

TO: ABAG Administrative Committee
FROM: Therese W. McMillan, Executive Director
SUBJECT: City of Los Altos Appeal of Draft RHNA Allocation and Staff Response

DATE: October 22, 2021

OVERVIEW

Jurisdiction: City of Los Altos

Summary: The City of Los Altos requests the reduction of its Draft RHNA Allocation, without specifying the number of units that should be reduced. The City requests a reduction based on the following issues:

- ABAG failed to adequately consider information submitted in the Local Jurisdiction Survey related to:
 - Existing and projected jobs and housing relationship.
 - Sewer or water infrastructure constraints for additional development due to laws, regulatory actions, or decisions made by a provider other than the local jurisdiction.
 - Availability of land suitable for urban development or for conversion to residential use.
 - Distribution of household growth assumed for Plan Bay Area 2050.
 - The region's greenhouse gas emissions targets to be met by Plan Bay Area 2050.
- ABAG failed to determine the jurisdiction's Draft Allocation in accordance with the Final RHNA Methodology and in a manner that furthers, and does not undermine, the RHNA Objectives.
- A significant and unforeseen change in circumstances has occurred in the local jurisdiction that merits a revision of the information submitted in the Local Jurisdiction Survey.

Staff Recommendation: Deny the appeal.

BACKGROUND

Draft RHNA Allocation

Following adoption of the Final RHNA Methodology on May 20, 2021, the City of Los Altos received the following draft RHNA allocation on May 25, 2021:

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
City of Los Altos	501	288	326	843	1,958

Local Jurisdiction Survey

The City of Los Altos did not submit a Local Jurisdiction Survey. A [compilation of the surveys submitted](#) is available on the ABAG website.

Comments Received during 45-Day Comment Period

ABAG received nearly 450 comments during the 45-day public comment period described in Government Code section 65584.05(c). Some comments encompassed all of the appeals submitted and there were two comments that specifically relate to the appeal filed by the City of Los Altos. Both comments oppose the City's appeal. [All comments received](#) are available on the ABAG website.

ANALYSIS

The City of Los Altos has submitted an appeal based on Government Code Section 65584.05(b)(1), that ABAG "failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04" and Government Code Section 65584.05(b)(3), that a "significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted pursuant to subdivision (b) of Section 65584.04."

Government Code Section 65584.04(b) refers to the Local Jurisdiction Survey that ABAG conducted in January and February of 2020. However, Los Altos does not meet the statutory criteria for submitting an appeal, as described in Government Code Section 65584.05(b)(1), because the City did not submit a survey response to ABAG. Though the jurisdiction lacks a valid basis for appealing its draft allocation for these issues, ABAG-MTC staff responded to the issues raised in the jurisdiction's appeal. The City also appealed based on Government Code Section 65584.05(b)(2), claiming ABAG failed to determine the jurisdiction's Draft RHNA Allocation in accordance with the Final RHNA Methodology and in a manner that furthers the RHNA Objectives. ABAG's response below addresses these claims as well.

Issue 1: *The City argues that ABAG failed to adequately consider Los Altos's jobs-housing relationship. The City states that Los Altos is a net provider of housing and adding more housing will exacerbate its existing jobs-housing imbalance. Consequently, the City believes Los Altos's RHNA is inconsistent with the statutory objective related to improving the intraregional jobs-housing relationship, as described in Government Code Section 65584(d)(3).*

ABAG-MTC Staff Response: This argument by the City challenges the final RHNA methodology that was adopted by the ABAG Executive Board and approved by HCD. A valid appeal must show ABAG made an error in the application of the methodology in determining the jurisdiction's allocation; a critique of the adopted methodology itself falls outside the scope of the appeals process. Jurisdictions had multiple opportunities to comment as the methodology

was developed and adopted between October 2019 and May 2021. Housing Element Law gives HCD the authority to determine whether the RHNA methodology furthers the statutory objectives described in Government Code Section 65584(d), and HCD made this determination.¹ Regarding the RHNA objective related to “*Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction,*” HCD made the following findings:

The draft ABAG methodology² allocates more RHNA units to jurisdictions with more jobs. Jurisdictions with a higher jobs/housing imbalance receive higher RHNA allocations on a per capita basis. For example, jurisdictions within the healthy range of 1.0 to 1.5 jobs for every housing unit receive, on average, a RHNA allocation that is 61% of their current share of households. Jurisdictions with the highest imbalances – 6.2 and higher – receive an average allocation 1.21 times their current share of households. Lastly, higher income jurisdictions receive larger lower income allocations relative to their existing lower income job shares.

