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To: [MTC-ABAG Info](#)
Cc: [Lait, Jonathan](#); [Tanner, Rachael](#); [Campbell, Clare](#); [French, Amy](#); [Paul Fassinger](#); [Dave Vautin](#); [Regional Housing Need Allocation](#); rhna@TheCivicEdge.com; [Fred Castro](#)
Subject: Plan Bay Area 2050 Final Blueprint and Draft RHNA Methodology Comment Letter - City of Palo Alto - Two ABAG Executive Board Meeting 01/21/21 Agenda Items - 10.b. & 11.b.
Date: Wednesday, January 20, 2021 5:29:59 PM

External Email

Dear ABAG Executive Board Members and ABAG Regional Housing Needs Allocation Staff,

I am sending the comments below on behalf of our City Council. The comments are responsive to two items on the 01/21/21 ABAG Executive Board agenda, 10.b. and 11.b. They discuss both the Plan Bay Area 2050 Final Blueprint and the Draft RHNA Methodology.

Thank you for the opportunity for our City Council to comment on and engage in these critical work efforts.

Regards,

Rebecca



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January 20, 2021

ABAG Executive Board Members & Metropolitan Transportation Commission Members
Submitted Via Email To: info@bayareametro.gov

RE: City of Palo Alto Comments on Plan Bay Area 2050 Final Blueprint and Draft RHNA Methodology

Dear Board Members, Commissioners and MTC/ABAG Staff,

Thank you for the opportunity to provide comment. This letter addresses the Plan Bay Area 2050 Final Blueprint (PBA50) and the regional housing needs allocation (RHNA). While MTC is not directly associated with RHNA, its decision on PBA50 has implications on housing allocation throughout the region and therefore comments on both topics are included in this letter.

The City of Palo Alto is generally aligned with the objectives of PBA50 to improve access to housing

(production and affordability), enhance mobility options, protect and restore our natural environment, and to ensure the continued vitality of our shared economy. Palo Alto is known for aggressively protecting its natural resources, expanding parkland opportunities, experimenting/implementing multi-modal transportation alternatives and supporting a diverse business climate. To some, Palo Alto may be less known for its efforts to improve our social and economic balance and to promote more housing opportunities. Some of these efforts, just within the last five years, include the following:

- Contributed over \$40 million in City funds toward the preservation or creation of affordable and teacher housing in Palo Alto;
- Imposed an annual and 15-year cap (through 2030) on office development, specifically to reduce our rate of job growth to or even below levels sustainable by our practical housing growth. By managing both supply and demand for housing, we expect to become, and indeed may already be, a net annual housing provider to the region;
- Modified zoning standards to encourage more housing in commercial districts (reduced parking requirements, eliminated density restrictions, increased floor area) and exceeded development incentives that could otherwise be gained through state mandates, including the state density bonus law;
- Established renter protections for multi-family housing stock;
- Upzoned accessory dwelling unit standards more liberally than state mandates;
- Created zoning overlays for workforce housing projects up to 150% of area median income and 100% affordable housing projects;
- Increased density allowances in our lower-density multi-family zones; and,
- Established a safe parking program for private property and partnered with the County to place a safe parking facility on City-owned land.

The City is aware of its need to produce more housing, especially affordable housing to improve housing fit and increase overall housing stock. The City consistently meets its market rate RHNA housing targets, but like most California communities, struggles to produce housing available to lower income households.

For the past several months the City has transmitted public comments in response to documents released by ABAG/MTC staff. The City appreciates that staff has taken into consideration some of this input when it released PBA50. Despite significant reductions to Palo Alto's RHNA number, the starting place for these reductions were already at unattainable levels. Similarly, the City's resultant anticipated RHNA, which is benchmarked from PBA50's 2050 Future Household Projections, remains unlikely for a community of our size with limited opportunities for redevelopment. As the City is assigned a percentage of the Bay Area's future regional growth, a corresponding baseline allocation is applied to the Bay Area's regional housing needs determination (RHND), which is then proportioned to all cities and counties. This number represents the minimum number of housing units a jurisdiction must plan to build in the next eight-year housing cycle. Unfortunately, the state Housing and Community Development Department (HCD) appears to have erred in its determination of the RHND as documented by the Embarcadero Institute (<https://embarcaderoinstitute.com/portfolio-items/double-counting-in-the-latest-housing-needs-assessment/>) and Freddie Mac (<http://www.freddiemac.com/research/insight/20200227-the-housing-supply-shortage.page>).

