


**REGIONAL HOUSING NEEDS ALLOCATION**

Association of Bay Area Governments

**2023-2031 Regional Housing Needs Assessment (RHNA) Appeal Request***Submit appeal requests and supporting documentation via DocuSign by 5:00 pm PST on July 9, 2021.****Late submissions will not be accepted.*** Send questions to [rhna@bayareametro.gov](mailto:rhna@bayareametro.gov)Jurisdiction Whose Allocation is Being Appealed: City of Monte SerenoFiling Party: ☐ HCD ☒ Jurisdiction: City of Monte SerenoContact Name: Steven Leonardis Title: City ManagerPhone: 408-498-5285 Email: steve@cityofmontesereno.org**APPEAL AUTHORIZED BY:**Name: Steven LeonardisSignature: Date: 7/9/2021**PLEASE SELECT BELOW:**

- ☐ Mayor
- ☐ Chair, County Board of Supervisors
- ☒ City Manager
- ☐ Chief Administrative Officer
- ☐ Other: \_\_\_\_\_

**IDENTIFY ONE OR MORE BASES FOR APPEAL [Government Code Section 65584.5(b)]**

- ☒ ABAG failed to adequately consider information submitted in the Local Jurisdiction Survey regarding RHNA Factors (Government Code Section 65584.04(e)) and Affirmatively Furthering Fair Housing (See Government Code Section 65584.04(b)(2) and 65584(d)(5)):
- ☐ 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.
  - ☐ Lands protected from urban development under existing federal or state programs.
  - ☐ County policies to preserve prime agricultural land.
  - ☐ Distribution of household growth assumed for Plan Bay Area 2050.
  - ☐ County-city agreements to direct growth toward incorporated areas of county.
  - ☐ Loss of units contained in assisted housing developments.
  - ☐ Households paying more than 30% or 50% of their income in rent.
  - ☐ The rate of overcrowding.
  - ☐ Housing needs of farmworkers.
  - ☐ Housing needs generated by the presence of a university campus within a jurisdiction.
  - ☐ Housing needs of individuals and families experiencing homelessness.
  - ☐ Loss of units during a declared state of emergency from January 31, 2015 to February 5, 2020.
  - ☐ The region's greenhouse gas emissions targets to be met by Plan Bay Area 2050.
  - ☐ Affirmatively furthering fair housing.
- ☒ ABAG failed to determine the jurisdiction's Draft RHNA Allocation in accordance with the Final RHNA Methodology and in a manner that furthers, and does not undermine the RHNA Objectives (see Government Code Section 65584(d) for the RHNA Objectives).
- ☒ A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted in the Local Jurisdiction Survey (*appeals based on change of circumstance can only be made by the jurisdiction or jurisdictions where the change occurred*).

Pursuant to Government Code Section 65584.05, appeals shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation, and shall include a statement as to why the revision is necessary to further the intent of the objectives listed in Government Code Section 65584(d). An appeal shall be consistent with, and not to the detriment of, [the development pattern in the sustainable communities strategy \(Plan Bay Area 2050 Final Blueprint\)](#). (Click [here](#))

**Number of units requested to be reduced or added to jurisdiction's Draft RHNA Allocation:**

☒ Decrease      Number of Units: <sup>97</sup> \_\_\_\_\_      ☐ Increase      Number of Units: \_\_\_\_\_

**Brief description of appeal request and statement on why this revision is necessary to further the intent of the objectives listed in Government Code Section 65584(d) and how the revision is consistent with, and not to the detriment, of the development pattern in Plan Bay Area 2050.** Please include supporting documentation for evidence as needed, and attach additional pages if you need more room.

On May 20, 2021, the ABAG Executive Board approved its final regional housing needs allocation (RHNA) methodology and draft RHNA for Bay Area jurisdictions. The methodology and draft allocation were published in a document entitled: Draft Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031 (Association of Bay Area Government, May 2021). According to the draft plan, local jurisdictions may file an appeal to their RHNA in the summer of 2021.

Per Government Code §65584 et. seq., the City of Monte Sereno is hereby appealing its RHNA for the planning period 2023 through 2031. The primary reason for Monte Sereno's appeal is a significant RHNA increase from 61 unit in the 2015-2023 planning period to 193 units in the 2023-2031 planning period—an increase of over 300 percent. While Monte Sereno's housing allocation is the smallest by percent of the total RHNA for all the jurisdictions in Santa Clara County, this more than 300 percent increase is beyond the capabilities of Monte Sereno's city government to accommodate. Monte Sereno also challenges the methodology used to allocate housing in that it violates the express purpose of the code to meaningfully increase the stock of housing and provide the buildout of low- and moderate-income housing. The full basis for Monte Sereno's appeal is discussed in the next section.

**List of supporting documentation, by title and number of pages**

1. City of Monte Sereno Appeal of Draft 2023-2031 Regional Housing Needs Assessment Allocation \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



The maximum file size is 25MB. To submit larger files, please contact [rhna@bayareametro.gov](mailto:rhna@bayareametro.gov).

Click here to  
attach files



## City of Monte Sereno

Shawn Leuthold, Mayor | Javed I. Ellahie, Mayor Pro Tempore | Liz Lawler | Rowena Turner | Bryan Mekechuk

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July 7, 2021

Therese McMillan  
ABAG/MTC Executive Director  
Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105

Subject: City of Monte Sereno Appeal of Draft 2023-2031 Regional Housing Needs Assessment Allocation

Dear Ms. McMillan:

On behalf of the City of Monte Sereno, the Monte Sereno City Council hereby submits an appeal to the Association of Bay Area Governments (ABAG) of the Draft 2023-2031 Regional Housing Needs Assessment (RHNA) Allocation.

## BACKGROUND

On May 20, 2021, the ABAG Executive Board approved its final regional housing needs allocation (RHNA) methodology and draft RHNA for Bay Area jurisdictions. The methodology and draft allocation were published in a document entitled: *Draft Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031* (Association of Bay Area Government, May 2021). According to the draft plan, local jurisdictions may file an appeal to their RHNA in the summer of 2021.

Per Government Code §65584 et. seq., the City of Monte Sereno is hereby appealing its RHNA for the planning period 2023 through 2031. The primary reason for Monte Sereno's appeal is a significant RHNA increase from 61 unit in the 2015-2023 planning period to 193 units in the 2023-2031 planning period—an increase of over 300 percent. While Monte Sereno's housing allocation is the smallest by percent of the total RHNA for all the jurisdictions in Santa Clara County, this more than 300 percent increase is beyond the capabilities of Monte Sereno's city government to accommodate. Monte Sereno also challenges the methodology used to allocate housing in that it violates the express purpose of the code to meaningfully increase the stock of

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housing and provide the buildout of low- and moderate-income housing. The full basis for Monte Sereno's appeal is discussed in the next section.

[Table 1, Monte Sereno RHNA Comparison](#) shows ABAG's RHNA allocation for Monte Sereno in 2015 and 2023.

**Table 1: Monte Sereno RHNA Comparison (2015 and 2023)**

Category	2015-2023	2023-2031	Percent Change
Very Low Income	23	53	230%
Low Income	13	30	230%
Moderate Income	13	31	238%
Above-Moderate Income	12	79	658%
Total	61	193	316%

Source: ABAG/MTC; EMC Planning Group

Source: Draft Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031 and 2015-2023

The City of Monte Sereno requests a 50 percent reduction in its RHNA from 193 units to 97 units, assigned as shown in [Table 2, Proposed Revised RHNA](#).

**Table 2: Proposed Revised RHNA**

Category	Draft RHNA	Proposed RHNA
Very Low Income	53	27
Low Income	30	15
Moderate Income	31	15
Above-Moderate Income	79	40
Total	193	97

Source: Monte Sereno

## BASES FOR APPEAL

Per Government Code Section 65584.05, any local jurisdiction may file an appeal to modify its Draft Regional Housing Needs Allocation (RHNA). Monte Sereno is appealing its RHNA allocation on the following bases:



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1. ABAG failed to adequately consider the information submitted as part of the local jurisdiction survey (see Government Code Section 65584.04(b)) including Monte Sereno's existing and projected jobs and housing relationship and the opportunities and constraints to development of additional housing in Monte Sereno.
2. ABAG failed to determine the jurisdiction's share of the regional housing needs in accordance with the information described in the Final RHNA Methodology approved by ABAG on May 20, 2021, and in a manner that furthers, and does not undermine the five objectives listed in Government Code Section 65584(d).
3. Significant and unforeseen change in circumstance has occurred in the jurisdiction after February 5, 2020 (the deadline for jurisdictions to submit surveys to ABAG) and merits a revision of the information previously submitted by the local jurisdiction. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.
4. The method of allocating housing needs does not conform to the mandate of California Government Code §65584(a)(2), which spells out "... the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, and reasonable actions should be taken by local and regional governments to ensure that future housing production meets, at a minimum, the regional housing need established for planning purposes." The allocation should have been made at the regional (i.e., county) level rather than at the city level so as to carry out the intent of the Legislature.

### **Basis #1: ABAG Failed to Consider Local Planning Factors Unique to Monte Sereno that Limit Development.**

This section discusses the failures of ABAG to consider unique local factors that limit Monte Sereno's ability to develop further.

#### **Monte Sereno's Existing and Projected Jobs/Housing Balance**

The Association of Bay Area Governments (ABAG) failed to consider information relating to Monte Sereno's jobs/housing balance. As stated in its response to the *Information about Local Planning Factors and Affirmatively Furthering Fair Housing from the Local Jurisdiction Survey*

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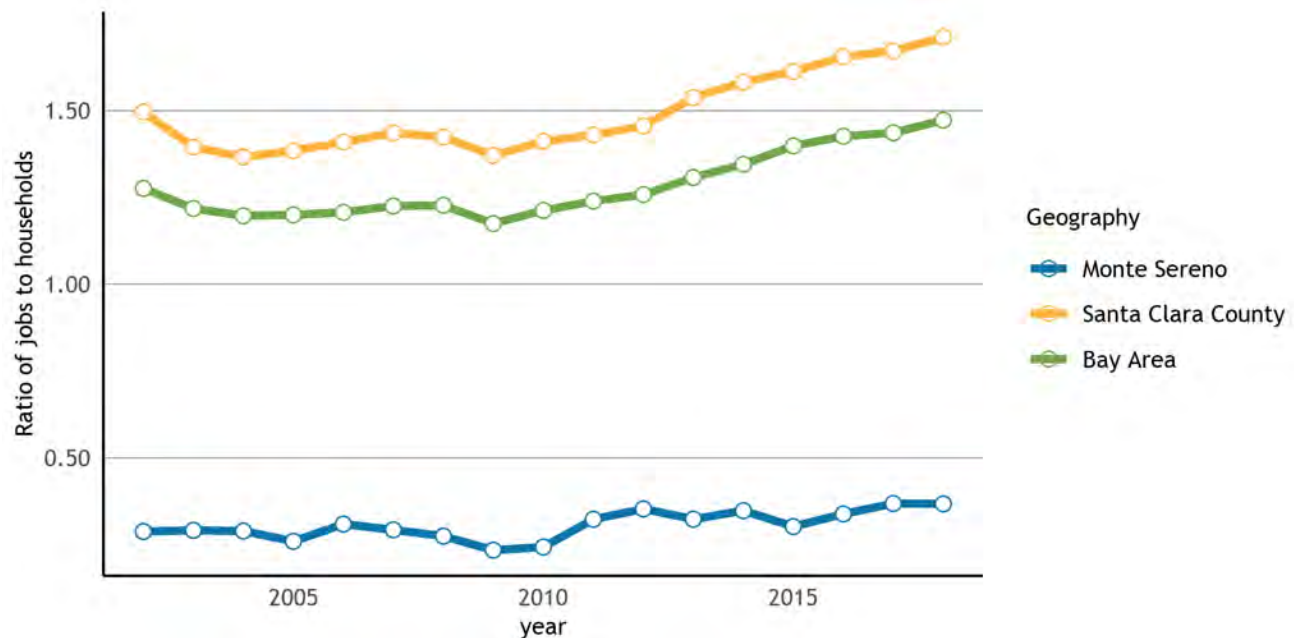
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(included as Attachment A), Monte Sereno does not have the jobs to support the RHNA allocation of units. Simply put: Monte Sereno is a net exporter of workers. Monte Sereno has 1,396 employed residents and 522 jobs, a ratio of jobs-to-resident-workers of 0.37.<sup>1</sup>

The City of Monte Sereno was chartered in unique fashion to essentially function as one large residential-only district. There are no commercial shopping districts and no mixed-use real estate developments that may be rezoned. The community has one traffic light, one church, and one school, and a very limited jobs base (city services and school only; no commercial jobs). The population of Monte Sereno (approximately 3,500) has increased by less than 2,000 persons since 1960, and since 2010 its population has decreased by 4.1 percent.<sup>2</sup>

Figure 1, *Jobs/Housing Ratio (Monte Sereno, Santa Clara County, and Bay Area)*, shows the ratio of jobs to households.