The RHNA methodology incorporates each jurisdiction’s jobs-housing relationship through use of the Plan Bay Area 2050 Final Blueprint as the baseline allocation. The Final Blueprint incorporates information about each jurisdiction’s existing and projected jobs and households. The Final Blueprint emphasizes growth near job centers and in locations near transit, including in high-resource areas, with the intent of reducing greenhouse gas (GHG) emissions. It includes strategies related to increased housing densities and office development subsidies to address jobs-housing imbalances in the region. This land use pattern is developed with complementary transportation investments in an effort to ensure past and future transportation investments are maximized. The strategies incorporated into the Final Blueprint help improve the region’s jobs-housing balance, leading to shorter commutes—especially for low-income workers.

The final RHNA methodology amplifies the Plan Bay Area 2050 Final Blueprint’s emphasis on improving jobs-housing balance by using factors related to job proximity to allocate nearly half of the Regional Housing Needs Determination (RHND). It is important to note that Housing Element Law requires that the RHNA methodology improve the *intraregional* relationship between jobs and housing—not the jobs-housing balance in any particular jurisdiction. The job proximity factors direct housing units to those jurisdictions with the most jobs that can be accessed with a 30-minute commute by automobile and/or a 45-minute commute by transit. The inclusion of the Job Proximity – Transit factor encourages growth that capitalizes on the Bay

¹ For more details, see [HCD’s letter](#) confirming the methodology furthers the RHNA objectives.

² Pursuant to Government Code Section 65584.04(i), HCD must review the Draft RHNA Methodology developed by the Council of Governments. On May 20, 2021, ABAG adopted the Draft RHNA Methodology without any modifications as the Final RHNA Methodology.

Area's existing transit infrastructure, while the Job Proximity – Auto factor recognizes that most people in the region commute by automobile.

The factors in the RHNA methodology measure job access based on a commute shed to better capture the lived experience of accessing jobs irrespective of jurisdiction boundaries. Housing and job markets extend beyond jurisdiction boundaries—in most cities, a majority of workers work outside their jurisdiction of residence, and demand for housing in a particular jurisdiction is substantially influenced by its proximity and accessibility to jobs in another community. Even in jurisdictions that lack robust transit service or where most residents commute by automobile, adding more housing in areas with easy access to jobs can lead to shorter commutes, helping to reduce vehicle miles travelled (VMT) and GHG.

Notably, state law also requires the RHNA methodology to consider the balance between the number of low-wage jobs and the number of affordable housing units in each jurisdiction, as described in Government Code Section 65584.04(e)(2)(B). Data from the Census Bureau indicates that Los Altos has one of the region's most imbalanced ratios between low-wage jobs and affordable housing units, with 98 low-wage jobs per unit of rental housing affordable to low-wage workers and their families.³ Accordingly, the allocation of 789 units of lower-income RHNA assigned to Los Altos could enable many of the low-wage workers in Los Altos to live closer to their jobs, helping to improve the jobs-housing fit, reduce commute times, and lower GHG.

Issue 2: *Los Altos argues sewer capacity is a constraint for additional development. The City states that its sewage treatment is provided by the City of Palo Alto and asserts Los Altos has no means to expand sewer capacity other than "buying" additional capacity from another willing jurisdiction.*

ABAG-MTC Staff Response: Government Code Section 65584.04(e)(2)(A) states that ABAG must consider the opportunities and constraints to development of additional housing in each member jurisdiction due to "Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period." The arguments put forward by Los Altos do not meet the requirements for a valid RHNA appeal.

While Los Altos notes that it contracts with the City of Palo Alto for sewage treatment, the appeal submitted by Los Altos provides no evidence that the City of Palo Alto has determined there is insufficient sewer capacity to meet the needs of future development in Los Altos. Los Altos's appeal also does not demonstrate that the City of Palo Alto is unable to expand its sewage treatment capacity in the future to meet additional demand. Accordingly, the City has

³ For more information, see this data source created by ABAG for the Local Jurisdiction Survey: <https://rhna.mtcanalytics.org/jobshousingratio.html?city=Los%20Altos>.

not provided evidence that Los Altos lacks the necessary sewage capacity for future development during the 2023-2031 planning period.