The Palo Alto City Council urges ABAG/MTC to challenge HCD on its RHND determination, which has been independently found to be in error and consider arguments by other regional agencies such as the Southern California Association of Governments. ABAG/MTC is the agency charged with

reviewing and challenging the RHND when released by HCD and appealing the number when warranted. It appears ABAG/MTC failed to identify these potential errors and declined to appeal the RHND. It now has a responsibility to its member jurisdictions to expose any errors it missed earlier and stand up for jurisdictions that are overburdened with implausible RHNA numbers.

Moreover, there remain significant unanswered questions related to the data analysis in PBA50. Palo Alto and other local agencies have consistently requested jurisdiction-level data to better understand the assumptions, analysis and conclusions that make up PBA50. Because ABAG/MTC staff supported by the Executive Board took the path to integrally link RHNA to PBA50, it is incumbent upon this agency to be transparent and show its work. Cities and counties within the Bay Area are being burdened with excessively high RHNA numbers – even without potential double counting errors from HCD – and the implication of failing to meet the market rate RHNA targets necessarily means a loss of local land use control for certain qualifying projects under SB35.

PLAN BAY AREA 2050 FINAL BLUEPRINT

The City has the following additional comments related to PBA50.

- **Model the office development cap instituted in Palo Alto.**

Job growth and development projections must incorporate Palo Alto's restrictions on the annual amount of office growth that can occur in Palo Alto. Recognizing that spiraling Bay Area housing and transportation woes have been driven by cities running large jobs/housing imbalances, Palo Alto began in 2015 imposing office development caps specifically to decrease those imbalances. Communities like Palo Alto that proactively seek to address their jobs/housing imbalance through local policies should not be subjected to job growth projections that are out of synch with local policies. Staff requested that the City's adopted office cap be incorporated into the modeling, but staff has not yet received confirmation that the cap is reflected in the Final Blueprint.

More specifically, the City of Palo Alto limits office growth in its key commercial corridors to annual average of 50,000 square feet per year. The City also maintains a maximum overall office and research and development cap, which only has about 550,000 square feet remaining. This limit on office development needs to be incorporated into PBA50 and reflected in the 2050 household projection. The City previously requested confirmation on this issue through attendance and staff office hours and formal public records requests. We have received some data, but it remains unclear whether the annual office cap restrictions have been appropriately modeled.

At standard benchmarks of 250 workspace square feet per employee, and 1.5 workers per housing unit, if Palo Alto achieves even just 1,470 housing units by 2030 – less than one quarter of our current proposed allocation – then over the RHNA Cycle 6 time period, Palo Alto will be one of the extremely few Bay Area cities to actually be a net housing provider to the region.

- **Palo Alto requests jurisdiction-level data on forecasted job growth in the Final Blueprint.** With

this information, Palo Alto and other jurisdictions can offer more feedback regarding how the job growth projections may be refined.

- **Reduce the number of jobs attributed to jurisdictions with employers in sectors with high telecommuting rates.**

Telecommuting may be a long-term social and employment impact of COVID-19. Many businesses and institutions are, out of necessity, finding ways to shift operations to completely or mostly remote operations. Many large employers have shifted to remote operations. Once the pandemic subsides, many employers may continue a remote portion of their operations. The potential is very real that telecommuting could represent a larger share of jobs than is currently modeled, and thus a reduction in the number of commuters and a shift in where jobs are located. For example, the City anticipates retention of telecommuting for many employees with jobs attributed to Palo Alto employers and the possibility of associated lower demand for housing within the City and nearby. MTC/ABAG staff indicated that the Final Blueprint strategy EN7 accounts for significantly more telecommuting, as well as more use of transit and active transportation modes. However, the strategy still appears to attribute jobs to headquarters, assuming employees come to the office some days a week. The City encourages MTC/ABAG to consider a reasonable percentage of telecommute-friendly sector jobs to be reassigned away from job headquarters, as well as to make a stronger push for to model telecommuting in employment dynamics beyond an assumption ranging between 17-25% of the workforce for some jurisdictions.

