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November 16, 2020

Hon. Jesse Arreguin  
ABAG Executive Board  
Bay Area Metro  
375 Beale Street  
San Francisco, CA 94105

**VIA EMAIL**

RE: Public Comment on Proposed RHNA Methodology

Dear Board President Arreguin and Members of the Executive Board:

On behalf of the Cities Association of Santa Clara County, we would like to thank ABAG's leadership and staff for all of your hard work and dedication over the course of the past year through the Housing Methodology Committee (HMC) process. The Cities Association supports a Regional Housing Needs Assessment (RHNA) methodology that:

- Advances the RHNA statutory objectives
- Allows for an equitable distribution throughout the region
- Preserves open space
- Performs well in reducing GHG emissions
- Allows for consistency between RHNA and Plan Bay Area 2050
- Is a strong methodology to submit to the HCD for approval.

The Cities Association, however, objects to a methodology that allocates the largest share to Santa Clara County again. Santa Clara County is also one of only 3 jurisdictions where its share of the RHNA allocation would exceed its share of Bay Area Households. As we have shared before, we believe the RHNA process should be delayed until the State has a better understanding of the impact of COVID, including but not limited to the impact on job and household growth based on the increase in the number of employers allowing employees to telecommute. Additionally, the Cities Association has serious concerns that a significant portion of the underlying data used in Plan Bay Area 2050 is inaccurate, incomplete and/or outdated.

Similar to other counties in the region and statewide, our residents and elected officials are questioning where and how they will be able to build these large shares of allocated units, especially when we already struggled the last 8 years to meet much lower numbers. The solution is not increasing the RHNA numbers; instead, our leaders should first identify the barriers to building more housing and help local communities tackle those barriers.

Finally, we understand that the total number of units for the nine Bay Area region was determined by the California Department of Housing and Community Development (HCD). Therefore,

we strongly urge ABAG to join us in advocating against moving forward with the RHNA process at this time. Proceeding now will only set local communities up to fail and still not help to solve the problem. Instead, we recommend that the HCD, ABAG and the other regional groups form a committee to develop real solutions to California's housing crisis, and we are ready to partner with you on such an effort. Thank you again for all your work this year.

Thank you for your consideration.

Sincerely,



Larry Klein  
President, Cities Association  
Mayor, City of Sunnyvale



Neysa Fligor  
Chair, Legislative Action Committee  
Vice-Mayor, City of Los Altos

cc: Senator Wieckowski  
Senators-Elect Becker, Cortese, Laird  
Assembly Members Rivas, Kalra, Chu, Berman, Low, Stone  
Assembly Member-Elect Lee  
Gustavo Velasquez, Director, California Department of Housing & Community Development  
Keely Martin Bosler, Director, California Department of Finance  
Therese McMillan, Executive Director, ABAG & MTC

# City of Palo Alto

*Office of the Mayor and City Council*

Date: November 18, 2020

ABAG Executive Board Members

ABAG-MTC Public Information Office Staff

Submitted Via Email To: [info@bayareametro.gov](mailto:info@bayareametro.gov) and [RHNA@bayareametro.gov](mailto:RHNA@bayareametro.gov)

**RE: Proposed RHNA Methodology and Subregional Shares**

Dear ABAG Executive Board Members,

Thank you for the opportunity to provide comments on the proposed RHNA methodology. We believe that the proposed RHNA methodology (Option 8A), without modifications, will result in a significant number of jurisdictions appealing both their own and others' draft RHNA allocations in Summer 2021.

The City believes that many regional tensions in the RHNA process can be relieved by ABAG updating the recommended RHNA methodology. We have organized our primary concerns into the three general areas: policy, procedure, and data.

ABAG and MTC staff need more time to analyze the comments received and prepare adjusted RHNA methodology options for RPC and Executive Board consideration in December 2020 and January 2021. ABAG and MTC staff also need more time to analyze and describe any shift in baseline-related outcomes for the recommended RHNA methodology resulting from incorporation of the Plan Bay Area 2050 Final Blueprint modeling results, given that comments received to date reflect considerations resulting from the Draft Blueprint modeling.

## Policy Areas of Concern

**2050 Baseline Allocation Inappropriate for Eight-Year RHNA Cycle.** The City believes that it is unreasonable to apply long range aspirational housing goals to the near term RHNA allocation process, especially with three more RHNA cycles within the 30-year time horizon of Plan Bay Area 2050. Achieving the visionary housing goals in Plan Bay Area 2050 currently relies on new funding sources, some of which require voter approval, political compromises, and infrastructure that has not yet been funded, approved, or built. However, use of the 2019 Existing Households baseline could be utilized with factors and weighting to 1) root the RHNA methodology in existing conditions as a starting point and 2) achieve the housing goals and be consistent with Plan Bay Area 2050.