Issue 3: *Los Altos argues that water availability is a constraint for additional development. The City asserts that its RHNA allocation is greater than the level of growth CalWater and Valley Water anticipated to accommodate. Los Altos also notes that the Anderson Reservoir is empty and unavailable for at least 10 years due to dam reconstruction and seismic retrofitting, which could limit Valley Water's water supply.*

ABAG-MTC Staff Response: As with sewer capacity, Government Code Section 65584.04(e)(2)(A) states that ABAG must consider a lack of water service due to regulations or distribution decisions made by a service provider other than the local jurisdiction that preclude the jurisdiction from providing the necessary infrastructure for additional development during the RHNA planning period. The arguments put forward by Los Altos do not meet the requirements for a valid RHNA appeal.

Although the City cites information from the California Water Service Urban Water Management Plan (UWMP), Los Altos has not demonstrated that it is precluded from accommodating its RHNA allocation because of a decision by this water service provider. Los Altos indicates that the RHNA allocation exceeds the growth projected by the water service providers. However, this difference in assumptions about expected growth does not represent a determination that the City will not have sufficient water capacity in the future. Additionally, though the Anderson Reservoir will not be used for Santa Clara County's water supply for an estimated 10 years, the City has not demonstrated that it is precluded from accommodating its RHNA allocation for the entirety of the 2023-2031 RHNA period. Importantly, Valley Water has stated there will be enough water for Santa Clara County while water from Anderson Reservoir is unavailable, noting that they have "diverse water supplies, the ability to refill our groundwater aquifers and back-up plans to provide safe, clean water to Santa Clara County."

While ABAG appreciates the City's concerns about the ongoing drought and uncertainties about future water supply, population growth does not necessarily mean a similar increase in water consumption: while the region's population grew by approximately 23 percent between 1986 and 2007, total water use increased by less than one percent.⁴ A review by ABAG-MTC staff of 54 UWMPs from 2015 and 2020 produced by water retailers that cover 94 percent of the Bay Area's population illustrate a further reduction in per capita water use over the past decade. Between 2010 and 2015 per capita water use fell from 162 gallons per person per day to 105, reflecting significant conservation during the last major drought. In the 2020 non-drought year, conservation held, with the regional daily use at 114 gallons per person per day, a 30 percent reduction since 2010. In addition to having an impressive aggregate reduction in water use, only

⁴ San Francisco Bay Area Integrated Regional Water Management Plan, 2019.

one water retailer out of the 54 reviewed plans did not meet state per capita water conservation goals. In other words, per capita water use has substantially declined in the region over the last quarter century.

The Plan Bay Area 2050 Final Blueprint, which is used as the baseline allocation in the RHNA methodology, has the potential to lessen water supply issues in the region. The Final Blueprint concentrates future growth within already developed areas to take advantage of existing water supply infrastructure and reduce the need for new water infrastructure to be developed to serve new areas. Per capita water use is likely to be less due to a greater share of multifamily housing and modern water efficiency standards for new construction and development. The continued urban densification promoted by the Final Blueprint – in addition to the continued implementation of water conservation, reuse and recycling programs by local water agencies and municipalities – will help to continue the downward trajectory of per capita water consumption within the region. One of Plan Bay Area 2050's strategies to reduce risks from hazards is to provide financial support for retrofits to existing residential buildings to increase water efficiency. ABAG and MTC are working with partner agencies to secure additional resources to improve water conservation in the Bay Area over the long term.

It is true that the current drought poses significant challenges to Bay Area communities, and that the incidence of droughts is likely to increase as a result of climate change. All jurisdictions in the Bay Area, State of California, and much of the western United States must contend with impacts from drought and all 441,176 new homes that must be planned for in the region need sufficient water. However, as HCD notes in its comment letter on appeals that identified drought as an issue, "these issues do not affect one city, county, or region in isolation. ABAG's allocation methodology encourages more efficient land-use patterns which are key to adapting to more intense drought cycles and wildfire seasons. The methodology directs growth toward infill in existing communities that have more resources to promote climate resilience and conservation efforts."⁵

Action can be taken to efficiently meet the region's future water demand, even in the face of additional periods of drought. Eight of the region's largest water districts in the region worked together to produce the Drought Contingency Plan to cooperatively address water supply reliability concerns and drought preparedness on a mutually beneficial and regional focused basis.⁶ The Drought Contingency Plan identifies 15 projects of a regional nature to further increase water supply reliability during droughts and other emergencies.

Importantly, the existence of the drought does not change the need to add more housing to address the Bay Area's lack of housing affordability. Part of the reason the Regional Housing Needs Determination (RHND) assigned by HCD for this RHNA cycle is significantly higher than in

⁵ See [HCD's comment letter on appeals](#) for more details.