- **The impacts of the COVID-19 pandemic—including the economic recession, anticipated changes in commute patterns, and other impacts—must be aggressively and clearly incorporated into the Final Blueprint documents, Implementation Plan, Environmental Impact Report (EIR) and overall final Plan Bay Area 2050.**

The COVID-19 pandemic created an economic recession that has and will continue to severely impact local governments, regional transportation systems, job growth, population growth and migration, and all development—from commercial to residential for multiple years well beyond 2021). The crisis is ongoing, and so the true recovery has yet to begin. This crisis must be explicitly studied, modeled, and discussed. The modeling and analyzed impacts must be a prominent, articulated part of the Final Blueprint documents presented to MTC and the ABAG Executive Board, as well as the Implementation Plan, EIR, and ultimately the final Plan Bay Area 2050. While the plan's time horizon is long, the impacts of the pandemic and recession are also long; no doubt the pandemic and recovery will shape the next generation. Responsible planning must clearly and easily show how the pandemic is accounted for year by year, especially in terms of job growth, population growth, housing demand, and anticipated viability of various funding streams in Plan Bay Area 2050.

Thoroughly understanding the COVID-19 pandemic and recession modeling in the Final Blueprint will help jurisdictions better understand 1) how the planning horizon in the Plan Bay Area 2050 Final Blueprint translates into the 8-year RHNA planning horizon and 2) anticipate potential timing for jurisdiction partnership in achieving stated greenhouse gas emissions reduction

targets and other goals in Plan Bay Area 2050.

To date, City staff has been unable to find a clear single source of COVID-19 pandemic and recession modeling information. Therefore, the City respectfully requests that this be provided as part of forthcoming MTC/ABAG staff reports and presentations on the Final Blueprint, EIR, and Implementation Plan so that the public can comment further. City staff currently understands that the COVID-19 pandemic and recession impacts are anticipated to last from approximately two years to ten years, depending on the topic. For example, transportation strategies that assist in recovering transit ridership to pre-pandemic levels are frontloaded for implementation, whereas some housing strategies are anticipated to take longer to fund and implement.

- **The underlying land use data incorporated into modeling must be accurate and jurisdiction-level modeling results must be provided so that jurisdictions can confirm land use accuracy and understand the model's assessments of development potential at the parcel level.**

The interim Urban Sim 2.0 modeling showed some density and growth assigned to areas within jurisdictions that should be excluded, such as creek parcels and Caltrain corridor parcels. Furthermore, interim modeling appeared to not reduce density or growth assigned to historic districts or areas with concentrations of small parcels. Palo Alto staff raised these and other topics and sought assurances that the modeling was scrubbed for errors. City staff formally submitted a public record request to obtain the information in order to confirm the accuracy of the modeling. While staff understands that this information is forthcoming, staff still awaits baseline and the updated density parameters used in modeling to accompany some initial 2050 jurisdiction-level modeling received as of the preparation of this letter.

- **Explain the distinction and overlap between the methodology used to create Plan Bay Area 2050 regional growth forecast versus the methodology used by the Department of Finance and the Housing and Community Development Department to generate the Regional Housing Needs Determination.**

The Departments of Finance (DOF) and Housing and Community Development (HCD) prepared projections for population growth and growth in households that led to the issuance of the Regional Housing Need Determination (RHND). In addition, MTC/ABAG also prepared the Plan Bay Area 2050 Regional Growth Forecast Methodology, updating it in 2020. The City requests a clear description and comparison of both methodologies.

RHNA METHODOLOGY

The City of Palo Alto has the following additional comments regarding the RHNA methodology.

