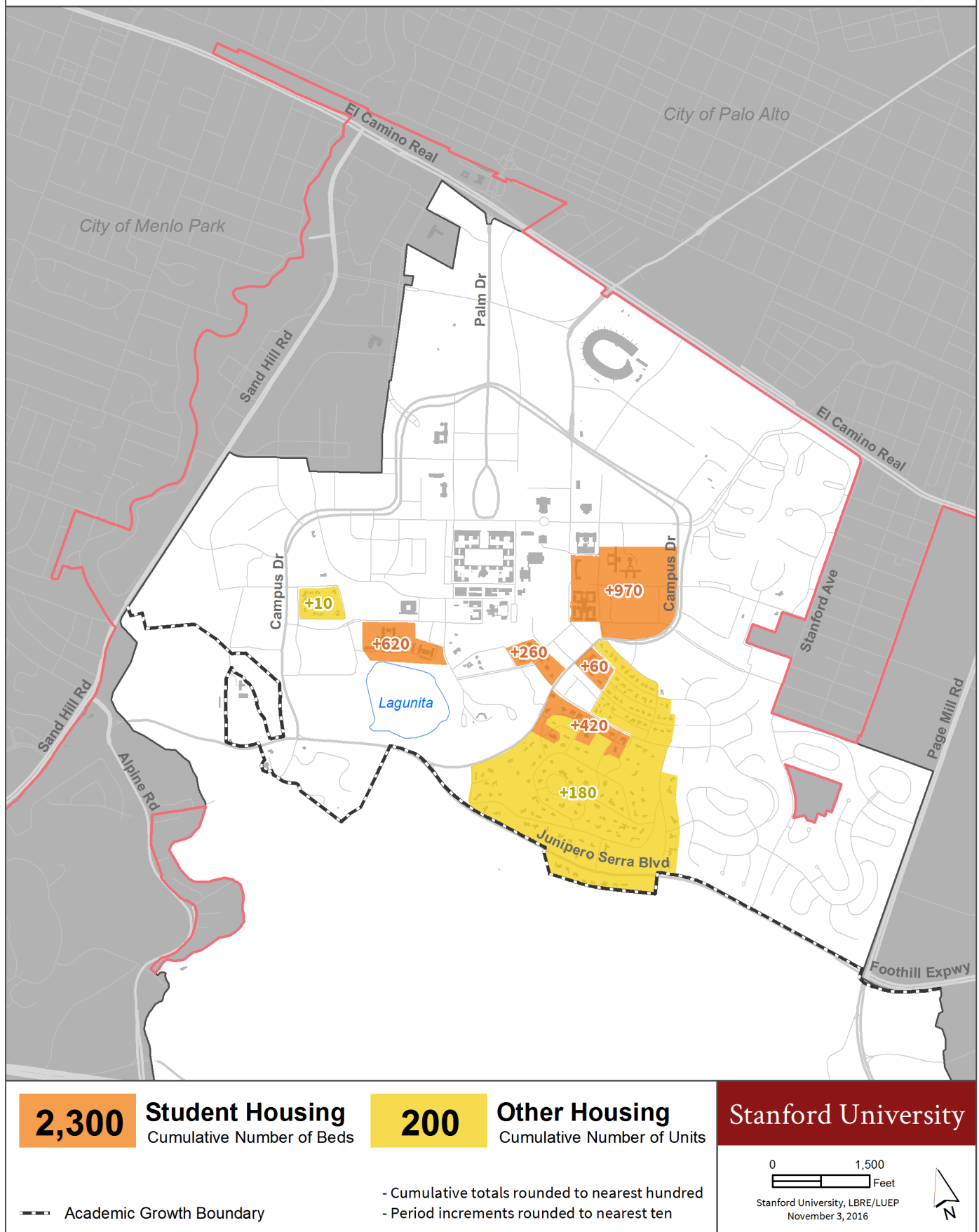


Figure HSG.2: Housing on Stanford Lands, 1951 to 1975