**Figure 1: Jobs/Housing Ratio (Monte Sereno, Santa Clara County, and Bay Area)**



<sup>1</sup> Source: "Housing Needs Data Report: Monte Sereno," ABAG/MTC Staff and Baird + Driskell Community Planning, April 2, 2021. Employed residents in a jurisdiction is counted by place of residence (they may work elsewhere) while jobs in a jurisdiction are counted by place of work (they may live elsewhere). The jobs may differ from those reported in Figure 5 as the source for the time series is from administrative data, while the cross-sectional data is from a survey.

<sup>2</sup> This point was highlighted in the calculations in correspondence ABAG recently received from the Contra Costa County Mayors Conference dated October 2, 2020.

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## **Lack of Transit Access**

Monte Sereno has poor access to transit services. There are bus stops along Winchester Boulevard (only one of which is in the city limits), and this transit line connects to light rail further north at Winchester Station. Nonetheless, due to the very low-density lot configuration of Monte Sereno, very little of the city is within walking distance of the bus line.

As noted in the “Proposed RHNA Methodology and Subregional Shares: Public Comment on RHNA Methodology and Objection Regarding Proposed Share” included as Attachment B, jobs-rich centers and Vehicle Miles Traveled (VMT) calculations are a contradictory measure when used to determine housing allocation for Monte Sereno. An alternative approach for cities like Monte Sereno would be to add additional objectives or exemptions based on factors like insignificant population, transportation, and, most important, a fair allocation based on our employment base and jobs-creation. Lack of local jobs and public transportation lead to increased VMT, an undesired consequence of RHNA’s best intentions to reduce Green House Gas emissions (GHG).

## **Availability of Land Suitable for Urban Development**

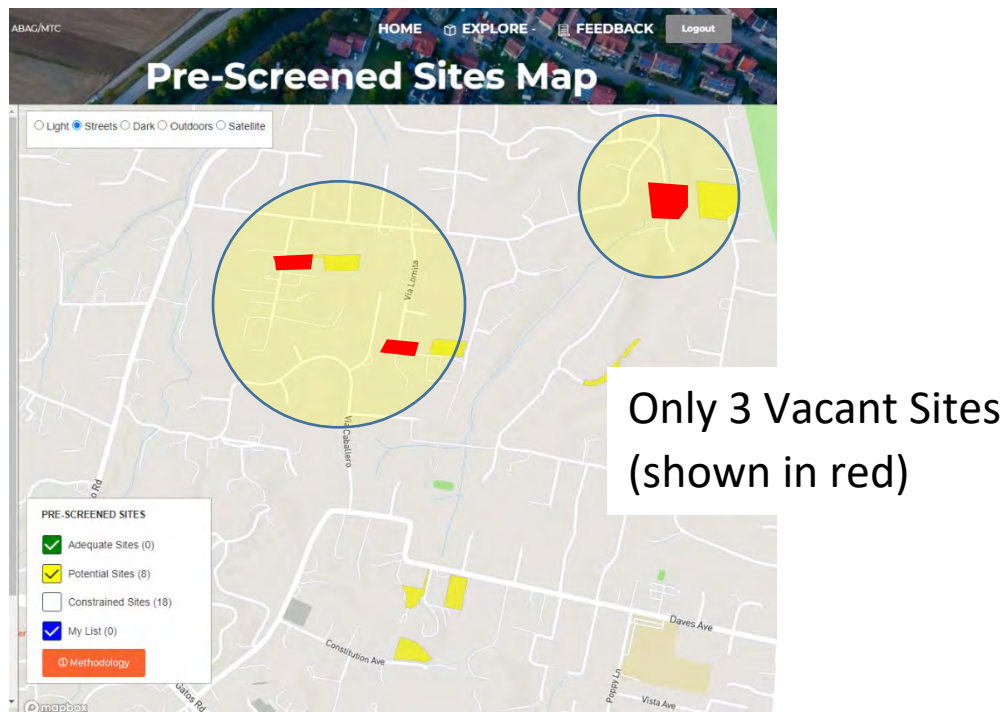
According to ABAG’s Housing Element Site Selection (HESS) tool, Monte Sereno has very limited sites for development—seven vacant sites in all. Upon closer inspection, however, of the seven sites identified in the HESS tool, only three sites are available for higher density development due to lack of a sewer connection (septic systems only). Even these sites are surrounded by single-family residential development and configured into small parcels that are inappropriate for affordable, multi-family housing. [Figure 2, HESS Site Selection Tool Results for Monte Sereno](#), illustrates the limited available vacant sites.

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**Figure 2: HESS Site Selection Tool Results for Monte Sereno**



## Wildfire Zones

ABAG failed to wholly consider the constraints to development including the availability of land suitable for urban development or for conversion to residential use. Approximately half of Monte Sereno is located within a very high fire hazard area, and even those areas not designated as high fire hazard are subject to wildfire, because one or more large trees are present on practically every lot in the community. [Figure 3, Fire Hazard Severity Zones](#), shows the high fire hazards in the city and surrounding areas.



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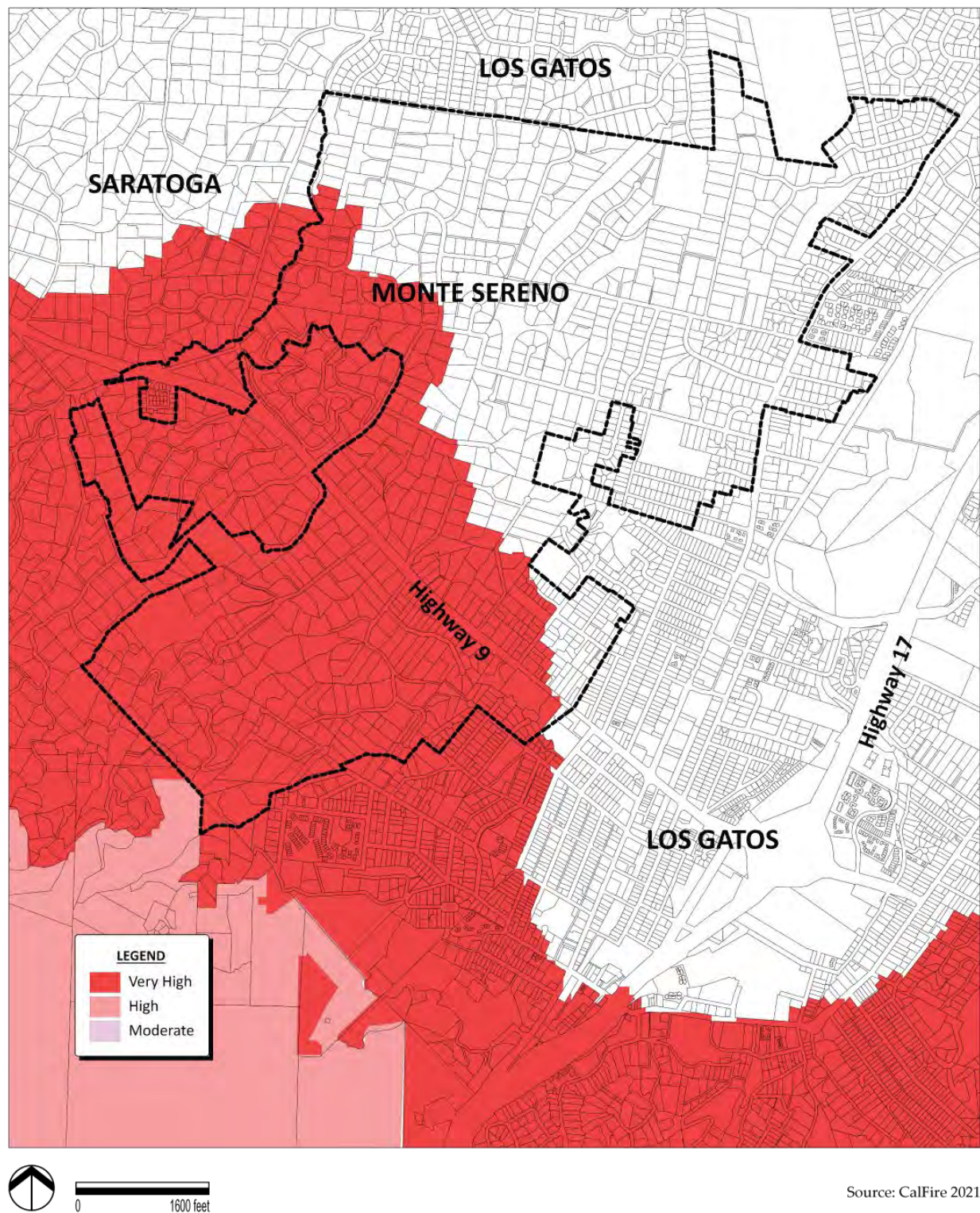


Figure 3  
Fire Hazard Severity Zones

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When houses are built close to forests or other types of natural vegetation, they pose two problems related to wildfires. First, there will be more wildfires due to human ignitions. Second, wildfires that occur will pose a greater risk to lives and homes, they will be hard to fight, and letting natural fires burn becomes impossible. Development in wildland urban interface areas will exacerbate wildfire problems in the future.

Lack of evacuation routes exponentially compounds the risk from natural hazards in Monte Sereno. If a fire comes over the neighboring Santa Cruz Mountains, Highway 9 would likely be affected, which for many is the only way out of Monte Sereno. The primary evacuation route for the community is Saratoga-Los Gatos Road (Highway 9)—a two-lane highway, and according to a report by Hexagon Transportation Consultants, Inc. prepared for the Hacienda Project in 2018, the intersection at North Santa Cruz Avenue and Saratoga-Los Gatos Road operates at a very poor Level of Service E during peak hour<sup>3</sup>. During an emergency evacuation (e.g., during a wildfire event), this key intersection would be expected to be unpassable for extended periods of time. Those that can get to Highway 17 would encounter an unmoving traffic bottleneck. Highway 17, has experienced tremendous traffic delays because of the additional 40 units being built adjacent to the on ramp at Lark Avenue, and access to this entrance will be completely clogged in an emergency. Adding more housing to the area significantly increases the risk of trapped residents in a wildfire event to an unacceptable level.

## Seismic Hazards

Monte Sereno is located within the seismically active San Francisco Bay region, one of the most seismically active zones in the United States. The faults in the San Francisco Bay region are capable of generating earthquakes of at least 8.0 in magnitude on the Richter Scale, producing very strong ground shaking in Monte Sereno. The closest major fault is the San Andreas Fault, which passes through Monte Sereno's SOI southwest of Lyndon Canyon. A portion of Monte Sereno also is near the potentially active Shannon Fault, just north of Monte Sereno in Los Gatos.

Landslides and slope instability are the major geologic hazards in Monte Sereno. The hillside region of the city contains some rock formations conducive to landslides. The landslide zone is also present within the Sphere of Influence. Landslides and unstable slopes may occur in this area and can create hazards within the city as the slide debris and rock move down the incline

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<sup>3</sup> Hexagon Transportation Consultants, Inc., 2018. "18840 Saratoga-Los Gatos Road Residential Development: Transportation Impact Analysis."



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toward the city's valley floor. According to the County of Santa Clara, approximately 75 percent of Monte Sereno is located in an area with a high potential for earthquake induced landslides.

## **Water Supply and Drought**

California is experiencing severe drought conditions that are making it increasingly difficult for cities to provide sufficient water supply to customers in their jurisdiction. Monte Sereno is not exempt from drought conditions, and its ability to provide water supplies to new residential development has become progressively constrained. To make matters worse, Anderson Reservoir is off-line for approximately the next decade. As with the other local factors discussed above, the lack of water supply caused by extended drought conditions makes it extremely unlikely that Monte Sereno can meet the draft RHNA numbers. This is discussed further below under Basis #3 (changed circumstances).