Policy Areas of Concern

2050 Baseline Allocation Inappropriate for Eight-Year RHNA Cycle. While the use of the 2050 Future Households baseline from the Final Blueprint did reduce the anticipated draft RHNA housing

units for the City, the City still holds that long range aspirational housing goals to the year 2050 should not be applied to the near term RHNA allocation process, especially with three more RHNA cycles within the 30-year time horizon of Plan Bay Area 2050. The visionary housing goals in Plan Bay Area 2050 still rely on new funding sources, some of which require voter approval, political compromises, and infrastructure that has not yet been funded, approved, or built. Furthermore, MTC staff told City staff during a December 2020 Implementation Plan-oriented meeting that the Implementation Plan would primarily be focused on the next five years, given that another Plan Bay Area process would start again around that time. Other baselines with factors and weighting could have been chosen, such as the 2019 Existing Households baseline, 1) to root the RHNA methodology in existing conditions as a starting point and 2) to achieve the housing goals and be consistent with Plan Bay Area 2050.

Methodology Should Include an Allocation Cap to Address Development Feasibility. While the updated strategies in the Final Blueprint appear to result in more regionally distributed jobs and housing, the City still holds that the RHNA methodology should address development feasibility for jurisdictions by including an allocation cap, especially under current circumstances where it will take time for developers to prepare housing project plans and funding packages in recession conditions. The concern is some jurisdictions potentially failing to meet their market rate housing targets, subsequently being subject to the permit streamlining requirements of SB 35, and then these jurisdictions losing control over local land use decisions four years into the RHNA cycle.

Methodology Promotes Urban Sprawl in Unincorporated Areas. Use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline results in assigning new housing units to unincorporated County areas across the region. This could lead to urban sprawl across the region contrary to local and state environmental sustainability goals. Therefore, the City does not support the use of this baseline for the methodology due to this basic concept.

As a possible remedy, ABAG and MTC staff suggested nearby Santa Clara County jurisdictions absorb portions of these county housing units or potentially annex currently unincorporated areas. For Santa Clara County and Palo Alto specifically, this approach requires legal review and is likely unworkable under existing agreements between Santa Clara County, Stanford University, and Palo Alto. Furthermore, Palo Alto does not have the ability to absorb new units currently anticipated to be assigned to Santa Clara County; the City already absorbs a significant amount of the housing demand generated by Stanford University land uses in the County. Recent public research documented that adjacent Stanford University exacerbates housing demand in the City due to student and employee desire to live closer to retail, public services, and transportation. In the past, through the RHNA appeal process, some of the City's units were transferred to the County to address this discrepancy. The adopted methodology should account for these adjacency issues and not compel jurisdictions to file an appeal in order to receive a fair share allocation of the regional housing need.

Procedural Areas of Concern

COVID-19 Pandemic and Recession. With the unanticipated intrusion of COVID-19 early this year and all that has come with this pandemic, the seriousness and depth of its implications to the overall

RHNA process needs to be fully considered. It is important to understand how ABAG accounted for development feasibility for the current eight-year RHNA cycle under recession conditions. Additionally, it remains unclear when new funding sources described in the Plan Bay Area 2050 Final Blueprint for housing retention and production would arrive in this recession and if they would be in effect in time to assist jurisdictions meet the RHNA allocations for the current eight-year RHNA cycle.

More can be done in the RHNA methodology to account for current and future improvements in the existing jobs/housing imbalances in the region due to the current success of remote work and telecommuting. The fundamental location attribution for the jobs related RHNA methodology factors should be recalibrated for jurisdictions across the region. The pre-pandemic and pre-recession scoring used does not account for outmigration of jobs from the Bay Area and the anticipated increased levels of telecommuting in post-pandemic and post-recession conditions.

Data Areas of Concern (Mapping and Modeling)

Regional Growth Strategies Mapping and Modeling Accuracy. Mapping, modeling results, and associated assessments of development potential underlie the regional growth pattern in the Plan Bay Area 2050 Final Blueprint. Accuracy in the regional growth strategies mapping and modeling is fundamental if 2050 Households is used as the RHNA methodology baseline. Staff coordination with ABAG/MTC staff regarding the City's portion of the regional growth geographies mapping and modeling remains ongoing. City staff awaits remaining jurisdiction-level modeling information from which to determine if the modeling no longer includes some park and school areas, areas that are anticipated to experience lower or no transit service levels in the future, the local Veterans Administration area that is assigned over 1,000 housing units, and other areas of focus. To date, it has been difficult to have confidence in the use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline with these mapping and modeling items outstanding.