⁶ See the [Drought Contingency Plan](#) for more information.

past cycles is because it incorporates factors related to overcrowding and housing cost burden as a way of accounting for existing housing need. ABAG encourages jurisdictions to take steps to accommodate growth in a water-wise manner, such as supporting new development primarily through infill and focusing on dense housing types that use resources more efficiently. We also support efforts like the Bay Area Regional Reliability partnership between many of the major water agencies in the region. The measures identified in the Drought Contingency Plan will improve regional reliability for all, especially for water districts with a small or singular water supply portfolio.

Issue 4: *Los Altos argues its RHNA allocation is inconsistent with its General Plan, and the City states that this inconsistency violates Government Code Section 65300.5 and existing case law.*

ABAG-MTC Staff Response: Though the City of Los Altos contends that its RHNA allocation is inconsistent with its General Plan, the RHNA process is a component of updates to the General Plan's Housing Element that local jurisdictions are required to complete every eight years. Therefore, all jurisdictions are expected to update the Housing Elements of their General Plans to accommodate their RHNA allocations. The statute cited by Los Altos (Government Code Section 65300.5) simply states, "In construing the provisions of this article, the Legislature intends that the general plan and elements and parts thereof comprise an integrated, internally consistent and compatible statement of policies for the adopting agency." The City may need to update other elements of its General Plan in addition to the Housing Element to achieve consistency, but the RHNA allocation to Los Altos is not in violation of this statute. The City's need to revise its General Plan because of the 6th Cycle RHNA does not represent a valid basis for appeal as defined by statute. Similarly, the case law cited by the City also does not have relevance to the RHNA appeals process.

Issue 5: *Los Altos argues that the City has limited availability of land suitable for urban development or for conversion to multi-family residential use. The City asserts that it borders a Wildland-Urban Interface that is hilly and unsuitable for higher density development. The City also asserts that the majority of the land within its boundaries is zoned and developed for residential use, that much of the land originally zoned for commercial, retail, and office space has already been rezoned, and that further rezoning the sparse commercial land would affect city finances. The City further argues its draft RHNA fails to consider the implication of statutes governing Housing Element site identification requirements. The City argues that a combination of high land values, absence of vacant land, high construction costs, and lack of available labor work against redevelopment. Lastly, the City argues that it is subject to flooding from four creeks, which restricts the potential for development.*

ABAG-MTC Staff Response: The final RHNA methodology adequately considers the potential development constraints described in Los Altos's appeal through use of data from the Plan Bay Area 2050 Final Blueprint as the baseline allocation. In developing the Plan Bay Area 2050 Final

Blueprint, ABAG-MTC staff worked with local governments to gather information about local plans, zoning, and physical characteristics that might affect development. A strength of the land use model used for Plan Bay Area 2050 forecasting is that it assesses feasibility and the cost of redeveloping a parcel, including the higher cost of building on parcels with physical development constraints (e.g., steep hillsides). These feasibility and cost assessments are used to forecast the Los Altos's share of the region's households in 2050, which is an input into its RHNA allocation.

Importantly, as HCD notes in its comment letter on submitted appeals, Government Code Section 65584.04(e)(2)(B) states that ABAG:

*"may not limit its consideration of suitable housing sites to existing zoning and land use restrictions and must consider the potential for increased development under alternative zoning and land use restrictions. Any comparable data or documentation supporting this appeal should contain an analysis of not only land suitable for urban development, but land for conversion to residential use, the availability of underutilized land, and opportunity for infill development and increased residential densities. In simple terms, this means housing planning cannot be limited to vacant land, and even communities that view themselves as built out or limited due to other natural constraints such as fire and flood risk areas must plan for housing through means such as rezoning commercial areas as mixed-use areas and upzoning non-vacant land."*⁷

Los Altos asserts that the RHNA methodology fails to consider the implications of the statutes governing Housing Elements, as the City believes Los Altos lacks adequate sites to plan for its RHNA. However, AB1397, one of the laws cited in Los Altos's appeal, reiterates the concepts from HCD's comment quoted above and sets forth Housing Element site inventories which specifically include non-vacant sites. ABAG acknowledges that AB 1397 modifies the Housing Element update process in Government Code Section 65583 and requires stronger justification for using certain types of sites to meet RHNA need, particularly non-vacant sites. While these statutory changes have increased the extent of analysis or supportive policy required to demonstrate development likelihood, they do not preclude the consideration of non-vacant sites.

ABAG-MTC staff also understands Los Altos's concerns about the potential for future growth in areas at risk of natural hazards, as the Bay Area is subject to wildfire, flood, seismic, and other hazards and climate impacts. However, with only a small exception, Housing Element Law does not identify areas at risk of natural hazards as a potential constraint to housing development.⁸

⁷ See [HCD's comment letter on appeals](#) for more details.