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## **Basis #2: ABAG did not determine the jurisdiction's allocation in accordance with its adopted methodology and in a manner that furthers, and does not undermine, the RHNA objectives identified in Government Code Section 65584(d).**

### **HCD's Methodology Overestimates Statewide Housing Need**

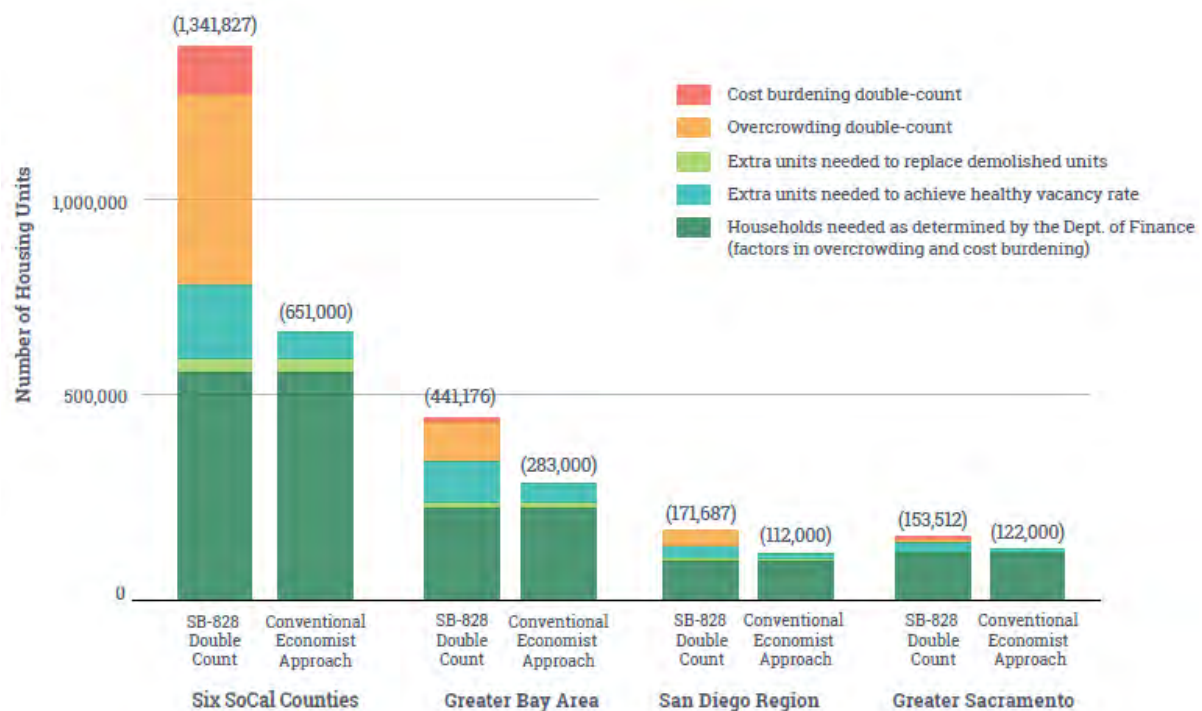
According to a report by the Embarcadero Institute (Gab Layton, PhD, 2020), included as Attachment C, Senate Bill 828, co-sponsored by the Bay Area Council and Silicon Valley Leadership Group, and authored by State Senator Scott Wiener in 2018, inadvertently doubled the "Regional Housing Needs Assessment" in California. There are three major problems with the statewide methodology: The methodology makes an incorrect assumption about healthy vacancy rates for owner-occupied housing. The methodology assumes a five percent vacancy rate, which is only applicable to rental housing. The correct healthy rate is approximately 1.5 percent. The methodology incorrectly assumes that the existing housing need was not evaluated as part of the previous RHNA. Finally, the methodology incorrectly assumes that overcrowding was not considered in the Department of Finance projections. [Figure 4, Impact of Methodology Errors](#) illustrates the impacts associated with the methodology errors.

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**Figure 4: Impact of Methodology Errors**



## Fails to Meet Jobs/Housing Objective

Per Government Code Section 65584 (d), ABAG's regional housing needs allocation plan shall decrease the jobs/housing balance by providing more affordable housing in those areas where there are jobs: "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."

According to Government Code Section 65584, "the Legislature finds and declares that insufficient housing in job centers hinders the state's environmental quality and runs counter to the state's environmental goals. In particular, when Californians seeking affordable housing are forced to drive longer distances to work, an increased amount of greenhouse gases and other pollutants is released and puts in jeopardy the achievement of the state's climate goals."

ABAG's proposed allocation is contrary to this objective. Based upon the jobs/housing balance, Monte Sereno should have received reduced RHNA allocations, with the other jurisdictions receiving an increased allocation. There are 1,396 employed residents, and 522 jobs in Monte Sereno - the ratio of jobs to resident workers is 0.37; Monte Sereno is a net exporter of workers. New jobs may draw new residents, and when there is high demand for housing relative to

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supply, many workers may be unable to afford to live where they work, particularly where job growth has been in relatively lower wage jobs. This dynamic not only means many workers will need to prepare for long commutes and time spent on the road, but in the aggregate, it contributes to traffic congestion and time lost for all road users.

### **Fails to Account for Lack of Access to Transit**

ABAG's RHNA methodology assigns 15 percent of lower-income housing need to job proximity by transit. Monte Sereno has no meaningful access to public transit. Bus service is minimal, and because of the low-density configuration of lots, most houses are not within a reasonable walking distance to the bus stop. See the discussion above under Basis #1 for a more complete discussion.

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### **Basis #3      Significant and unforeseen change in circumstance has occurred in the jurisdiction after February 5, 2020.**

This section describes a significant and unforeseen change in circumstance that has occurred in the jurisdiction after February 5, 2020 (the deadline for jurisdictions to submit surveys to ABAG) and merits a revision of the information previously submitted by the local jurisdiction.

#### **Drought and Wildfire Hazards**

The fire hazard potential has worsened since the submittal of Monte Sereno's survey response as the California drought continues. The drought, when combined with the high fire hazard areas and general prevalence of large canopy trees throughout the community, creates a potent hazard to housing densification in Monte Sereno.

For Monte Sereno, a wildfire emergency is a disaster waiting to happen. It is simply the wrong place to add more housing and more dense housing.

#### **Drought and Water Supply**

Severe and prolonged drought conditions are also affecting Monte Sereno's ability to supply water to customers in the jurisdiction. In Monte Sereno's response to the "Local Jurisdiction Survey on Housing Factors and Fair Housing" (see Attachment A), the city listed water supply as an "opportunity," but this has changed. With the continuing drought, water supply has become a constraint to housing development in Monte Sereno.

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## **Basis #4      To Satisfy the Intent of the Legislature, Allocation Should be Made on a Regional Basis.**

This section discusses ABAG/MTC's regional methodology and how an allocation made on a regional basis would better satisfy the intent of the Legislature.

### **Allocation on Regional Basis**

The housing allocation does not satisfy the intent of the Legislature in that it allocates housing to cities rather than to regions. This has resulted in an allocation based on population head counts (each city is allocated a 10 percent increase to its existing household inventory) rather than an allocation that takes into account the areas where housing can be built to satisfy the needs of low-income and very low-income housing.

The Regional Impact Council, which is a roundtable of policymakers and key affordable housing, social equity and economic mobility stakeholders, has determined that in order to address homelessness and housing insecurity, a regional approach is necessary. A regional allocation by county would result in the 193 units that are provisionally allocated to Monte Sereno to actually be built in cities within the region that are able to accommodate such units. Monte Sereno would still play its part towards buildout of such units, but the sites would be located where they can be handled. See Attachment D, Regional Action Plan Briefing, for a copy of a recent presentation to ABAG that discusses solutions to the housing problem across the nine Bay Area counties. This is a meaningful approach that would retain the objectives spelled out in Government Code §65584(d) and that would result in low-income and very low-income housing actually being built.

It is highly unlikely that any housing built in the City of Monte Sereno will be priced at the levels to meet the needs of low-income and very low-income individuals. Producing low- and very low-income housing in Monte Sereno is simply unrealistic due to land prices. This fact was evident in the recent Hacienda Project, where units that were intended for lower-income residents now sell for \$3 to \$3.5 million. Even if such housing is built, individuals will not have meaningful access to transportation, grocery stores, and jobs and will face the danger of being cut off in the event of an emergency.

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## CONCLUSION

The following bullet points summarize Monte Sereno's basis for appealing ABAG's 2023-2031 RHNA:

- Monte Sereno is in a very high fire hazard zone. The mountainous terrain, the heavily wooded areas, and the prevalence of large canopy trees throughout the community puts the community in harm's way when wildfire hits. This is the wrong place to locate new housing.
- Monte Sereno is a built-out residential community with no significant vacant land to develop or redevelop for housing. What little vacant land exists, is surrounded by low-density residential development and is configured into small parcels that do not lend themselves to affordable, high-density housing.
- Monte Sereno has a jobs/housing imbalance, strongly tilted toward housing. This combined with lack of robust transit access means that new housing would only exacerbate traffic congestion and increase the vehicle miles traveled on Bay Area roads.
- Housing allocation need to be considered on a regional basis and not on a citywide basis, so that cities like Monte Sereno can meaningfully contribute to satisfying the goals of the Legislature rather than being forced to come up with a plan that would not result in an increase in the type of housing that is needed.

The City of Monte Sereno appeals to the ABAG Board of Directors for a reduction in the community's housing allocation for the planning period 2023 through 2031.

### Attachments:

Attachment A: Information about Local Planning Factors and Affirmatively Furthering Fair Housing from the Local Jurisdiction Survey-Monte Sereno Response

Attachment B: Monte Sereno Public Comment on RHNA Methodology and Objection Regarding Proposed Share

Attachment C: Embarcadero Institute Report

Attachment D: Regional Action Plan Briefing

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## **ATTACHMENT A**

INFORMATION ABOUT LOCAL PLANNING FACTORS AND  
AFFIRMATIVELY FURTHERING FAIR HOUSING FROM THE LOCAL  
JURISDICTION SURVEY-MONTE SERENO RESPONSE

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## Submission #70

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### SURVEY RESPONDENT CONTACT INFORMATION

**Jurisdiction**

Monte Sereno

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### RELATIONSHIP BETWEEN JOBS AND HOUSING

**1. If you believe the information from federal data sources shown in the link below is not accurate, please report your own data in the box. Note your estimate for jobs-housing fit for your jurisdiction and the data sources used to calculate this estimate.**

**2. How would you rate the balance between low-wage jobs and the number of homes affordable to low-wage workers in your jurisdiction?**

Imbalanced

**3. Please briefly explain your reasoning for your response to the previous question**

The City of Monte Sereno is predominantly large lot single family detached homes. More recently there are ADU's being built which could provide affordable homes to low-wage workers but the City also does not have any commercial so many of the low wage workers would be service workers for residents.

**4. Which of the following impacts does the balance or imbalance of low-wage workers to homes affordable to low-wage workers have on your jurisdiction?**

The City does not have any employers other than a public school, church, and city hall coupled with high cost housing.

**5. Does your jurisdiction use data on the local jobs-housing fit ratio to inform policy decisions?**

No

**6. If your jurisdiction experiences an imbalance in the jobs-housing fit for low-wage workers, which of the following policies, programs, or strategies would be most helpful for your jurisdiction to implement to help address this imbalance?**

Encouragement of ADUs and JADUs on residential parcels.

**HOUSING OPPORTUNITIES AND CONSTRAINTS****7. Which of the following apply to your jurisdiction as either an opportunity or a constraint for development of additional housing by 2030?**

	Opportunity	Constraint	Explanation
Sewer capacity	Opportunity		Capacity does not appear to be an issue
Water capacity	Opportunity		Capacity does not appear to be an issue. Water pressure in the hillsides may be more of an issue
Land suitability	Opportunity		There are some larger residential lots suitable for accessory dwelling units and junior accessory dwelling units without over crowding
Lands protected by federal or state programs			
County policies to preserve agricultural land			
Availability of schools			
Availability of parks			
Availability of public or social services			
Impact of climate change and natural hazards			
Construction costs			
Availability of construction workforce			
Availability of surplus public land			
Availability of vacant land		Constraint	the only vacant land is from a couple of underdeveloped parcels and fires that destroyed a home.
Financing/funding for affordable housing			
Weak market conditions			

Opportunity	Constraint	Explanation
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Project Labor		
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Agreements (i)		
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Utility connection fees		
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Other		
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**8. Of the issues above that you marked as opportunities, list up to three that you feel represent the greatest opportunities for developing additional housing in your jurisdiction by 2030 and explain the reasoning for your selection:**

All of the three identified for the reasons in the comment box.

**9. Of the issues above that you marked as constraints, list up to three that you feel represent the greatest constraints for developing additional housing in your jurisdiction by 2030 and explain the reasoning for your selection:**

The City really does not have any vacant land other than a fire burned out property and a couple of under developed parcels.

**10. Does your jurisdiction face opportunities or constraints in encouraging more jobs and housing near public transportation and existing transportation infrastructure?**

Yes

There is no public transportation in close proximity to the City's boundaries and the land along the major transportation roadways is already developed.

**11. Does your jurisdiction face opportunities or constraints in encouraging housing near job centers (including jobs that are not served by transit)?**

Yes

There are no major job centers close to the City's boundaries.

**12. What agreements, if any, are in place between your county and the cities in your county that direct growth toward either the incorporated or unincorporated areas of the county?**

none

**13. The location and type of housing can play a key role in meeting state and regional targets to reduce greenhouse gas emissions. What land use policies or strategies has your jurisdiction implemented to minimize greenhouse gas emissions?**

- Energy efficiency standards in new construction or retrofits
- Investment in pedestrian, bicycle, and active transportation infrastructure

## HOUSING AFFORDABILITY AND OVERCROWDING

**14. Has your jurisdiction considered what impacts high housing costs and the proportion of rent-burdened households have on residents in your jurisdiction?**

No

**15. Has your jurisdiction considered what impacts overcrowding has on residents in your jurisdiction?**

No

**16. What data sources does your jurisdiction use to examine local trends in housing costs?**

American Community Survey or other Census Bureau data

**17. What are the current housing cost trends in your jurisdiction?**

Generally holding steady and a very high price. Some drops, but with low inventory available and a wide range of homes and lot sizes the trends make appear volatile.