Thank you for your continued consideration of our concerns and please provide local jurisdictions with the information and data requested to ensure that this meaningful effort is transparent and results in achievable goals that enhance the vitality and diversity of the Bay Area.



January 20, 2021

Mayor Jesse Arreguín, President
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco CA 94105

Scott Haggerty, Chair
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco CA 94105

Therese McMillan, Executive Director
Metropolitan Transportation Commission
375 Beale Street, Suite 700
San Francisco CA 94105

Re: Plan Bay Area 2050 Growth Forecast and RHNA Methodology

Dear Mayor Arreguín, Supervisor Haggerty, and Director McMillan,

San Francisco is strongly committed to our ongoing work with the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) to develop and implement regional solutions to our collective housing and affordability challenges. We are also strongly committed to meeting greenhouse gas reduction targets that will lead to a greener and more equitable region. We believe strongly that regional partnerships and accountability across the Bay Area is the only way to deal with the congestion, sky-high housing costs, and climate change that threaten our region and our entire planet. However, San Francisco has major concerns regarding the December 2020 update to Plan Bay Area 2050 (PBA) and how it is assigning regional housing goals in the Regional Housing Needs Allocation (RHNA). The changes raise serious regional equity concerns and questions regarding the growth allocation and land use assumptions for San Francisco.

In San Francisco, we are working to do our part. Between 2000 and 2020, we doubled our annual average overall housing production and affordable housing production compared to 1990's levels. Since 2010, San Francisco has had the highest housing production of any city in the region. In the last fiscal year, we invested over \$500 million in affordable housing, our highest affordable housing investment in our history; and in 2019 we passed another \$600 million Affordable Housing bond that is being put to work as we enter the critical months of our economic recovery. To encourage housing throughout our entire City, we recently added four new Priority Development Areas (PDAs) in lower density, transit-served areas of the city. We reduced the number of annual evictions by half from a high of nearly 3,000 in the 1990's to less than 1,500 in 2019. We know there is always more to do to build more housing for our residents and workers, and we will continue to expand these efforts and our partnership with MTC and ABAG in carrying out this work.

In the last year, our country has experienced a profound call for racial justice. We embrace these conversations and have worked to expand them beyond police violence to include economic factors and health disparities. One of the main drivers of economic inequality has been the decades long push to focus housing production to limited areas most often occupied by communities of color. A lot of work has been done in the last few years to begin to shift those policies, and to ensure that all communities are building housing. This is good housing policy, it's good environmental policy, and it's good social justice policy.

Our fundamental concern is that the recent update to PBA is shifting away from this policy goal by reducing regional housing allocations for cities with greater racial and economic exclusion, and adding them to San Francisco in a way that will ratchet up pressures on parts of our City where Black and Latino communities live.

In addition to this fundamental concern, there are other issues of concern that are detailed in the attachment. Key among those:

- The PBA update negatively impacts the fair housing outcomes required by State law. Per ABAG's own analysis, this proposed update will reduce the RHNA housing allocation to cities that are currently more racially and economically exclusive than the region as a whole; further exacerbating fair housing concerns.
- The 53% increase of 74,000 new households in San Francisco (from 139,000 in the draft to 213,000 in the update) shifts growth pressures from high-resource, jobs-rich, and housing-poor areas in the region to Black and Latino communities in San Francisco.



- The PBA update appears to assume redevelopment of existing multifamily housing that could increase displacement pressures and run counter to the housing preservation goals in the plan.
- The PBA update does less than the current draft Plan to address jobs-housing imbalances in cities with more than two jobs per housing unit identified by MTC and ABAG. Most of these cities are disproportionately high resource.
- San Francisco's state and federal housing funding will be substantially reduced given the delay in the Housing Element EIR completion triggered by the new growth forecast.

We recognize that PBA must meet the greenhouse gas targets, as well as house our growing population, and we are fully committed to that shared goal. But our environmental targets must be achieved without compromising, or frankly at the expense of, our equity and housing goals. Our regional strategies must support housing in high-resource areas, reduce displacement, and support strategic transit investments. The future of the Bay Area cannot be built by bringing back the failed policies of the past.