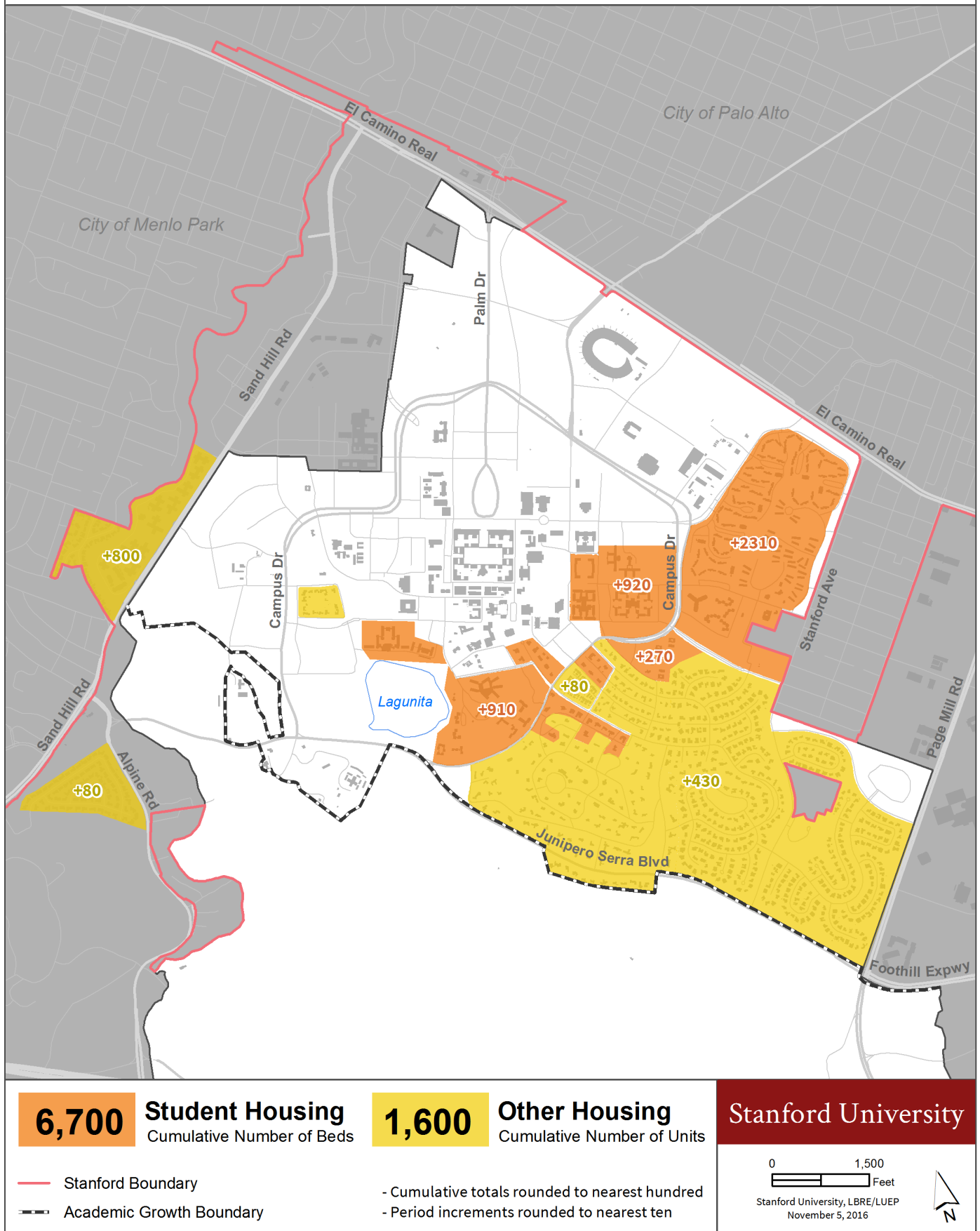


Figure HSG.3: Housing on Stanford Lands, 1976 to 2000