**18. Does your jurisdiction collect data on homelessness within the jurisdiction and demand for transitional housing for those experiencing homelessness?**

No

**19. What are the primary barriers or gaps your jurisdiction faces in meeting its RHNA goals for producing housing affordable to very low- and low-income households?**

- Land use and zoning laws, such as minimum lot sizes, limits on multi-unit properties, height limits, or minimum parking requirements
- Availability of land
- Community opposition

**20. If local gap financing is a barrier to constructing more affordable housing in your jurisdiction, what do you estimate is the number of affordable housing units that could be built in your jurisdiction if this financing was available?**

**Please provide an estimate for the amount of gap financing necessary to fund those projects:**

**21. What types of support would your jurisdiction like to see the Bay Area Housing Finance Authority (BAHFA) provide to help your jurisdiction meet its RHNA goals and comply with the requirement to affirmatively further fair housing?**

- Technical assistance to determine locations to site housing (e.g. feasibility studies)
- Technical assistance on Affirmatively Furthering Fair Housing (AFFH) requirements
- Technical assistance on outreach efforts related to housing element updates, particularly robust engagement with community organizations and residents most directly impacted by the housing crisis (people of color, low-income people, seniors, etc.)
- Technical assistance to pursue compliance with California HCD's new pro-housing designation or other state regulation

## HOUSING DEMAND

**22. Over the course of a typical year, is there a need in your jurisdiction for housing for farmworkers?**

No

**23. What is the source for the data used for the previous response?**

Professional knowledge.

**24. If your jurisdiction is not currently meeting the demand for farmworker housing, what are the main reasons for this unmet demand?**

**25. Please indicate the amount of housing need in your jurisdiction created by the presence of any of the postsecondary educational institutions in the table below.**

### Housing Units Needed to Meet Demand

**Private university**

**Campus of the California State University or the University of California**

**Community college**

**26. What is the source for the data used to respond to the previous question?**

**27. Is your jurisdiction currently meeting the housing demand created by post-secondary educational institutions? Why or why not? If not, what is the total amount of unmet need?**

n/a

**28. Do any of the following dynamics in your jurisdiction impact the local demand for housing?**

Presence of jobs without a set place of employment (e.g. gardeners, nannies, gig workers, etc.)

**29. Has your jurisdiction experienced a loss of units in assisted housing developments in the past 10 years due to expiring affordability contracts or other issues facing at-risk affordable housing units?**

No

**30. If yes, how many units? What is the source of this data?**

**31. Does your jurisdiction anticipate a loss of units in assisted housing developments in the next 10 years?**

No

**32. If yes, why? How many units will be lost? What is the source of this data?**

**33. Has your jurisdiction lost housing units due to a state-declared emergency (fire, natural disasters, etc.) that have yet to be rebuilt or replaced as of January 1, 2020?**

No

**34. If yes, please provide the date of the emergency. How many units were lost? What is the source of this data?**

**35. Does your jurisdiction anticipate that some housing units lost during a state-declared emergency won't be replaced? If yes, why?**

**36. If possible, please describe the housing tenure (rental vs. ownership) and affordability levels of units that have been lost during a state-declared emergency:**

#### FAIR HOUSING PLANNING AND DATA SOURCES

**37. Does your jurisdiction receive funding from the U.S. Department of Housing and Urban Development (HUD) that requires submitting a Consolidated Plan?**

No

**38. If you answered yes to the previous question, which of the following reports has your jurisdiction undertaken or completed for HUD?**

Please upload your most recently completed report:

Or provide a Web link/URL to the report

**39. Which of the following data sources does your jurisdiction maintain or use to assess fair housing issues in the community?**

Publicly available datasets (e.g. data from the Census Bureau)

**40. Which of the following outreach activities has your jurisdiction used to encourage community participation in planning processes related to fair housing?**

- Open house community meetings

- Public hearing

**41. Did you collect data about the demographics of those who participated in planning processes related to fair housing? If so, please describe the demographics of the participants.**

**42. Please describe your goals for the process to elicit community participation for fair housing planning.**

Main goal was to educate public on dif

**43. How successful were you in achieving the goals described in the previous question?**

**44. Describe reasons for the success or lack of success of these community engagement efforts:**

#### DIVERSITY AND SEGREGATION, ACCESS TO OPPORTUNITY, AND DISPROPORTIONATE HOUSING NEEDS

**45. Which of the following factors contribute to fair housing issues in your jurisdiction?**

	Limited access to housing in your jurisdiction	Segregated housing patterns or concentrated areas of poverty	Disparities in access to opportunity areas	Disparities in housing cost burdens and overcrowding	Describe how this factor contributes to fair housing issues in your jurisdiction
Community opposition to proposed or existing developments	Yes				
Displacement of residents due to increased rents or other economic pressures					
Displacement of low-income residents and/or residents of color					
Displacement of residents due to natural hazards, such as wildfires					
Land use and zoning laws, such as minimum lot sizes, limits on multi-unit properties, height limits, or minimum parking requirements	Yes				
Occupancy standards that limit the number of people in a unit					
Location of affordable housing	Yes				

Limited  
access to  
housing in  
your  
jurisdiction

Segregated  
housing  
patterns or  
concentrated  
areas of  
poverty

Disparities  
in access to  
opportunity  
areas

Disparities in  
housing cost  
burdens and  
overcrowding

Describe  
how this  
factor  
contributes  
to fair  
housing  
issues in  
your  
jurisdiction

The availability of  
affordable units in a range  
of sizes (especially larger  
units) Yes

Foreclosure patterns

Deteriorated or abandoned  
properties

Lack of community  
revitalization strategies

Lack of private  
investments in low-income  
neighborhoods and/or  
communities of color,  
including services or  
amenities

Lack of public investments  
in low-income  
neighborhoods and/or  
communities of color,  
including services or  
amenities

Lack of regional  
cooperation

Access to financial services

Lending discrimination

Location of employers

Location of environmental  
health hazards, such as  
factories or agricultural  
production

Availability, frequency, and  
reliability of public transit

Access to healthcare  
facilities and medical  
services

Access to grocery stores  
and healthy food options

Location of proficient  
schools and school  
assignment policies

Creation and retention of  
high-quality jobs



	Limited access to housing in your jurisdiction	Segregated housing patterns or concentrated areas of poverty	Disparities in access to opportunity areas	Disparities in housing cost burdens and overcrowding	Describe how this factor contributes to fair housing issues in your jurisdiction
<b>Range of job opportunities available</b> <b>The impacts of natural hazards, such as wildfires</b> <b>CEQA and the land use entitlement process</b> <b>Private discrimination, such as residential real estate "steering" (i)</b> <b>Other (please describe)</b>					
<b>46. List up to three of the factors you selected in the previous question that you feel are the biggest contributors to fair housing issues in your jurisdiction. Why did you select these factors?</b> Community opposition, zoning regulations, availability of affordable units. Monte Sereno is predominantly a large lot single family community with zoning regulations to reflect this.					

## FAIR HOUSING GOALS AND ACTIONS

**47. What actions has your jurisdiction taken to overcome historical patterns of segregation or remove barriers to equal housing opportunity?**

Land use changes to allow a greater variety of housing types

**48. Briefly describe your jurisdiction's goals for past actions to overcome historical patterns of segregation or remove barriers to equal housing opportunity:**

**49. How successful were these past actions in achieving these goals?**

Somewhat Successful

**Describe reasons for success or lack thereof:**

**50. Which of the following policies, programs, or actions does your jurisdiction use to prevent or mitigate the displacement of low-income households?**

	In Use	Under Council/Board Consideration	Potential Council/Board Interest
Rent stabilization/rent control			
Rent review board and/or mediation			
Mobile home rent control			
Single-room occupancy (SRO) preservation			
Condominium conversion regulations			
Foreclosure assistance			

In Use	Under Council/Board Consideration	Potential Council/Board Interest
Affordable housing impact/linkage fee on new residential development		
Affordable housing impact/linkage fee on new commercial development		
Inclusionary zoning		
Community land trusts		
First source hiring ordinances		
Living wage employment ordinances		
Promoting streamlined processing of ADUs		
Fair housing legal services		
Housing counseling		
Acquisition of affordable units with expiring subsidies		
Acquisition of unsubsidized properties with affordable rents		
Dedicating surplus land for affordable housing		
Other (please describe below)		
Other		

ANY ADDITIONAL FACTORS/COMMENTS

**51. Are there any other factors that you think ABAG should consider in the RHNA methodology?**  
 Historical presence of certain communities and the ability to accommodate additional development without wholesale change in land use.  
 Availability of land resources .  
 Topography of land resources and appropriateness for higher density development.

**52. What criteria or factors do you think are most important to consider in the RHNA methodology?**  
 Land availability and location near job centers.  
 Availability of transit systems.  
 Topography of available land resources.  
 Environmental setting of land resources.

**53. Any further comments about anything in this survey?**  
 One size fits all is a challenge for some communities and a more regional approach and recognition of certain communities ability to address the housing crisis in a more suitable manner than other could support a more regional approach with smaller communities supporting housing through non production means.

[Previous submission](#) [Next submission](#)



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## **ATTACHMENT B**

MONTE SERENO PUBLIC COMMENT ON RHNA METHODOLOGY AND  
OBJECTION REGARDING PROPOSED SHARE

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## City of Monte Sereno

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January 07, 2021

Delivered by Express Delivery and via Email to [RHNA@bayareametro.gov](mailto:RHNA@bayareametro.gov)

To: The Association of Bay Area Governments, Executive Board  
Bay Area Metro  
375 Beale Street, Suite 800  
San Francisco, CA 94105

Re: Proposed RHNA Methodology and Subregional Shares  
Public Comment on RHNA Methodology and Objection Regarding Proposed Share

Dear ABAG Executive Team:

The City of Monte Sereno applauds your efforts in leading the 2023-2031 Regional Housing Needs Assessment (RHNA) along with the Housing Methodology Committee (HCD). Conceptually, The City of Monte Sereno agrees with the five main objectives put forth in the plan. Those objectives are:

- 1) Increase the housing supply and the mix of housing types in an equitable manner
- 2) Promote infill development, efficient development, and CHG reduction
- 3) Promote better relationships between jobs and housing, particularly jobs-housing fit
- 4) Balance existing disproportionate concentrations of income categories
- 5) Affirmatively further fair housing

That said, Monte Sereno strongly objects to the ABAG-proposed numbers we have seen under all current models that have been shared with us. The numbers proposed for Monte Sereno are unfair, untenable, and designed-to-fail. They are unacceptable and if not changed, will almost certainly require formal challenge. We would prefer to avoid that by getting an appropriate allocation from the start. More on that at the end of this letter.

### Background

Monte Sereno is a hillside community with an area of 1.6 total square miles. Located just between larger Los Gatos and Saratoga in Santa Clara County, Monte Sereno contracts most of its city services from neighboring jurisdictions. Hence, Monte Sereno has a very small budget of only \$4 million annually and minimal staffing resources.

The City of Monte Sereno was chartered in unique fashion. Since inception, Monte Sereno has essentially functioned as one large residential-only district of approximately 1250 single family homes. There are no commercial shopping districts which can be rezoned. There are no mixed-use real estate developments which may be rezoned. There are no existing apartment complexes. There are simply no land use opportunities Monte Sereno can leverage to achieve substantial RHNA allocation numbers.

Monte Sereno has one bus stop, one traffic light, one church, and one school. Monte Sereno has a very limited jobs base (city services and school only; no commercial jobs). Monte Sereno has no practical access to public transportation. Monte Sereno is a net housing supplier for neighboring jurisdiction's employment centers.

Nearly all properties in Monte Sereno are governed by private property rights in the original covenants, conditions, and restrictions. Those grandfathered CCR's specify and restrict to single family home development on the property they govern. Homeowners who purchased properties under those written assumptions will ultimately be the decision makers when an opportunity presents itself about their property rights/usage. Forcing lip-service zoning changes on land which cannot and will not be developed is worse than no solution at all.

In recent years Monte Sereno **has been** successful adding housing units through use of Accessory Dwelling Units (ADUs), and Junior Accessory Dwelling Units (JADU's) to single family parcels. As a matter of fact, Monte Sereno **was** able to exceed its RHNA numbers of 60 units in the current allocation cycle – but multi-family/high-density mandates could not be fulfilled within the city; they were only met by annexing neighboring county land into the city! ADUs and California's legislative support of ADUs have generally been a workable solution for Monte Sereno's RHNA housing numbers, but there is no guarantee that ADUs will qualify as new housing stock in the next cycle. If they do not, we are again facing not just difficulty, but actual impossibility to comply with unreasonable numbers.

Conversely, the population of Monte Sereno (approximately 3,500) has increased by less than 2,000 persons since 1960. In fact, according to U.S. Census data, since 2010 the population of Monte Sereno has **decreased** by 4.1%. In other words, demand for housing within in Monte Sereno appears essentially static. This point was highlighted in the calculations in correspondence ABAG recently received from the Contra Costa County Mayors Conference dated October 2, 2020. We fully agree with the Contra Costa analysis, which concludes that Monte Sereno should not have 140-190 units assigned, but three units, total. That is the correct number related to our growth pattern and it is the correct number based on our employment-creation levels. Of course we can beat that number with liberal approval of ADU's, but ADU-creation is likely to fall in the 40-60 unit range.