Accordingly, we request that MTC revisit the PBA strategies and modify the PBA growth forecast by allocating more housing to jobs rich, high-resource jurisdictions with 30-minute transit headways and high jobs-housing imbalances. We also request the inclusion of the Equity Adjustment in the RHNA methodology. In support of these critical changes, we request MTC disclose more detail about the model assumptions and policy trade-offs that were made in December, and provide funding strategies that will adequately support the transportation investments needed in jurisdictions that receive increased growth forecasts and housing allocations.

We trust our regional agencies to address our environmental and equity goals, and we are ready to support this work in any way we can.

Sincerely,

A handwritten signature in blue ink that reads "London Breed".

Mayor London Breed

DocuSigned by:
Hillary Ronen
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Supervisor Hillary Ronen

DocuSigned by:
Supervisor Gordon Mar
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Supervisor Gordon Mar

DocuSigned by:
Rafael Mandelman
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Supervisor Rafael Mandelman



Attachment 1

Plan Bay Area 2050 Growth Forecast and RHNA Methodology Concerns

The 53% increase in new households for San Francisco in the PBA update shifts growth pressures from high resource areas across the region to lower resource areas that are home to Black and Latino communities in San Francisco: The increase from 139K (38% growth) to 213K (59% growth) raises serious equity concerns and questions about the growth assumptions used:

- Adding growth to SF and BART-served cities cannot be the principal approach to meet GHG-reduction targets and grow near transit. Other cities that are jobs-rich and high resource must also add frequent transit and housing to lower GHG for existing and new residents. We urge systematic and transparent review of places that are high-resource and transit-rich as well, for assigning growth and achieving GHG targets equitably.
- The total forecast of 160,000 additional households in SF's Southeast and Northeast rests on unclear land use assumptions that appear greater than current pipeline and potential land use changes. We are concerned about levels of growth that imply razing and displacing communities of color from existing multi-family housing in San Francisco's Black and Latino neighborhoods.
- While SF is receiving 50% more households in the update, there are no major additional infrastructure projects for the city, raising questions of how residents will reach jobs and services. In fact, this growth exacerbates crowding and transit maintenance problems that we see today and in the Draft Blueprint already.
- The largest share of SF's growth is in the Southeast District, home to a disproportionate number of Black, Latino, and low-income residents and fewer high resources areas. Higher growth in this area would require extensive community planning and substantial investment in community stabilization.

Questions about the redevelopment of existing multifamily housing remain in relation to MTC's land use assumptions in the forecast model and may not be consistent with local policy or the 3Ps framework for housing policy used by the regional agencies. MTC staff have agreed to provide more information on the resulting impacts of these assumptions in response to a request from San Francisco staff. Once these assumptions are better

understood, San Francisco may need to request changes that are more consistent with the 3Ps framework.

The reduction in household growth for high resource and jobs-rich cities in the El Camino Real/Caltrain corridor in San Mateo and Northwest Santa Clara Counties raises more questions regarding equity and staffs' land use and transportation assumptions:

- The PBA update negatively impacts the fair housing outcomes of RHNA (required in state law) by reducing housing allocated to cities with greater racial and economic exclusion, per [ABAG analysis](#).
- [9 of 11 cities](#) in the region with two or more jobs per housing unit sit along the El Camino Real corridor.
- 6 of the jobs-rich cities on the corridor have more high resource areas than average and [two cities have the region's richest zip codes](#), among the top five nationwide.

1	San Mateo County	Colma	6.8
2	Santa Clara County	Palo Alto	3.5
3	Alameda County	Emeryville	3.2
4	San Mateo County	Brisbane	3.1
5	San Mateo County	Menlo Park	2.9
6	Santa Clara County	Santa Clara	2.5
7	Santa Clara County	Mountain View	2.4
8	San Mateo County	South San Francisco	2.2
9	Santa Clara County	Milpitas	2.1
10	Santa Clara County	Cupertino	2.0
11	San Mateo County	Burlingame	2.0

- All but one of these cities are served by Caltrain and/or BART and have [high resource areas served by bus with 16-30 minute headways](#), infrastructure that can be expanded for future growth that is low VMT. Plan Bay Area includes significant transportation investment in this corridor, including US101 Express Lane widenings, Caltrain electrification and modernization and blended High-Speed Rail Service.
- Severe housing imbalances in these cities mean that low- and moderate-income workers must live elsewhere, worsening commutes and reducing access to opportunity.