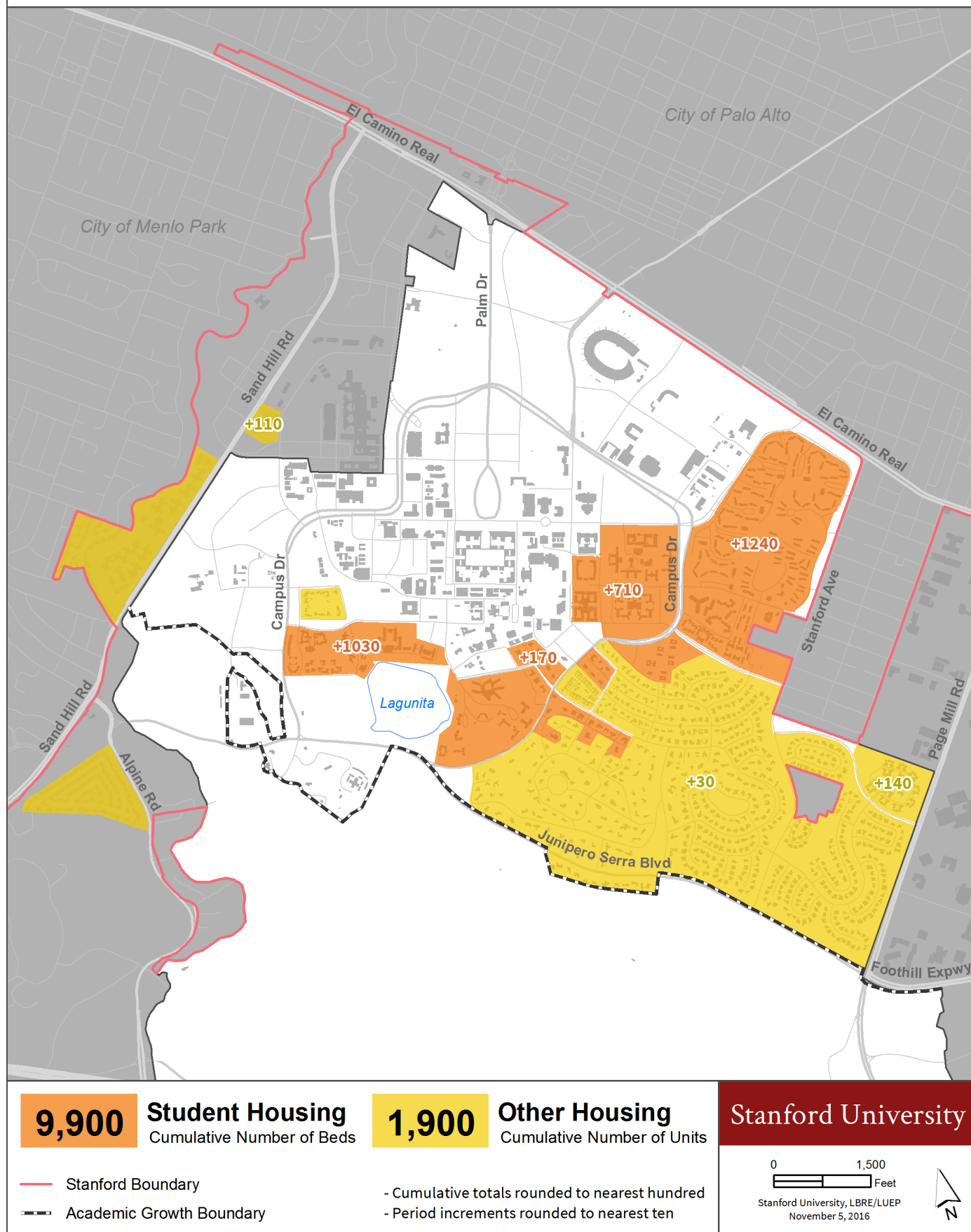
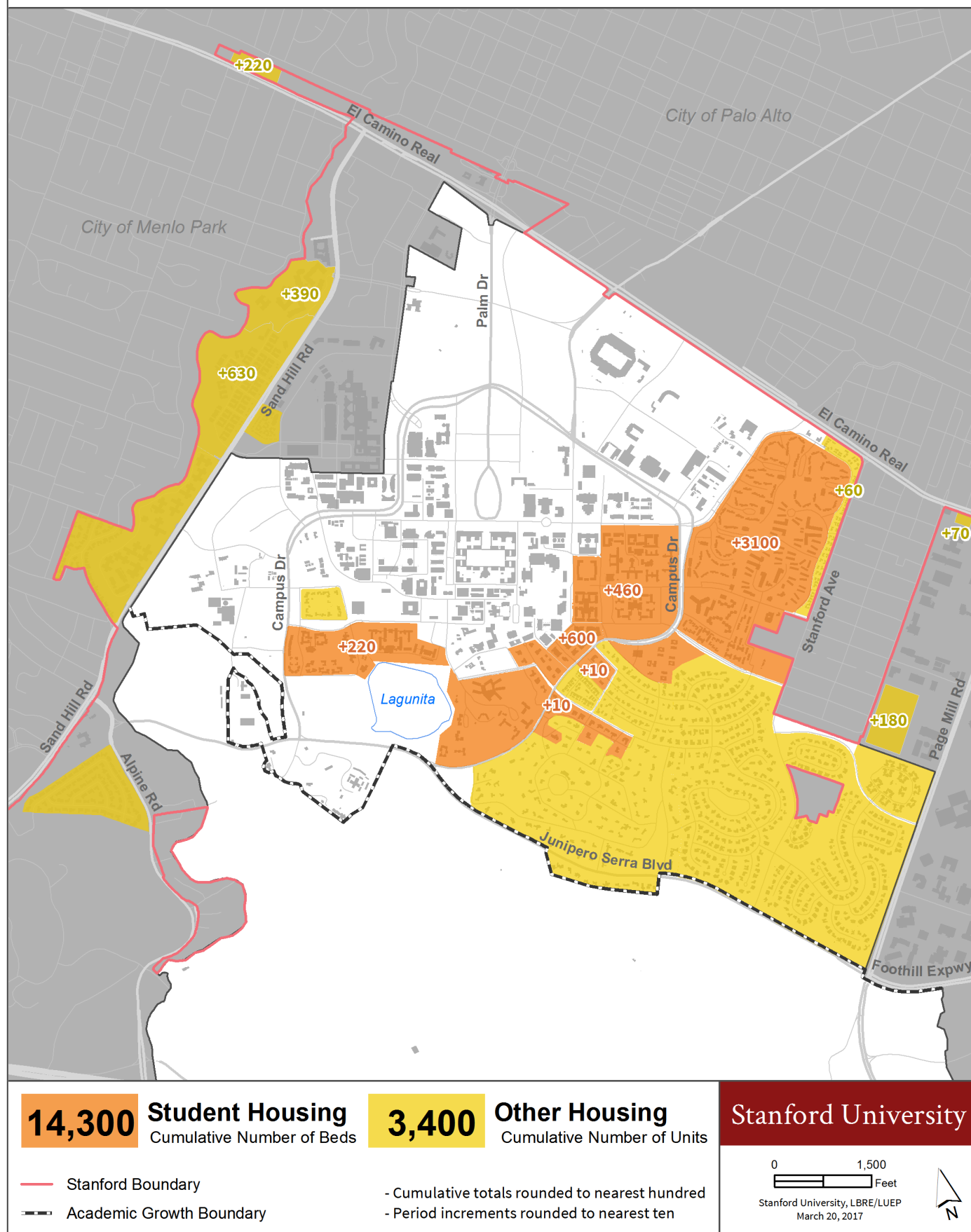