⁸ Government Code Section 65584.04(e)(2)(B) states "The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding."

Given the significant natural hazard risks in the Bay Area, whether to incorporate information about hazard risks when allocating RHNA units was one of the topics most thoroughly discussed by the Housing Methodology Committee (HMC) during the methodology development process.⁹ Ultimately, HMC members came to consensus that though housing in high hazard areas is a concern, adding a specific hazard factor to the RHNA methodology may not be the best tool to address this issue. In large part, this is because the Plan Bay Area 2050 Final Blueprint, which forms the baseline of the final RHNA methodology, already addresses concerns about natural hazards, as the Final Blueprint excludes areas with unmitigated high hazard risk from Growth Geographies.

The Final Blueprint Growth Geographies exclude CAL FIRE designated “Very High” fire severity areas in incorporated jurisdictions, and “High” and “Very High” fire severity areas as well as county-designated wildland-urban interfaces (WUIs) where applicable in unincorporated areas. The only exception is for locally-nominated Priority Development Areas (PDAs), which does not apply to Los Altos. While there may be areas at risk of flooding in Los Altos, it has not provided evidence that it cannot accommodate its RHNA allocation due to a determination by FEMA or the Department of Water Resources that the flood management infrastructure is inadequate to avoid the risk of flooding, consistent with Government Code Section 65584.04(e)(2)(B).

Throughout the region, it is essentially impossible to avoid all hazards when siting new development, but jurisdictions can think critically about which areas in the community have the *highest* hazard risk. Notably, the residents of new development are likely to be safer from hazards than current residents living in older structures, as new construction is built to modern standards that more effectively address hazard risk. In developing its Housing Element, Los Altos has the opportunity to identify the specific sites it will use to accommodate its RHNA. In doing so, the City can choose to take hazard risk into consideration with where and how it sites future development, either limiting growth in areas of higher hazard or by increasing building standards for sites within at-risk areas to cope with the hazard.

Per Government Code Section 65584.04(e)(2)(B), Los Altos must consider the availability of underutilized land, opportunities for infill development, and increased residential densities to accommodate its RHNA. The City does not provide evidence it is unable to consider underutilization of existing sites, increased densities, accessory dwelling units (ADUs), and other planning tools to accommodate its assigned need.¹⁰

Issue 6: Los Altos argues that no part of the jurisdiction should be designated as a Transit-Rich Area Growth Geography in Plan Bay Area 2050 due to the City’s limited transit service.

⁹ See the [meeting materials for HMC meetings](#), including detailed notes for each meeting, for more information.

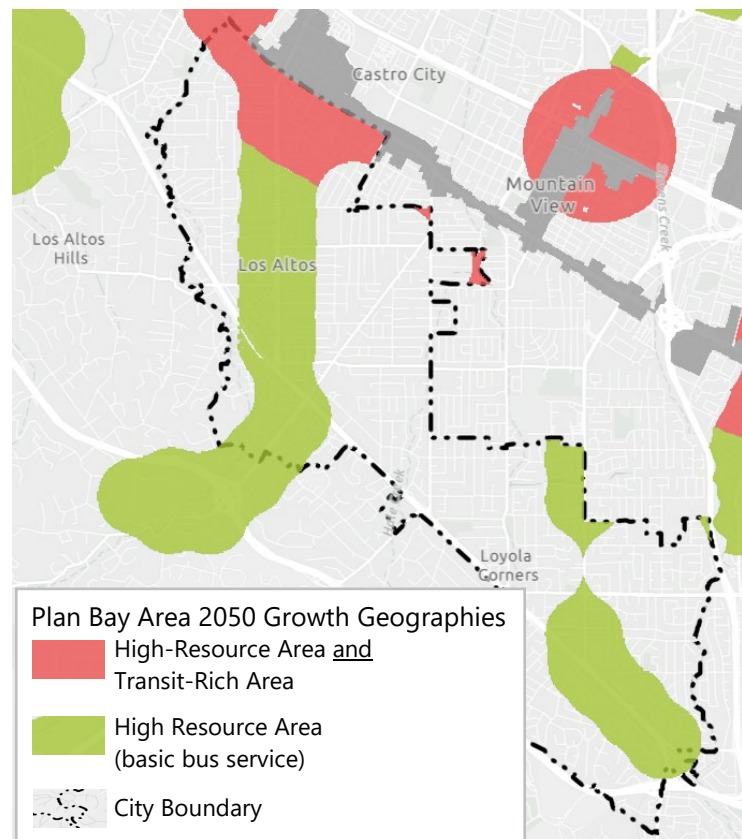
¹⁰ See HCD’s [Housing Element Site Inventory Guidebook](#) for more details on the various methods jurisdictions can use to plan for accommodating their RHNA.