**Methodology Should Include a Cap to Address Development Feasibility.** Under the anticipated draft RHNA allocations resulting from use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline, the City supports the application of a reasonable cap to limit how much housing a community is expected to build over the RHNA cycle. Housing units that exceed the cap should then be redistributed to other jurisdictions. This addresses fundamental development feasibility, especially under current recession circumstances. The concern is many 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.

For Palo Alto and other Santa Clara County and San Mateo County jurisdictions, this anticipated RHNA allocation would result in the need to plan for a population growth equivalent to building a new small city in eight years within existing built-out jurisdictional boundaries. Staff estimates that Palo Alto's anticipated allocation would require the need for significant increases in municipal services, including more parkland, expanded public safety services, greater access to libraries and public schools and other services to accommodate a population growth that averages an estimated 3,000 new residents each year during the RHNA cycle. This is equivalent to a population increase of approximately 23,000 new residents or a 36% growth in the City's population. Development at this scale and pace is not realistic and not feasible for a built-out community. A growth cap is necessary to ensure jurisdictions can reasonably plan for and produce more housing units.

**Methodology Promotes Urban Sprawl in Unincorporated Areas.** Use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline results in the unintended consequence of assigning a significant number of new housing units to unincorporated County areas across the region. This could lead to urban sprawl across the region. Therefore, the City does not support the use of this baseline for the methodology.

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, the City previously requested that the RHNA methodology account for "town and gown" concerns generated by the adjacency of unincorporated Stanford University to nearby jurisdictions. The City already absorbs a significant amount of the housing demand generated by Stanford University land uses. 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 Plan Bay Area 2050 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 land use 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. Palo Alto may be assigned more growth and development potential than is appropriate. Interim maps still include 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 concern. Furthermore, interim modeling results identify some larger parcels with significant existing infrastructure and buildings as identified for future housing growth. Staff notes that these larger parcels are unlikely to redevelop in the next eight-year RHNA cycle and some are unlikely to redevelop in the next 30 years. Other Santa Clara County jurisdictions also have mapping accuracy concerns. It is difficult to have confidence in the use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline with these mapping and modeling concerns still outstanding.

Looking forward, the City requests that ABAG schedule release of staff reports or other key information sufficiently in advance of public hearings to allow jurisdiction staff to bring these items to their respective elected bodies and other local stakeholders. This request includes materials for the forthcoming ABAG Executive Board meeting and the forthcoming release of updated Plan Bay Area 2050 Final Blueprint modeling results.

Thank you for your continued consideration.

Adrian Fine, Mayor

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CC:

Palo Alto City Council Members

Ed Shikada, City Manager, City of Palo Alto

Molly Stump, City Attorney, City of Palo Alto

Jonathan Lait, Director, Planning and Development Services Department, City of Palo Alto

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November 18, 2020

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

RE: Proposed RHNA Methodology and Subregional Shares - Support for **Option 8A** using the Plan Bay Area 2050 **Households** Baseline with the **Equity Adjustment**

Dear President Arreguin and ABAG Executive Board,

We are a diverse set of organizations and stakeholders, including the 6 Wins for Social Equity Network and close partners, from across the region focusing on housing, the environment, and the economy. **We strongly support ABAG's proposed RHNA methodology, known as the "High Opportunity Areas Emphasis & Job Proximity" methodology ("Option 8A") using the Plan Bay Area 2050 Households baseline, but believe the methodology needs to be further refined through a small but meaningful adjustment to more fully meet the statutory objective for affirmatively furthering fair housing.**

With the adjustment, this methodology will move us closer to an inclusive and prosperous region where all residents have a safe and affordable home and equal access to environmental, economic, and educational opportunity.

Option 8A represents a sound compromise born of an in-depth, iterative process at the ABAG Housing Methodology Committee. Over the last year, this diverse group of local elected officials, city and county staff, and community stakeholders engaged in robust discussion on every aspect of the methodology. ABAG adopted the Committee's recommendation due to its strong performance on the statutory objectives of RHNA. A majority of the Committee also supported an equity adjustment. We urge you to continue to respect the integrity of this process and move forward with the Committee's recommendation, with the equity adjustment.