Figure HSG.4: Housing on Stanford Lands, 2001 to 2020



2.2 Affordability of Housing

In addition to the number of housing units built on Stanford lands, certain types of Stanford housing have been recognized by Santa Clara County as affordable to moderate-, low- and very low-income populations. The Santa Clara County General Plan's Housing Element recognizes that, under the 2000 General Use Permit, Stanford has constructed a total of 816 units that are affordable to low- and very low-income residents, comprising graduate student on-campus housing units mainly in Escondido Village and at the Munger housing project, shown in **Figure HSG.5**. Generally, Stanford's student rents are 40 percent less than what is charged in the surrounding rental market. The County's recognition that graduate student units qualify as affordable housing units under the County's Regional Housing Needs Allocation has not served to financially benefit Stanford or to reduce the number of on-campus units Stanford is required to construct under the housing linkage condition.

Figure HSG.5: Affordable housing constructed under the 2000 General Use Permit



Escondido Village Kennedy Graduate Residences



Munger Graduate Residences

During this same period, Stanford has also built off-campus, deed-restricted affordable housing units, including 156 below-market-rate units at the Stanford West apartments and 70 units on El Camino Real in Palo Alto.

2.3 Affordable Housing Projects Built with Stanford's Contributions

Affordable housing projects utilize a combination of loans, grants, tax incentives and financing tools. Some of these funds may be accessed via loans, grants and federal, state and local programs. Leveraging additional public financing and incentives can help make affordable housing projects financially feasible. The Santa Clara County Office of Affordable Housing administers several funds and programs to support affordable housing projects, including the Stanford Affordable Housing Fund.