In reference to the current Draft RHNA and its applicability to cities such as Monte Sereno, a "one size fits all" housing allocation is not practical to achieve utilizing the proposed methodology. The City of Monte Sereno will struggle with the Draft RHNA proposal as written. Despite our best efforts as a City, If over-allocation occurs, Monte Sereno will be forced to fail and will be unable to meet our assigned share of the contribution to objectives one through five listed above.

Another further critical consideration: Monte Sereno is located right next to a Tier 3 wildfire zone and there are serious limitations on local evacuation routes and resources. This fact presents additional difficulties developing multi-unit housing in Monte Sereno for ABAG and HCD to consider.

Jobs rich centers and Vehicle Miles Traveled (VMT) calculations are a contradictory measure when used to determine housing allocation for Monte Sereno. An alternative approach for cities like Monte Sereno would be to add additional objectives or exemptions based on factors like insignificant population, transportation, and, most important, a fair allocation based on our employment base and jobs-creation. Lack of local jobs and public transportation lead to increased VMT, an undesired consequence of RHNA's best intentions to reduce Green House Gas emissions (GHG).



Extremely unusual cities like Monte Sereno require will require different approaches to support housing and or alternative RHNA objectives. In other words, mandating a number of units referred to as “one’s share of an allocation” does not allow for consideration of unique characteristics or challenges some communities face delivering housing opportunities.

The City of Monte Sereno welcomes an opportunity to help resolve housing issues regionally. Monte Sereno desires to be included in regional housing, transportation, and climate change solutions.

But in its current draft, RHNA cannot be applied in any practical manner to the City of Monte Sereno, and in some respects, contradicts the very objectives RHNA strives to achieve. Please consider additional methodologies for small cities with small budgets, and large VMT. And please consider additional methodologies or exemptions from increased housing density near wildfire zones.

### Conclusion

Monte Sereno supports efforts to increase much needed housing in the San Francisco Bay Area region. However, Monte Sereno just does not have the physical resources to add housing according to the objectives set forth in the RHNA 2023-2031 Draft, nor does Monte Sereno have the financial resources to achieve the proposed housing goals. For Monte Sereno to succeed in the 2023-2031 RHNA cycle, there must be alternative allocation solutions or exemptions provided to help small hillside communities play a meaningful part. That number must fall in the range of 40-60 units and it must include ADU’s and it must not impose multi-family and other requirements which simply cannot be met within the City’s borders.

Monte Sereno looks forward to an appropriate allocation which considers all of the foregoing information. Barring that, the City of Monte Sereno reserves all applicable rights and legal remedies that may be available should it be necessary to challenge the allocation methodology and/or the draft allocation to the City of Monte Sereno.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Leuthold", with a stylized, flowing script.

Shawn Leuthold, Mayor  
City of Monte Sereno



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# **ATTACHMENT C**

EMBARCADERO INSTITUTE REPORT

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# **Do the Math: The state has ordered more than 350 cities to prepare the way for more than 2 million homes by 2030. But what if the math is wrong?**

**Senate Bill 828, co-sponsored by the Bay Area Council and Silicon Valley Leadership Group, and authored by state Sen. Scott Wiener in 2018, has inadvertently doubled the “Regional Housing Needs Assessment” in California.**

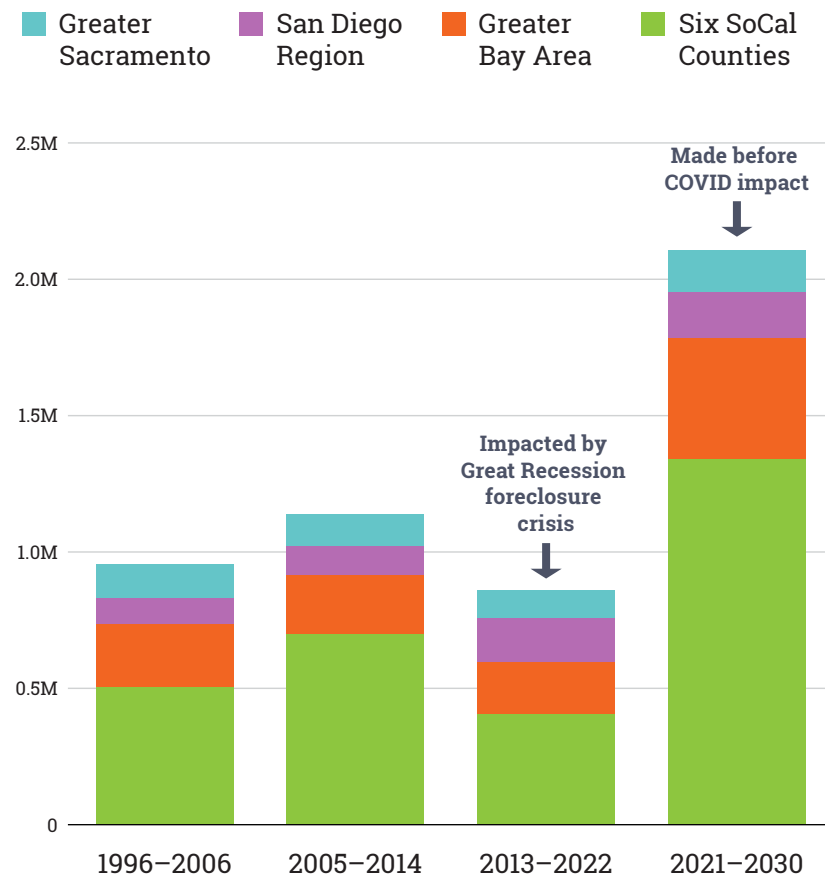
Use of an incorrect vacancy rate and double counting, inspired by SB-828, caused the state’s Department of Housing and Community Development (HCD) to exaggerate by more than 900,000 the units needed in SoCal, the Bay Area, and the Sacramento area.

The state’s approach to determining the housing need must be defensible and reproducible if cities are to be held accountable. Inaccuracies on this scale mask the fact that cities and counties are surpassing the state’s market-rate housing targets but falling far short in meeting affordable housing targets. The inaccuracies obscure the real problem and the associated solution to the housing crisis—the funding of affordable housing.

## Double counting (not surprisingly) doubled the assessed housing need for the four major planning regions.

Every five to eight years the Department of Housing and Community Development (HCD) supervises and publishes the results of a process referred to as the Regional Housing Needs Assessment (RHNA). Four regional planning agencies cover the 21 most urban counties and account for 80% of California's housing. All four regions saw a significant jump in the state's assessment of their housing need for the years 2021 to 2030.

### Housing Units Needed According to the State, (1996–2030)

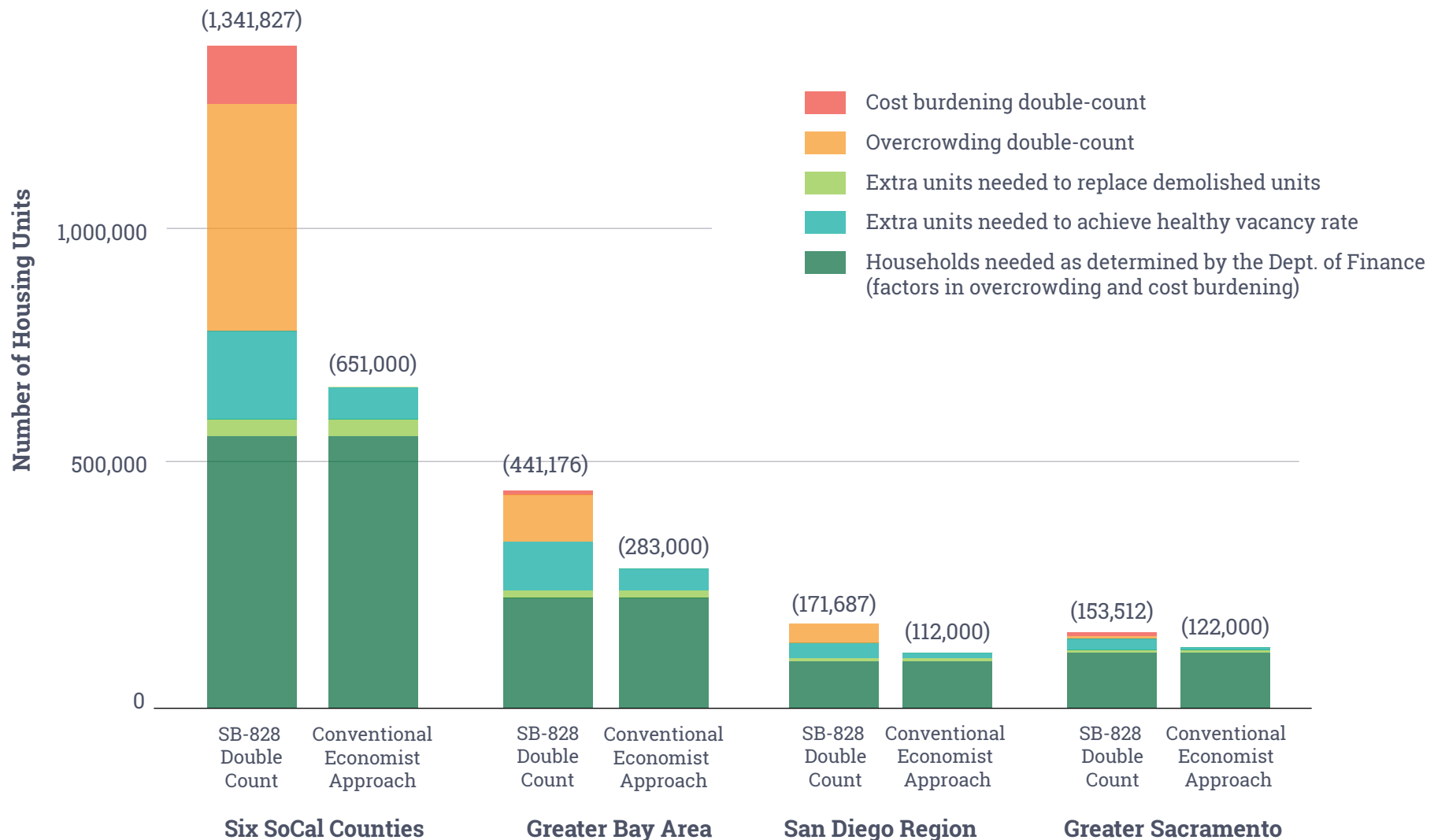


### Four Regions Contain 80% of the State's Housing



## The double count, an unintended consequence of Senate Bill 828, has exaggerated the housing need by more than 900,000 units in the four regions below.

California plans for its housing needs in “cycles.” The four regions are on cycles that last roughly eight years with staggered start dates. In the 2021–2030 housing cycle, errors introduced by language in SB-828 nearly equal the entire 1.15M units of new housing required during the 2013–2022 “cycle.” As illustrated, Southern California and the Bay Area are the most impacted by the state’s methodology errors.



## Senate Bill 828 was drafted absent a detailed understanding of the Department of Finance's methodology for developing household forecasts, and absent an understanding of the difference between rental and home-owner vacancies. These misunderstandings have unwittingly ensured a series of double counts.

### SB-828 MISTAKENLY ASSUMED:

1. SB-828 wrongly assumed 'existing housing need' was not evaluated as part of California's previous Regional Housing Need Assessments, or RHNA. There was an assumption that only future need had been taken into account in past assessments. (In fact, as detailed in The Reality section, the state's existing housing need was fully evaluated in previous RHNA assessment cycles).

2. SB-828 wrongly assumed a 5% vacancy rate in owner-occupied housing is healthy (as explained in the column on the right, 5% vacancy in owner-occupied homes is never desirable, and contradicts Government Code 65584.01(b)(1)(E) which specifies that a 5% vacancy rate applies only to the rental housing market).

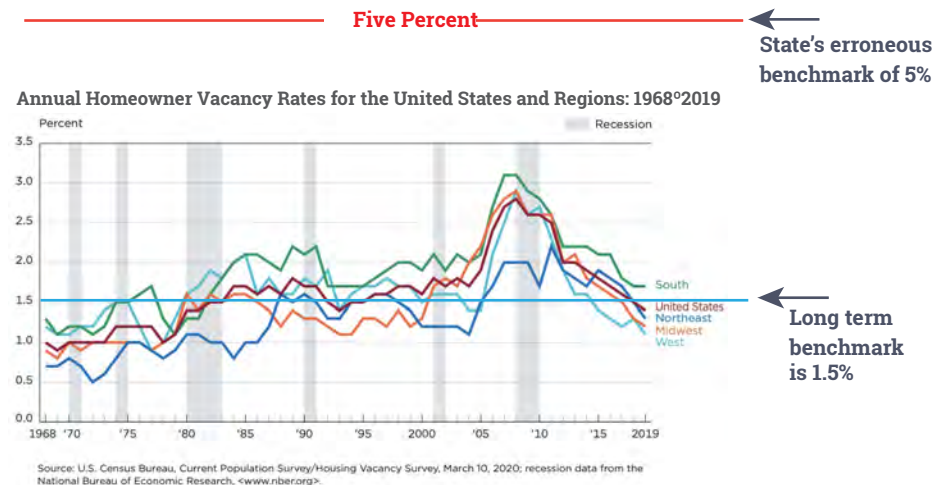
3. SB-828 wrongly assumed overcrowding and cost-burdening had not been considered in Department of Finance projections of housing need. The bill sought to redress what it mistakenly thought had been left out by requiring regional planning agencies to report overcrowding and cost-burdening data to the Dept. of Housing and Community Development (as explained in the right column).