Accordingly, Los Altos believes that any part of its baseline allocation in the RHNA methodology stemming from these Growth Geography designations should be reduced. The City also asserts that transit service may not return to pre-COVID levels until after the 6th RHNA Cycle concludes, and thus RHNA allocations to Los Altos based on transit proximity should be reconsidered.

ABAG-MTC Staff Response: A portion of Los Altos along El Camino Real is identified as both a Transit-Rich and High-Resource Area in the Plan Bay Area 2050 Final Blueprint. Other portions of the City are identified as a High Resource Area based on metrics from the state's Opportunity Map Index as well as having basic bus service.¹¹ See Exhibit 1 below for a map of the Growth Geographies in Los Altos.

Staff has reviewed the Growth Geography mapping and has identified that it is accurate and consistent with the adopted Growth Geography definition established by MTC/ABAG in February 2020, September 2020, and January 2021. The Plan Bay Area 2050 Final Blueprint Growth Geographies were determined based on transit service frequencies reported in January 2020, combined with any service improvements submitted by County Transportation Agencies (CTAs) and included in the fiscally-constrained Transportation Element of Plan Bay Area 2050. In regard to the Transit-Rich Area in Los Altos, VTA Route 22 and Route 522 have bus stops within the City's boundary with a peak service frequency of 15 minutes or less, thanks to envisioned VTA frequency improvements featured in Plan Bay Area 2050. This qualifies the areas near these stops to be identified as a Transit-Rich Area.

Exhibit 1. Plan Bay Area 2050 Growth Geographies in Los Altos



While Los Altos argues that any aspect of its allocation based on transit proximity should be reconsidered due to cuts to transit service stemming from COVID, Strategy T1 in Plan Bay Area 2050 restores transit service levels to pre-COVID conditions. Additionally, federal funding in

¹¹ More information about the Opportunity Map Index can be found the California Tax Credit Allocation Committee's website: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>.

2020 and 2021 has been provided to transit operators that can help to accelerate service restoration; MTC and ABAG will continue working with local transit operators in the coming months and years on this front. Furthermore, arguments related to COVID do not represent a valid basis for a RHNA appeal, as discussed in the response to Issue 8 below.

Issue 7: *Los Altos argues that the City's allocation will increase vehicle miles traveled (VMT) and greenhouse gas emissions (GHG) because the City lacks transit and most residents rely on automobiles to commute. Consequently, Los Altos believes that its RHNA should be adjusted so the City can meet its Climate Action Plan goals.*

ABAG-MTC Staff Response: The RHNA Methodology considers opportunities to maximize transit use by incorporating the forecasted development pattern from the Plan Bay Area 2050 Final Blueprint as the baseline allocation. As noted previously, the Final Blueprint emphasizes growth near job centers and in locations near transit, including high-resource areas, with the intent of reducing GHG. This land use pattern is developed with complementary transportation investments in an effort to ensure past and future transportation investments are maximized.

In its review of ABAG's RHNA methodology, HCD made the following findings regarding the RHNA objective related to "Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080":

"The draft ABAG methodology¹² encourages a more efficient development pattern by allocating nearly twice as many RHNA units to jurisdictions with higher jobs access, on a per capita basis. Jurisdictions with higher jobs access via transit also receive more RHNA on a per capita basis.

Jurisdictions with the lowest vehicle miles traveled (VMT) per capita, relative to the region, receive more RHNA per capita than those with the highest per capita VMT. ABAG's largest individual allocations go to its major cities with low VMT per capita and better access to jobs. For example, San Francisco – which has the largest allocation – has the lowest per capita VMT and is observed as having the highest transit accessibility in the region. As a major employment center, San Jose receives a substantial RHNA allocation despite having a higher share of solo commuters and a lower share of transit use than San Francisco. However, to encourage lower VMT in job-rich areas that may not yet be seeing high transit ridership, ABAG's Plan Bay Area complements more housing in these employment centers

¹² Pursuant to Government Code Section 65584.04(i), HCD must review the Draft RHNA Methodology developed by the Council of Governments. On May 20, 2021, ABAG adopted the Draft RHNA Methodology without any modifications as the Final RHNA Methodology.