As of March 24, 2016, Stanford had paid a total of approximately \$25,700,000 to the County-administered Stanford Affordable Housing Fund through affordable housing contributions for each square foot of academic development constructed on campus. **Figure HSG.6** shows the five affordable housing projects that received a total of \$13.3 million from this fund. Four out of the five were built in Palo Alto; one was built in Mountain View. This averages approximately \$41,800 per affordable housing unit subsidized by the Fund.

About \$12.3 million remains in the Fund. Santa Clara County has earmarked this amount for the purchase of the Buena Vista Mobile Home Park (also shown in Figure HSG.6) to maintain the property as affordable housing.

It is anticipated that Stanford will contribute an additional \$13 million to the County-administered Stanford Affordable Housing Fund, for a total of \$39 million, by the time Stanford completes the academic and academic support square footage authorized by the 2000 General Use Permit.

Figure HSG.6: Affordable housing projects supported by the County-administered Stanford Affordable Housing Fund



1. Alta Torre apartments
3895 Fabian Way, Palo Alto (55 units)



2. 801 Alma Family Apartments
801 Alma St., Palo Alto (83 units)



3. Tree House
488 W. Charleston Rd., Palo Alto (35 units)



4. Stevenson House
455 E. Charleston Rd., Palo Alto (119 units)



5. 1585 Studios
1585 W. El Camino Real, Mountain View (27 units)



6. Pending – Buena Vista Mobile Home Park
3980 El Camino Real, Palo Alto (117 units)

3.0 FUTURE HOUSING

3.1 Development Proposed in 2018 General Use Permit

Stanford proposes that the 2018 General Use Permit authorize construction of 3,150 housing units/student beds, including up to 550 housing units that can be occupied by faculty and staff. Stanford wishes to continue to provide on-campus housing to meet the increasing student enrollment in coming years, to foster collaboration and learning, and to attract and retain world class faculty.

Postdoctoral students would be able to live in both student housing and faculty/staff rental housing, and medical residents would be eligible for faculty/staff rental housing. Staff is also eligible for faculty rental housing.

In addition, similar to the 2000 General Use Permit, Stanford seeks a condition allowing it to build more than 3,150 housing units/beds upon approval by the Planning Commission and subject to additional environmental assessment.

3.2 Housing Linkage

The 2000 General Use Permit required Stanford to build housing commensurate with academic development, using a housing linkage ratio. This linkage requirement was a way to recognize that the provision of on-campus housing reduces vehicle commute trips and helps to meet the No Net New Commute Trips goal. Under the requirement, each increment of housing must be completed through the framing stage before Stanford can obtain building permits for the next increment of academic and academic support space. This ensures that housing is built on the same pace as academic and academic support space.

As part of the 2018 General Use Permit application, Stanford proposes to maintain the same housing linkage ratio as was specified in the 2000 General Use Permit. As shown in **Table 6.1** below, Stanford would be required to build housing units at the rate of one unit/bed per 826 net new square feet of academic development, or a total of 2,753 housing units/beds by the time of buildout of the requested academic square footage. Interim milestones must be met at each 500,000 square feet of academic development to ensure that housing keeps pace with academic facility growth.

Table 6.1: Proposed Housing Linkage

Academic and Academic Support Space (net new gsf)	Housing Units/Beds at 1 per 826 net new gsf	Cumulative No. of Housing Units/Beds
0 – 0.5M	605	605
0.5 – 1.0M	605	1,210
1.0 – 1.5M	605	1,815
1.5 – 2.0M	605	2,420
2.0-2.275M	333	2,753

3.3 Affordable Housing on Stanford Lands

Stanford anticipates continuing to build affordable graduate student housing units on its campus lands. Of the 3,150 housing units/beds that Stanford has applied for, Stanford estimates that 900 new beds would be used to house graduate students. For Regional Housing Needs Assessment purposes, an affordable housing unit must have a kitchen. Based on past graduate student housing projects at Stanford, 900 beds conservatively would equate to approximately 450 new housing units affordable to low- and very low-income residents.

The value of providing affordable housing can be quantified by calculating the subsidy required to construct such a unit, which is the cost of the unit minus the return one would expect from the below market rental income to be charged. The estimated value of the affordable housing subsidy required to construct 450 units affordable to moderate-income residents is \$103 million.⁸ This amount is conservatively low because, as mentioned previously, graduate student units at Stanford have been considered by the County to be affordable to low- and very low-income residents, which requires an even greater subsidy than providing moderate-income units.