### THE REALITY IS:

1. Existing housing need has long been incorporated in California's planning cycles. It has been evaluated by comparing existing vacancy rates with widely accepted benchmarks for healthy market vacancies (rental and owner-occupied). The difference between actual and benchmark is the measure of housing need/surplus in a housing market. Confusion about the inclusion of "existing need" may have arisen because vacancy rates at the time of the last assessment of housing need ("the 5th cycle") were unusually high (higher than the healthy benchmarks) due to the foreclosure crisis of 2007–2010, and in fact, the vacancy rates suggested a surplus of housing. So, in the 5th cycle, the vacancy adjustment had the effect of lowering the total housing need. Correctly seeing the foreclosure crisis as temporary, the state Department of Finance did not apply the full weight of the surplus but instead assumed a percentage of the vacant housing would be absorbed by the time the 5th cycle began. The adjustment appears in the 5th cycle determinations, not as 'Existing Housing Need' but rather as "Adjustment for Absorption of Existing Excess Vacant Units."

2. While 5% is a healthy benchmark for rental vacancies, it is unhealthy for owner-occupied housing (which typically represents half of existing housing). In the U.S. homeowner vacancy has hovered around 1.5% since the '70s, briefly reaching 3% during the foreclosure crisis. However, 5% is well outside any healthy norm, and thus does not appear on the Census chart (to the right) showing Annual Homeowner Vacancy Rates for the United States and Regions: 1968–2019.

3. Unknown to the authors of SB-828, the Department of Finance (DOF) has for years factored overcrowding and cost-burdening into their household projections. These projections are developed by multiplying the estimated population by the headship rate (the proportion of the population who will be head of a household). The Department of Finance (DOF), in conjunction with the Department of Housing and Community Development (HCD), has documented its deliberate decision to use higher headship rates to reflect optimal conditions and intentionally "alleviate the burdens of high housing cost and overcrowding." Unfortunately, SB-828 has caused the state to double count these important numbers.





## The forced double-counting errors are significant.\*

### 1. Incorrect use of a 5% benchmark vacancy rate for owner-occupied housing.

The vacancy rate was incorrectly used for both existing and projected owner-occupied households.

**+ 229,000**  
housing units

### 2. Current vacancies were assumed to exist in household projections.

This error is unrelated to SB-828, but is an accounting error introduced by HCD methodology.

**– 22,000**  
housing units

### 3. Overcrowding and cost-burdening were double counted.\*\*

In addition to the household projection methodology outlined by the Department of Finance (shown to account for overcrowding and cost-burdening), the matter is also mentioned in meeting notes available on the Association of Bay Area Government's (ABAG) website.\*\*\*

Quote from ABAG's Housing Methodology Committee Agenda Packet for the 4th RHNA Cycle, July 2006

"There was also a lot of discussion about the headship rates used by HCD/DOF. Several people commented that headship rates in the Bay Area are generally lower than the State's estimates because the region's high housing costs limit household formation. In response, Mr. Fassinger noted that HCD uses these higher headship rates because the RHNA process is intended to alleviate the burdens of high housing cost and overcrowding."

Despite this, overcrowding and cost-burdening were counted a second time as adjustment factors required by SB-828.

**+ 734,000**  
housing units

**TOTAL: + 941,000**  
housing units

\* All errors are rounded to the nearest thousand.

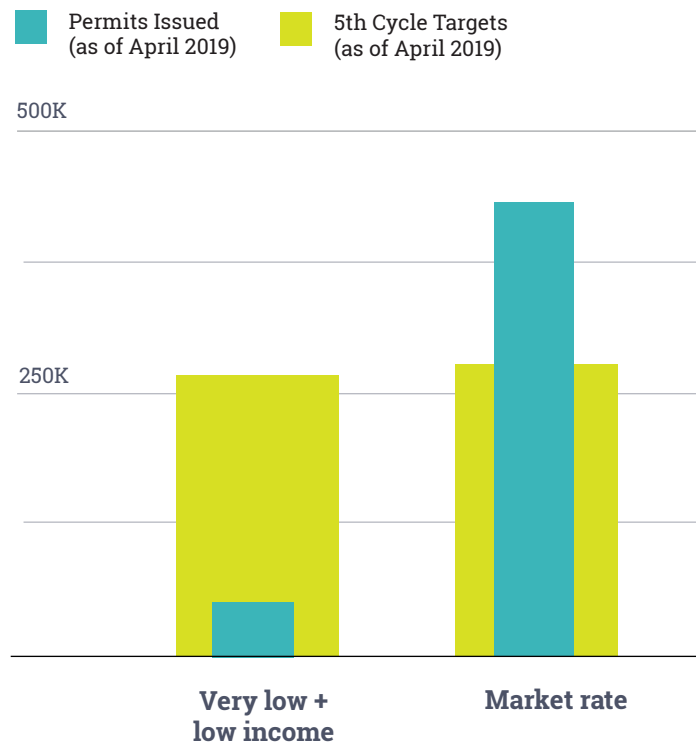
\*\* Overcrowding measures the number of households with more than 1 person per room. Cost-burdening measures the number of households that spend more than 30% of the household income on housing. Cost-burdening is measured by five income levels – extremely low, very low, low, moderate, above moderate

\*\*\* P-4 tables are created by the Department of Finance—Household Projection table 2020–2030 and their methodology is fully explained in 'read me' notes that accompany the table.

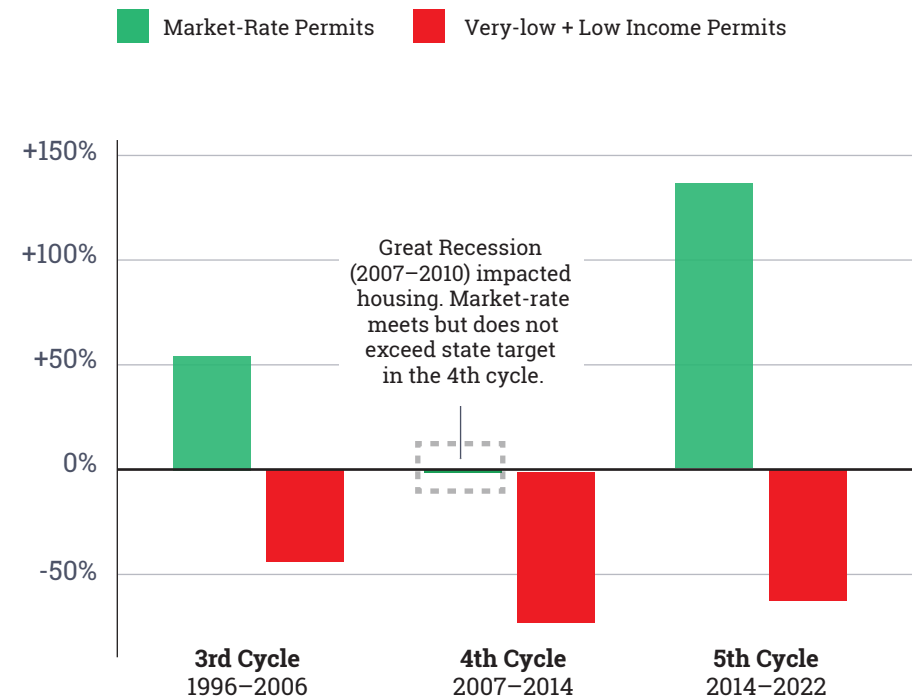
## The state's exaggerated targets unfortunately mask the real story: Decades of overachieving in market-rate housing has not reduced housing costs for lower income households.

The state has shown, with decades of data, that it cannot dictate to the market. The market is going to take care of itself. The state's responsibility is to take care of those left behind in the market's wake. Based on housing permit progress reports published by the Dept. of Housing and Community Development in July 2020, cities and counties in the four most populous regions continue to strongly outperform on the state's assigned market-rate housing targets, but fail to achieve even 20% of their low-income housing target. In the Bay Area where permit records have been kept since 1997, there is evidence that this housing permit imbalance has propagated through decades of housing cycles.

### Permit Progress in the 5th Cycle (2013-2022)\* (all 4 regions)



### Affordable Housing Languishes as Market-Rate Housing Overachieves (Bay Area only)\*



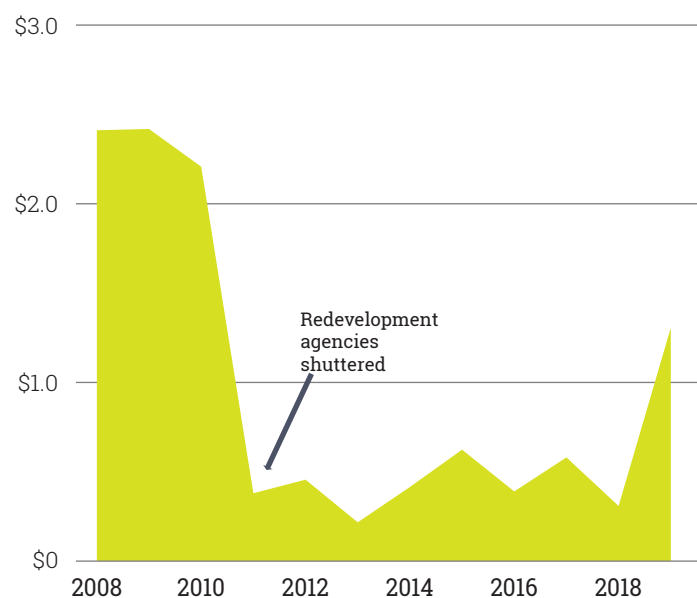
\* Based on permit progress reports published by the Dept of Housing and Community Development and updated July 2020, reporting progress through April 2019.

\*\* Only the Bay Area is shown because other regions have not kept detailed records of permit progress through the 3rd and 4th cycles.

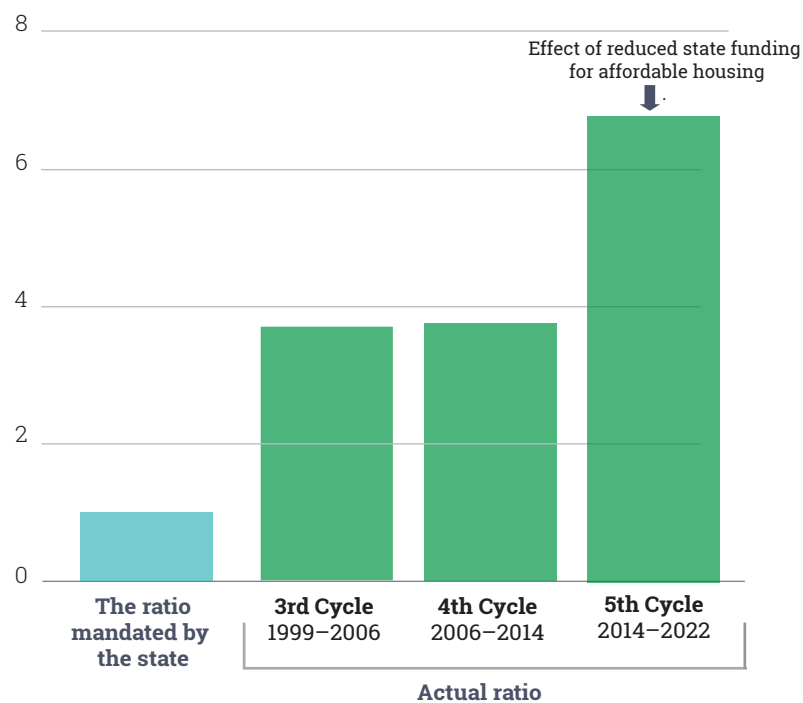
## It's clear. Market-rate housing doesn't need state incentives. Affordable housing needs state

Cities are charged by the state to build one market-rate home for every one affordable home. But state laws, such as the density bonus law, incentivize developers to build market-rate units at a far higher rate than affordable units. As a result, California has been building four market-rate units for every one affordable unit for decades. And with the near-collapse of legislative funding for low-income housing in 2011, that ratio has grown to seven to eight market-rate units to each affordable unit. Yet we need one-to-one. This worsening situation can't be fixed by zoning or incentives, which are the focus of many recent housing bills and only reinforce or worsen the ever-higher market-rate housing ratios. From the data it appears that the shortage of housing resulted not from a failure by cities to issue housing permits, but rather a failure by the state to fund and support affordable housing. Future legislative efforts should take note.