(which will reduce commutes by allowing more people to afford to live near jobs centers) with strategies to reduce VMT by shifting mode share from driving to public transit.”

Issue 8: Los Altos argues that it is difficult to validate application of the methodology because it is not possible to assess the baseline allocation based on the Plan Bay Area 2050 Final Blueprint.

ABAG-MTC Staff Response: The City states it has not been possible to examine the underlying data for the Plan Bay Area 2050 Final Blueprint. However, both the land use modeling results and the inputs used to produce them have been made available to local staff.

In fall 2019 ABAG-MTC staff collected local development policy data (i.e., information about zoning and general plans) from local jurisdictions for use in Plan Bay Area 2050 forecasting and modeling.¹³ Local jurisdiction staff had several months to review and correct their land use and development pipeline data.¹⁴ Jurisdictions then had an opportunity to review the growth pattern for the Draft Blueprint in summer 2020 and prior to the adoption of the Final Blueprint in January 2021, with office hours available to local jurisdictions to discuss model inputs and forecasted growth from the Bay Area UrbanSim 2.0 model. Additionally, the modeling assumptions for Plan Bay Area 2050 are documented in the *Draft Forecasting and Modeling Report* published in May 2021 and the *Final Forecasting and Modeling Report* published in October 2021.¹⁵ While only county and sub-county projections are used for the purposes of Plan Bay Area 2050, the jurisdiction-level totals of households in 2050 produced by the Final Blueprint forecast were then provided for use as the baseline allocation for the RHNA Methodology, in the Proposed Methodology report (October 2020), Draft Methodology report (February 2021), and the Draft RHNA Plan report (May 2021). Local jurisdictions, stakeholders, and the public at-large also had access to an online tool enabling them to compare RHNA baseline options, as well as factors and weights, during the Housing Methodology Committee (HMC) process to develop the RHNA methodology throughout 2020.

¹³ To learn more about these datasets, visit this website: <https://basis.bayareametro.gov/>.

¹⁴ Communications to local staff about BASIS and review of Plan Bay Area 2050 baseline data included the following:

- Invitation to a webinar on August 6, 2019 about BASIS and how baseline information would be gathered for use in Plan Bay Area 2050.
- Email on August 26, 2019 asking staff to identify someone to review jurisdiction’s baseline data in fall 2019.
- [Videos](#) to assist local staff with the data review process were made available on YouTube.
- Email on October 4, 2019 to jurisdictions who had not identified a staff contact to review BASIS land use data.
- Email reminder on October 29, 2019 to local staff about the BASIS data review process.
- Email to Bay Area planning directors on July 10, 2020 about office hours where local staff could have a one-on-one consultation with ABAG-MTC staff to provide feedback on the Plan Bay Area 2050 Draft Blueprint or BASIS.
- Additional office hours were held in December 2020 to discuss Plan Bay Area 2050 Final Blueprint outcomes and the draft RHNA methodology.

¹⁵ For more details, see the [Plan Bay Area 2050 Draft Forecasting and Modeling Report](#) and the [Plan Bay Area 2050 Final Forecasting and Modeling Report](#).

All relevant data and calculations for the RHNA Methodology are available in the [Draft RHNA Plan](#). Pages 15-21 of the report provide information about the data sources used and describe the steps in calculating the draft RHNA allocations. The specific information for each jurisdiction is shown in the report's appendices. As Plan Bay Area 2050 does not include growth forecasts at the jurisdiction level, the first column in Appendix 4 shows the information from the Plan Bay Area 2050 Final Blueprint that is relevant to the RHNA methodology, namely each jurisdiction's share of the region's total households in 2050 (baseline allocation). The other data in Appendix 4 shows the raw score for each factor, the scaled factor score for each factor, and the impact that each factor has on each jurisdiction's baseline allocation from the Plan Bay Area 2050 Final Blueprint.

Appendix 5 shows the number of units, by income category, that each jurisdiction receives as a result of each factor in the methodology. Although the numbers presented in these tables are rounded to a single decimal point, the calculations were done using un-rounded numbers. ABAG-MTC staff provided access to a jurisdiction's un-rounded baseline allocation through the public open-source RHNA calculations posted on GitHub.¹⁶ Appendix 6 demonstrates how the Equity Adjustment is applied, and includes each jurisdiction's information for the adjustment's composite score.