By dividing the \$103 million subsidy amount by the 2,275,000 square feet of academic and academic support space proposed for the 2018 General Use Permit, the construction of 450 affordable graduate student units equates to approximately \$45 in affordable housing subsidies provided per square foot of net new academic and academic support space.

3.4 Affordable Housing Contribution to County-Administered Fund

In addition to building affordable graduate student housing, Stanford is also offering to continue its contribution to the Stanford Affordable Housing Fund, maintained and distributed by the County to subsidize affordable housing in the community. It is important to note that nonprofit institutions, including colleges and universities, rarely are asked to pay affordable housing fees. For example, Palo Alto expressly exempts colleges, universities and hospitals from the City's affordable housing fees. Almost no cities in California charge fees to educational or institutional facilities. Like most jurisdictions, Santa Clara County has not adopted an affordable housing fee that would apply to Stanford.

However, under the 2000 General Use Permit, Stanford has been providing funding that is similar to the current affordable housing fee that some jurisdictions require for-profit commercial developers to pay. The affordable housing fees that cities charge to commercial developers vary, with some cities such as San Diego and Sacramento charging a nominal fee of approximately \$2 per square foot for office development. The fee is higher in Oakland and West Hollywood, ranging from \$5 to \$8 per square foot. The highest fees for office development were observed in San Francisco and Palo Alto, with San Francisco's at \$24.03, and Palo Alto's currently at \$20.37. Palo Alto is considering raising its fee for office and R&D space, but not for other types of commercial development. Santa Monica does charge an affordable housing fee for new educational and cultural facilities; that fee is \$10.23 per square foot.

Recognizing the value that the County-administered Stanford Affordable Housing Fund is bringing to nearby communities, Stanford proposes to continue its contributions at a rate of \$20 per square foot of new academic and

⁸ The subsidy for each affordable housing unit is estimated to be approximately \$229,325. This estimate is based on comparable affordable housing and supportable debt at the moderate-income level. The average development cost for a two-bedroom unit is estimated to be \$534,525, based on development budgets for six comparable affordable housing projects in California. The amount of supportable debt per unit, or the amount of private financing a rental unit can undertake based on rent charged, is estimated to be \$305,201 per unit based on maximum affordable rent at the moderate-income level, less vacancy and operating expenses, and assuming a debt coverage ratio of 1.25, an interest rate of 4.86 percent, and a 30-year mortgage term. The difference between the \$534,525 development cost and the \$305,200 supportable debt amount is the \$229,325 per unit subsidy required to provide these units to moderate income residents. 450 units multiplied by \$229,325 yields approximately \$103 million in affordable housing subsidies.

academic support space, a rate that is similar to the current rate that Stanford is contributing. Stanford further proposes that this rate would increase with inflation over time. See **Tab 3 – Project Description**. Multiplying \$20 by the proposed 2,275,000 net new square feet of academic and academic support space, and accounting for inflation over time, generates an estimated \$56 million that Stanford would contribute to the County-administered Stanford Affordable Housing Fund during the life of the 2018 General Use Permit.

Stanford further proposes that this contribution toward affordable housing should support development of affordable housing within one-half mile of a major transit stop or a high-quality transit corridor as defined by Senate Bill 375. SB 375 defines a high-quality transit corridor as a corridor with fixed-route bus service with service intervals no longer than 15 minutes during peak commute hours. By encouraging affordable housing near major transit corridors, the contribution not only would promote affordable housing, it would be consistent with statewide programs for reduction of vehicle miles traveled and greenhouse gas emissions.

3.5 500 El Camino Real in Menlo Park

Stanford is currently pursuing a mixed-use office and multifamily housing project at 500 El Camino Real in Menlo Park near major transit stops and along a major transit corridor. The proposed project includes more than 200 rental housing units and will be available for Stanford faculty and staff, and the general public if there is capacity available.

The Menlo Park Caltrain station is approximately half a mile from the project site. Stanford's Marguerite Shuttle (Bohannon line) serves the project site every half hour on weekdays between 8 AM and 6:30 PM. SamTrans buses also connect the project site to the Palo Alto Transit Center and destinations north of Menlo Park, with buses running approximately every 14 minutes. Residents and employees will also be able to take advantage of transportation coordinators, bike share programs, carpooling and ridesharing programs, car-share vehicles, and transit subsidies.