**State Funds for Affordable Housing, 2008–2019\***  
\$ Billion



**Market-Rate to Low-Income Housing Permits in the Bay Area has grown from a ratio of 4 : 1 to 7 : 1**  
(Bay Area only)\*\*



\* "The Defunding of Affordable Housing in California", Embarcadero Institute, update June 2020 [www.embarcaderoinstitute.com/reports/](http://www.embarcaderoinstitute.com/reports/)

\*\* Only Bay Area is shown because other regions have not kept detailed records of permit progress through the 3rd and 4th cycles. Data is from ABAG's permit progress reports for 3rd and 4th cycle and Dept. of Housing and Community Development's 5th cycle Annual Progress Report.

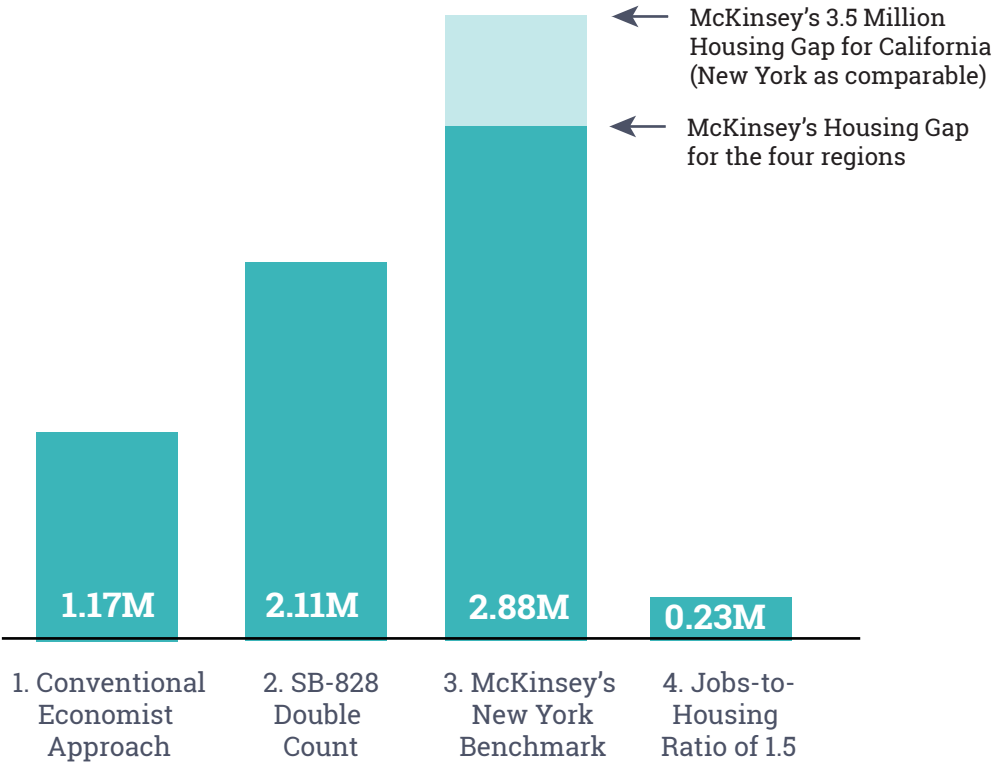
**Finally, since penalties are incurred for failing to reach state targets for housing permits, the methodology for developing these numbers must be transparent, rigorous and defensible.**

Non-performance in an income category triggers a streamlined approval process per Senate Bill 35 (2017). These exaggerated 6th cycle targets will make it impossible for cities and counties to attain even their market-rate targets, ensuring market-rate housing will qualify for incentives and bonuses meant for low-income housing. **Yet again, low-income housing will lose out.** The state needs to correct the latest housing assessment errors and settle on a consistent, defensible approach going forward.

**At Least Four Different Methodologies Have Been Used Simultaneously by the State to Discuss Housing Need: We Only Need One**

- 1. The Conventional Economist Approach:** uses goldilocks (not too big, not too small, just right) benchmarks for vacancies - 1.5% for owner-occupied and 5% for rental housing.
- 2. SB-828 Double Count:** incorrectly uses a benchmark of 5% vacancy for owner-occupied housing. It also double counts overcrowding and cost-burdening
- 3. McKinsey's New York Benchmark:** the over-simplified approach generated an exaggerated housing gap of 3.5 Million for California. McKinsey multiplied California's population by New York's housing per capita to get 3.5M. New York is not a proper benchmark for California and NY's higher housing per capita is more reflective of NY's declining population rather than a healthy benchmark for housing
- 4. Jobs-to-housing ratio of 1.5:** according to state planning agencies 1.5 is the optimal benchmark. Employment in the four regions is estimated to grow to 17 million by 2030 (job growth estimates prepared before COVID).\*

**Forecast 2030 Housing Need for the Four Regions**



\* California's Employment Development Department (EDD) estimates employment by county through 2026. Using annualized growth (2016 to 2026) as a basis for future growth 2030 employment is estimated for the four regions.

\*\* The 17 million includes estimates of self employed, private household workers, farm and nonfarm employment. Occupations with employment below 100 in 2016 are excluded.

**How it Works: A multi-agency collaborative effort has generated past state housing targets. However, in 2018, SB-828 anointed the Dept. of Housing and Community Development with final veto powers.**

### STEP 1

The Dept. of Finance (DOF) generates household forecasts by county based on population growth and headship rates. This is the step where overcrowding and cost-burdening are factored in .

Dept. of Finance (DOF)



### STEP 2

The Dept. of Housing and Community Development (HCD) then takes the DOF household projections and adds in a healthy vacancy level (1.5% for owner-occupied, 5% for rental housing) to determine the number of housing units needed to comfortably accommodate the DOF household projections.

Dept. of Housing and Community Development (HCD)



### STEP 3

The regional agencies allocate housing targets to cities and counties in their jurisdiction. These allocations collectively meet their RHNA assessments and are based on algorithms that may include employment, transit accessibility and local housing patterns



### STEP 4

Cities and Counties report annual progress on housing permits to the Dept. of Housing and Community Development (HCD)



## **SB-828 introduced errors in Step 2 (when the Dept. of Housing and Community Development made adjustments to the Dept. of Finance's household projections).**

Southern California and the Bay Area were most impacted by the double counting. San Diego was not assessed for cost-burdening although it is more cost-burdened than the Bay Area. It was perhaps overlooked because its assessment cycle began in July, 2018, a few months before SB-828 passed into law.

### **The Department of Housing and Community and Development**

#### **1. Used a benchmark of 5% vacancy rate for BOTH owner-occupied and rental housing.**

<b>Six SoCal Counties</b>	<b>=</b>	<b>+126,000</b>	<b>+ 229,000</b> housing units
<b>Greater Bay Area</b>	<b>=</b>	<b>+59,000</b>	
<b>San Diego Area</b>	<b>=</b>	<b>+23,000</b>	
<b>Greater Sacramento</b>	<b>=</b>	<b>+21,000</b>	

#### **2. Assumed vacancies in household projections \***

<b>Six SoCal Counties</b>	<b>=</b>	<b>-13,000</b>	<b>- 22,000</b> housing units
<b>Greater Bay Area</b>	<b>=</b>	<b>-4,000</b>	
<b>San Diego Area</b>	<b>=</b>	<b>-2,000</b>	
<b>Greater Sacramento</b>	<b>=</b>	<b>-3,000</b>	

#### **3. Double counted overcrowding and cost-burdening**

<b>Six SoCal Counties</b>	<b>=</b>	<b>+578,000</b>	<b>+ 734,000</b> housing units
<b>Greater Bay Area</b>	<b>=</b>	<b>+104,000</b>	
<b>San Diego Area</b>	<b>=</b>	<b>+39,000</b>	
<b>Greater Sacramento</b>	<b>=</b>	<b>+13,000</b>	

\* P-4 tables are created by the Department of Finance—Household Projection table 2020–2030 and their methodology is fully explained in 'read me' notes that accompany the table

\*\* Overcrowding measures the number of households with more than 1 person per room. Cost-burdening measures the number of households that spend more than 30% of the household income on housing. Cost-burdening is measured by five income levels—extremely low, very low, low, moderate, above moderate.

Detailed explanation of the errors using SoCal Counties as an example: First—the correct approach.

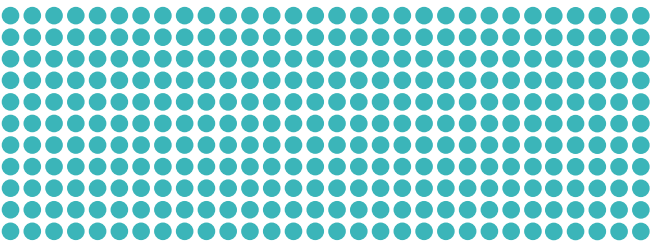
The Department of Housing and Community Development (HCD) has traditionally arrived at a number for pent-up demand or housing shortfall by comparing vacancy rates in owner-occupied and rental housing to healthy benchmarks (1.5% for owner-occupied\* and 5% for rental housing). The largest of the four regions, six SoCal Counties (covering Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties) is considered in the example below\*\*.

EXISTING HOUSING: Six SoCal Counties

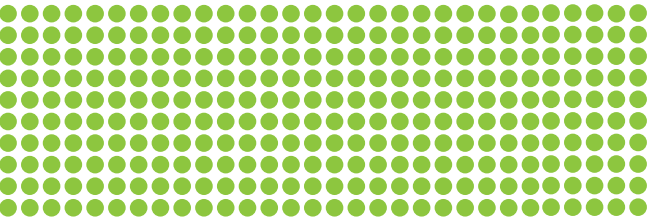
1 circle = 10,000 households

Occupied Housing Units

Home-owned (3.3 Million)



Rentals (3 Million)



Vacant Housing Units

Actual Vacancies (40,000)



1.2%

Healthy Benchmark (50,000)



1.5%

Existing Need



Actual Vacancies (111,000)



3.7%

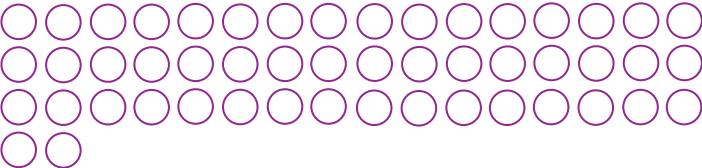
Healthy Benchmark (150,000)



5.0%



Seasonal Vacancies (500,000)\*\*\*



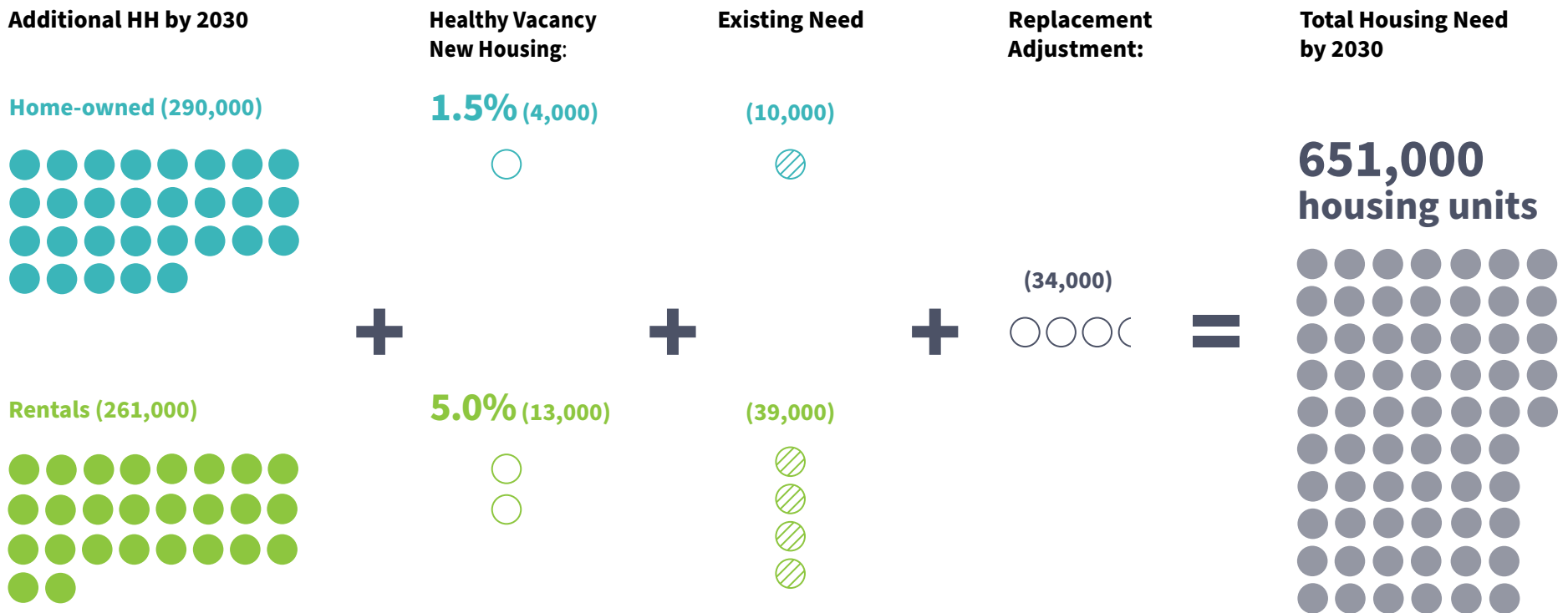
\* Owner-occupied has a lower healthy vacancy rate because it is usually only vacant while a house is for sale  
\*\* All numbers are rounded to the nearest thousand.  
\*\*\* Seasonal Vacancies represent second homes, coprorate housing, and short-term rentals such as AlrBnBs

## The housing need also takes into account for future growth.

The Dept. of Finance (DOF) supplies the Dept. of Housing and Community Development (HCD) with an estimate of additional households (HH) needed by the end of the cycle. The DOF forecast the 2030 population, and using an optimal household formation rate determine the number of households required to comfortably house that population\*. The DOF also supply the HCD with the number of existing households at the start of the cycle. The HCD adds to the base number of additional households needed, factoring in vacancies for a healthy market, and adding a replacement adjustment (also supplied by the DOF)\*\*.