Issue 9: *Los Altos argues that recent low population growth rates in California should result in ABAG revising the RHNA allocations, and the City also believes that these trends cast doubt on the Regional Housing Needs Determination (RHND) calculations from HCD. Los Altos also asserts the RHNA Methodology is flawed because HCD made an error in how it used vacancy rates in its calculation of the RHND.*

ABAG-MTC Staff Response: Government Code Section 65584.04(g)(3) states that stable population numbers cannot be used as a justification for a reduction of a jurisdiction's share of the regional housing need. Consistent with this statutory language, stable or declining population in a jurisdiction is not, by itself, evidence that there is not a need for additional homes in the community. It may instead be a sign of an unhealthy housing market where individuals and families lack affordable housing choices and must leave the jurisdiction to find housing elsewhere. In fact, a primary reason the Regional Housing Needs Determination (RHND) of 441,176 units was higher than the need assigned to the Bay Area in past RHNA cycles was because it included factors related to overcrowding, high housing cost burdens and a target vacancy rate as a way to address the region's challenges in meeting the housing needs of the existing population. Additionally, the City has not provided evidence to suggest that there will be long-term low population growth in the Bay Area or that there has been a reduction in the jurisdiction's housing need for the 2023-2031 RHNA planning period.

¹⁶ Source: https://github.com/BayAreaMetro/regional-housing-needs-assessment/blob/master/RHNA/data/juris_baselines.xlsx

Additionally, the City's arguments challenge the RHND methodology and not the RHNA methodology. A valid appeal must show ABAG made an error in the application of the methodology in determining the jurisdiction's allocation; a critique of the RHND methodology itself falls outside the scope of the appeals process. As HCD noted in its comment letter on submitted appeals, "The council of government may file an objection within 30 days of HCD issuing the RNHD, per Government Code section 65584.01(c)(1). ABAG did not object to the RHND. Government Code section 65584.05(b) does not allow local governments to appeal the RHND during the 45-day period following receipt of the draft allocation. There are no further appeal procedures available to alter the ABAG region's RHND for this cycle."¹⁷

Issue 10: *Los Altos argues changes to jobs, transit, and commute patterns resulting from COVID-19 represent a change in circumstance meriting a revision of the City's RHNA allocation.*

ABAG-MTC Staff Response: ABAG-MTC Staff appreciates Los Altos's concerns about the significant economic and societal changes resulting from COVID-19. In its comment letter on submitted appeals, HCD indicated that RHNA appeals based on changes caused by COVID-19 do not fall within the appeal criteria defined by statute, stating "The COVID-19 pandemic has only increased the importance of ensuring that each community is planning for sufficient affordable housing as essential workers, particularly lower income ones, continue to commute to their places of business."¹⁸

Potential impacts of COVID-19, including accelerated shift toward telecommuting and the associated economic boom/bust cycle, are incorporated into the Final RHNA Methodology through integration of the Plan Bay Area 2050 Final Blueprint. Approved in January 2021, the Final Blueprint was crafted throughout the entirety of 2020, taking into account the best information available on future impacts related to telecommuting, locational preferences, and more. External forces, including long-term projections for telecommuting and office square footage needs per employee, were updated to reflect potential post-COVID conditions. Long-range household and job projections were adjusted in the short-to-medium term to capture the weak economic conditions of 2020 and a multi-year recovery period in the years ahead. Additionally, strategies in the Final Blueprint were updated, including new strategies to encourage an accelerated shift toward telecommuting and other sustainable modes of travel, to support job training programs to assist in economic recovery, and to expand opportunities to rebuild aging malls and office parks into housing-rich neighborhoods as e-commerce continues to boom.

¹⁷ See [HCD's comment letter on appeals](#) for more details.

¹⁸ See [HCD's comment letter on appeals](#) for more details.

Importantly, the eight-year RHNA cycle (which starts in 2023) represents a longer-term outlook than the current impacts of the pandemic in 2020 and 2021. Los Altos has not provided evidence to suggest that COVID-19 reduces the jurisdiction's housing need for the entirety of the 2023-2031 RHNA planning period. Additionally, impacts from COVID-19 are not unique to any single jurisdiction, and the appeal does not indicate that the jurisdiction's housing need has been disproportionately impacted relative to the rest of the Bay Area. Therefore, the pandemic is not cause for a reduction in RHNA for any particular jurisdiction. Regardless of the impacts of the pandemic, demand for housing remains high across the region, as reflected in home prices that continue to rise. Accordingly, jurisdictions must maintain their statutory obligation to plan for additional housing.

RECOMMENDED ACTION

ABAG-MTC staff have reviewed the appeal and recommend that the Administrative Committee **deny** the appeal filed by the City of Los Altos to reduce its Draft RHNA Allocation.