**As ABAG staff has demonstrated through a set of performance metrics, Option 8A performs well on all five of RHNA's statutory objectives.** This methodology will help our region improve our environment, reduce our commutes, and ensure every resident has a stable home they can afford:

1. Improve our Environment: Option 8A will help improve our environmental health and mitigate climate change in several ways:
  - a. The “Access to High Opportunity Areas” factor allocates more homes in jurisdictions with high quality economic, educational, and *environmental* opportunity.<sup>1</sup> This means that more homes, especially affordable homes, will be allocated to jurisdictions with quality jobs, adequately-resourced schools, and minimal pollution.
  - b. The 70 percent weight to the “Access to High Opportunity Areas” factor for affordable homes will require jurisdictions that have mostly zoned for single-family homes to now zone for multi-family housing to meet the very low- and low-income allocations.<sup>2</sup> Multi-family buildings, such as apartments, are more efficient uses of our space and they use less energy, water, and land than single-family neighborhoods.<sup>3</sup>
  - c. The Plan Bay Area 2050 Households baseline and job proximity factors allocate more homes near projected job growth, thereby reducing commutes and greenhouse gas emissions. Option 8A with an Equity Adjustment allocates 60 percent of the total RHNA to the counties with highest projected job growth: San Francisco, San Mateo County, and Santa Clara County.
2. Reduce our Commutes: Option 8A will reduce commutes for *all kinds of jobs*, not just the tech jobs in Silicon Valley, in order to meet the new statutory jobs-housing fit requirement. Jobs-housing fit is a jurisdiction’s ratio of low-wage jobs to homes affordable to those workers.<sup>4</sup> Those workers include farmworkers, service workers at our tourist destinations, homes, offices, and schools, and many others. Currently, many of our jurisdictions have a severely imbalanced jobs-housing fit. For example, Pleasanton’s jobs-housing fit is 19 (meaning there are 19 low-wage jobs for every home affordable to those workers), Danville’s is 11, and Sonoma’s is 8. Each day, over 170,000 people commute into Contra Costa County for work and about one-third of those commuters are traveling more than 50 miles to those jobs, which means we need homes in Contra Costa County too.<sup>5</sup> Thus, Option 8A and the Equity Adjustment will help reduce commutes for everyone.

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<sup>1</sup> California Tax Credit Allocation Committee’s [Opportunity Mapping Methodology 2020](#); Environmental opportunity is based on [CalEnviro Screen 3.0](#), which measures the level of environmental health in each census tract, including the extent of air and water pollution.

<sup>2</sup> Cal. Gov. Code Section [65583.2\(c\)\(3\)\(B\)](#).

<sup>3</sup> “[Apartments in buildings with 5 or more units use less energy than other home types](#),” U.S. Energy Information Administration (June 2013).

<sup>4</sup> “[Low-wage Jobs-housing Fit](#): Identifying Locations of Affordable Housing Shortages,” UC Davis (Feb. 2016).

<sup>5</sup> U.S.Census Bureau, Center for Economic Studies at <https://onthemap.ces.census.gov/>.

3. Stable Homes for all Bay Area Residents: Residents across the Bay Area have a wide range of income levels but those on the lower end have few options affordable to them. Option 8A helps ensure that there will be new homes affordable in every part of the region. However, an Equity Adjustment, as described below, is necessary to fully meet this need.

**An Equity Adjustment is necessary to improve this methodology's performance on the affirmatively furthering fair housing objective.** At the Housing Methodology Committee's final meeting on September 18, more than half of the committee supported an adjustment to ensure that each exclusive jurisdiction receives a share of the region's very low and low-income allocations that is at least proportional to the jurisdiction's share of the region's total number of households.<sup>6</sup> Many members of the ABAG Executive Board also stated on October 15 that meeting the statutory objectives of RHNA and advancing racial equity were critical and worthy of potential improvements to the methodology.

The Equity Adjustment will operate as follows: if a racially and/or economically exclusive jurisdiction receives a share of the region's very low- and low-income allocations that is less than proportional to the jurisdiction's share of the region's households, the Equity Adjustment will add very low- and low-income units to its allocations until the jurisdiction's share of the region's very low- and low-income allocations is proportional to its share of the region's households. For example, if jurisdiction A is racially and/or economically exclusive and is home to 1% of the region's households but receives 0.8% of the region's very low- and low-income allocations, then the adjustment will add at least 0.2% of the region's very low- and low-income allocations to jurisdiction A.

Under the proposed methodology, without an adjustment, there are 17 exclusive jurisdictions that are *not* receiving this proportional share of very low- and low-income allocations.<sup>7</sup> Using an adjustment to re-allocate just 3,003 more affordable homes (which make up 1.7% of the total lower-income RHNA and 0.7% of the total RHNA) to these jurisdictions will ensure that this proportional threshold is met throughout the region. These allocations are essential to encourage more multi-family zoning, which will further both our need to build more affordably in areas of opportunity and build more efficiently and densely. Otherwise, the RHNA will exacerbate fair housing problems in over one-third of our historically exclusive jurisdictions which would be the opposite of affirmatively furthering fair housing.

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<sup>6</sup> Housing Methodology Committee [Meeting on Sept 18, 2020](#) at 1:06:00-1:06:47 (only 9 out of 31 members voted against the equity adjustment).