- Many of the [region's largest and most valuable companies](#) are based in these cities including Apple, Alphabet, Intel, Facebook, Genentech, and HP.

Undermining the equity foundation of RHNA: The changes to PBA also increased SF's RHNA allocation by 15% over what we were anticipating (72,100 to 82,800 units). The updated RHNA number would be more than 10K per year. SF reached its highest housing production in decades in 2016 with 5K units. Reaching the new RHNA targets would require doubling the highest production that San Francisco achieved in at least 40 years, a target that seems unrealistic and far higher than what is being asked of any other city in the region. But the most critical issue is that shifting large amounts of RHNA to SF when SF already has substantial multifamily zoning means that racially and economically exclusionary jurisdictions around the Bay Area get less RHNA and have less need to zone for more housing, diminishing the fair housing impacts of RHNA. As your analysis shows, almost one quarter of Bay Area cities, which are racially and economically exclusive jurisdictions are not receiving their fair share of affordable housing allocations and only 26% of the region's very low- and low-income allocations are going to the 49 exclusive jurisdictions, while high-resource areas get a decrease in RHNA numbers.

Loss of Federal and State Affordable Housing Funding due to failure to complete

Housing Element: SF had proactively begun an EIR process for the Housing Element that would not only accommodate RHNA growth but also 30-year housing growth to allow for longer term housing planning. The growth assumptions that have been modeled for the Housing Element EIR (150,000 units) exceeded the Draft PBA forecast (138,000 units). The dramatic and unexpected increase in forecasted growth for San Francisco in PBA to 213,000 units will likely mean months of additional analysis and hundreds of thousands of dollars in costs to cover additional modeling required for the EIR. Given that San Francisco was by far the most impacted by changes to both PBA and RHNA we would experience the greatest difficulty and cost in adjusting our EIR to meet the proposed changes. In the past, SF has tried to align its long range planning, including transportation, community plans, and housing policies, with the PBA forecasts, however, the scale of recent changes, questions about underlying assumptions and equity outcomes, and potential delays raise questions the city's ability to maintain that alignment.

San Francisco has been a leader in housing added in the last decade according to [Vital Signs](#) and we are committed to continue to expand housing opportunities. We are concerned, however, that the latest PBA and RHNA numbers will allow jobs and resource rich

cities around the region (as described above) that have not been contributing to regional housing solutions to continue to do less than their share.

Top Cities and Unincorporated Areas for Production 2010 through 2018

1. San Francisco: **2,561** units/year
2. San Jose: **2,429** units/year
3. Dublin: **800** units/year
4. Sunnyvale: **465** units/year
5. Oakland: **352** units/year

We ask MTC to revise the growth forecast and propose a few strategies for consideration:

- 1. Reduce overall regional growth given the unexpected depth of the current economic crisis, with the substantial relocation of jobs and residents out of the Bay Area and out of California**
- 2. Revisit transportation policies to reduce VMT and change the PBA growth forecast by allocating more housing to jurisdictions that meet at least two of three key criteria:**
 - a. are extraordinarily jobs rich or are proximate to extraordinarily jobs rich areas, defined as having two or more jobs per housing unit.
 - b. have higher than average shares of census tracts that are classified as high resource according to the state housing agencies' [Opportunity Map](#).
 - c. have rail stations and/ or bus service with at least 30 minute headways that could reasonably be increased to accommodate additional future ridership as cities grow. It appears transit operating assumptions are limiting growth in many of these communities.
- 3. Any significant growth assignments to be accompanied with commensurate transportation investment and/or affordable housing supports.** San Francisco already has a \$20B transit maintenance backlog and experiences severe transit crowding. The cost of building and subsidizing affordable units is also extremely high here, on the order of \$800k per unit, and demand for stabilization/anti-displacement programs is high.