<sup>7</sup> Four out of those 17 jurisdictions are in Napa and Sonoma Counties where fire risk is increasing. Consistent with the duty to affirmatively further fair housing, ABAG should work with HCD and those 4 jurisdictions to discuss how these risks can be mitigated in their housing elements.



To apply the Equity Adjustment, the additional allocations must come from other jurisdictions. The following are a few different ways to perform this reallocation:

1. **Unincorporated jurisdictions:** The Equity Adjustment could take allocations from some unincorporated jurisdictions that may lack sewage and utility lines or have substantial protected open space. If ABAG chooses this option, it must carefully consider which unincorporated areas from which to reduce allocations, because there are many high-income, urbanized communities in unincorporated areas as well. For example, Alamo is an unincorporated community in Contra Costa County where the jobs-housing fit is 10, the median home value is \$1.6 million, and it is a high opportunity area.<sup>8</sup> Thus, this reallocation must still affirmatively further fair housing by ensuring that the unincorporated areas with high-income, urbanized communities are allocated their fair share of affordable units.
2. **Non-exclusive jurisdictions:** as staff had recommended to the Housing Methodology Committee on September 18, another option is to reduce allocations from all jurisdictions that are *not* “racially and economically exclusive” (as defined by the AFFH performance metric) in proportion to their initial share of the region’s lower-income RHNA.
3. **Least exclusive jurisdictions:** another option is to reduce allocations from the jurisdictions that have the *lowest* extent of racial and economic exclusion (as defined by the AFFH performance metric).

Moreover, **we strongly urge ABAG to reject alternatives, such as changing the baseline, that perform worse on the statutory objectives’ performance metrics.** Alternative proposals that use Plan Bay Area 2050 Growth as the baseline, for example, fail to meet the statutory objective to affirmatively further fair housing and perform worse than the current ABAG proposed methodology on almost all other metrics. If any further adjustments to the methodology are made, they should instead perform holistically better on the metrics and objectives.

**Finally, we recognize that there are many essential objectives of the RHNA process that must be advanced through local housing element updates, including equitable planning that accounts for geographies particularly vulnerable to fire and flood, protecting our open space, and dismantling segregation within local jurisdictions.** These are essential goals that local jurisdictions must address in their housing elements after they receive their RHNA allocations. State law allows local jurisdictions to plan how to meet their RHNA in ways that are most appropriate for their local context. For instance, they should avoid using sites with

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<sup>8</sup> UC Davis Jobs-Housing Fit [data](#) (2016); [Alamo Census Estimates](#) (2019); California Tax Credit Allocation Committee’s [Opportunity Map](#) (2020).

insufficient water, sewage, and dry utilities,<sup>9</sup> they should avoid planning for very low and low income homes in the neighborhoods facing moderate and high wildland fire hazards, and they should plan for more affordable homes in the neighborhoods with higher access to opportunity. We look forward to continuing to work with our elected leaders and agency staff across the region to ensure these goals are met.

Now is the time for all Bay Area cities and counties to come together and move collectively toward a more equitable, sustainable, inclusive future where people of all racial and economic backgrounds have access to housing and resources. ABAG's proposed methodology with the Equity Adjustment outlined above will help us get there.

Signed,

Shajuti Hossain, *Public Advocates*

Debra Ballinger, *Monument Impact (in Concord)*

Tim Frank, *Center for Sustainable Communities*

Louise Auerhahn, *Working Partnerships USA (in San Jose)*

Justine Marcus, *Enterprise Community Partners*

Leslie Gordon and Tameeka Bennett, *Urban Habitat*

Rodney Nickens Jr., *Non-Profit Housing Association of Northern California* [HMC member]

Jeffrey Levin, *East Bay Housing Organizations* [HMC member]

Darnell Grisby and Hayley Currier, *TransForm*

Mike Rawson, *Public Interest Law Project*

Matt King, *Sacred Heart Community Service (in San Jose)*

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<sup>9</sup> Cal. Gov. Code Section [65583.2](#)(b)(5)(B).

Laura Hall, *EAH Housing*

Héctor Malvido, *Ensuring Opportunity Campaign to End Poverty in Contra Costa County*

Ian Winters, *Northern California Community Land Trust*

Gina D. Dalma, *Silicon Valley Community Foundation*

Cindy Wu, *Bay Area Local Initiatives Support Corporation*

Leslye Corsiglia, *Silicon Valley at Home*

Adam Briones, *The Greenlining Institute*

Ruby Bolaria Shifrin, *Chan Zuckerberg Initiative* [HMC member]

Judith Bell, *The San Francisco Foundation*

Karen Chapple, *Professor of City & Regional Planning at UC Berkeley*