### PROJECTED HOUSING NEED: Six SoCal Counties

1 circle = 10,000 households



\* Households represent occupied housing units. The number of housing units is always higher as at any given time than the number of households because some housing will be vacant or unutilized. The DOF is responsible for the base projection because they manage population projections for the state, and determine those by analyzing births, deaths and net migration.

\*\* Replacement represents houses that may be demolished or replaced during the cycle\*.

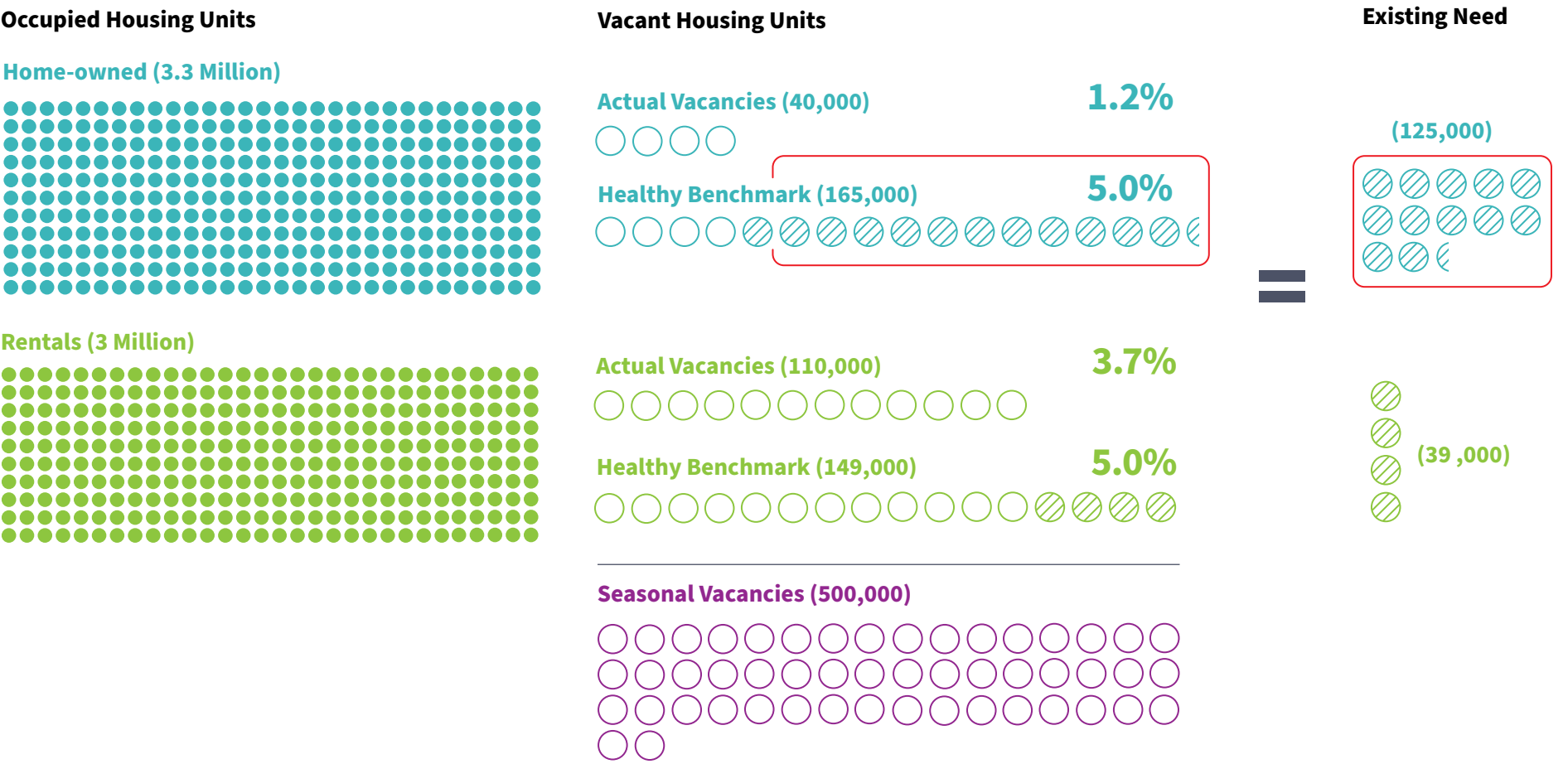


However, the Dept. of Housing and Community Development has adopted an unusual methodology in evaluating existing need in the 6th housing cycle.

Instead of the typical 1.5% benchmark for owner-occupied housing, they used a 5% vacancy rate usually reserved for rental housing. A 5% vacancy in owner-occupied housing is indicative of a distressed housing market. At 5%, SoCal's existing housing need is increased by 115,000 housing units. Existing need for rental housing is unchanged.

EXISTING HOUSING: Six SoCal Counties

1 circle = 10,000 households



The Dept. of Housing and Community Development have also taken an unusual approach in evaluating projected housing need.

Again, instead of using the separate benchmark of 1.5% for owner-occupied housing, 5% was used for all housing. It was also assumed that new projected households had existing vacancies. The full benchmark was not applied to new households. Instead, the difference between the benchmark and the current vacancy rate was applied. The replacement adjustment was applied as it has been in the past.

PROJECTED HOUSING NEED: Six SoCal Counties

1 circle = 10,000 households



## Lastly, the Dept. of Housing and Community Development double counted by adding two new factors that had already been factored into household forecasts made by the Dept. of Finance (DOF).

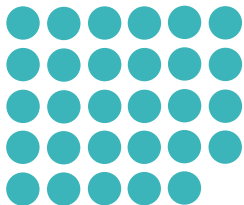
Two new factors were introduced into the 6th assessment – overcrowding and cost burdening. These factors had already been rolled into the DOF’s household projections. The DOF explicitly recognized that regional household formation rates might be depressed (a symptom of overcrowding and cost-burdening) because of the affordable housing crisis. The household formation rate used by the DOF is higher than the actual rate experienced. As such, it generates a higher housing target meant to relieve overcrowding and cost-burdening.

### PROJECTED HOUSING NEED: Six SoCal Counties

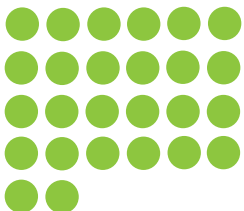
1 circle = 10,000 households

#### Additional HH by 2030

Home-owned  
(290,000)



Rentals (261,000)



#### Projected Households already factors in overcrowding and cost-burdening

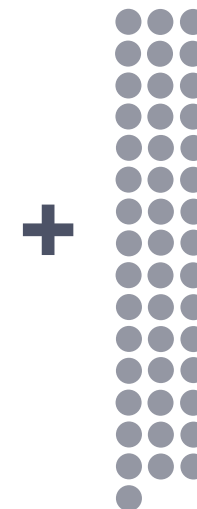
From the Department of Finance

“The argument was that the Great Recession and the affordability crisis which impact recent trends in headship should not be allowed to solely dominate the projection, rather some return to underlying socio-cultural norms of homeownership/fewer roommates is a beneficial assumption”

#### A DOUBLE COUNT

Overcrowding  
Adjustment\*

(460,000)



Cost Burdening  
Adjustment\*\*

(118,000)



\* In addition to double counting, HCD incorrectly calculated the overcrowding factor. They assumed that for every house that was overcrowded another house would be required to relieve overcrowding. The more accurate analysis would be to assess the number of extra people to be housed and divide by the average household size.

\*\* HCD only applied cost-burdening adjustments to future households not existing households. It is unclear why cost-burdening would only be considered an issue for future households, as the data is for current households.

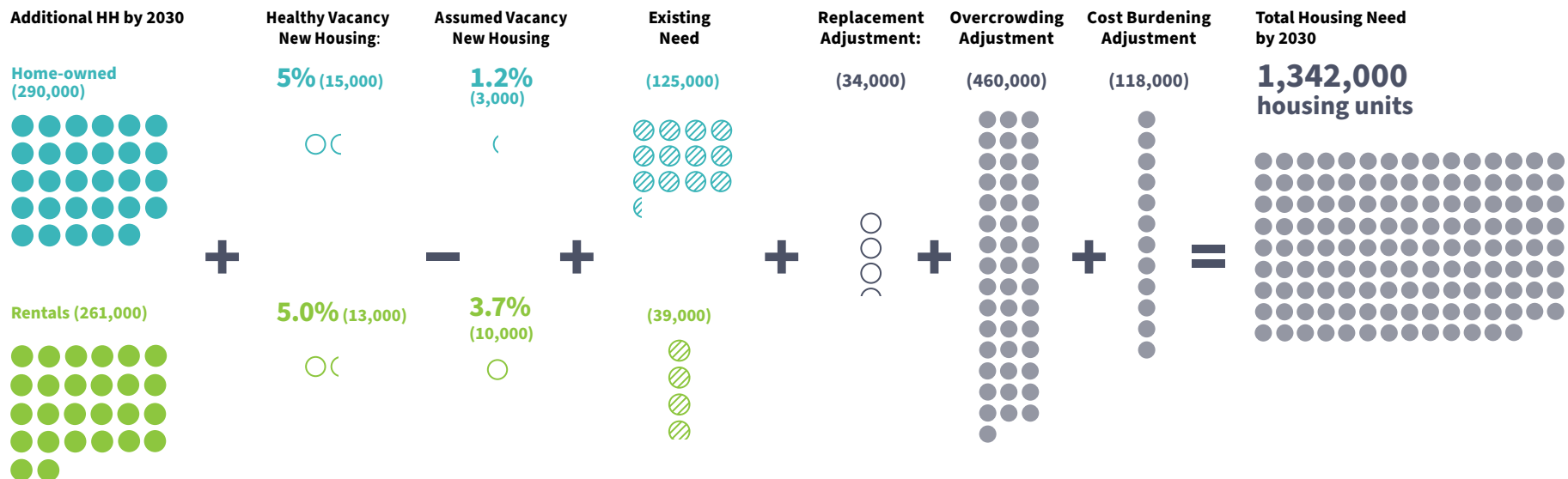
# The vacancy errors and double counting resulted in a doubling of the housing needs assessment for the six counties of SoCal.

## TYPICAL METHODOLOGY

1 circle = 10,000 households



## HCD 6TH CYCLE METHODOLOGY



Complete data tables: *RHNA Data and Models 6th cycle*, [www.embarcaderoinstitute.com](http://www.embarcaderoinstitute.com)

**References used in the analysis :**

**Dept. of Housing and Community Development (HCD)** <https://www.hcd.ca.gov>

**Regional Housing Needs Allocation and Housing Elements**

**Regional Housing Needs**

**Allocations for 6th Cycle Housing Elements:**

- Association of Bay Area Governments Regional Housing Need Determination Plan for the Sixth Housing Element Update
- Sacramento Area Council of Governments Regional Housing Need Determination for the Sixth Housing Element Update
- Southern California Association of Governments Regional Housing Need Determination for the Sixth Housing Element Update
- San Diego Association of Governments Regional Housing Need Determination and Plan for the Sixth Housing Element Update

**Allocations for 5th Cycle Housing Elements:**

- Association of Bay Area Governments (February 24, 2012)
- Sacramento Area Council of Governments (September 26, 2011)
- San Diego Association of Governments (November 23, 2010)
- Southern California Association of Governments (August 17, 2011)

**Annual Progress Reports**

- Annual Progress Report APR: 5th Cycle Annual Progress Report Permit Summary (updated 730/2020)

**Allocations for Earlier Cycles and Housing Element**

- RHNA 2007-2014 - Housing Methodology Committee Agenda Packet 07-27-06
- Regional Housing Needs Plan 2006 to 2013 SACOG February 2008
- 3rd and 4th Cycle RHNA allocations (data sent in personal communication with the Department of Housing and Community Development)

**Department of Finance Methodology for Household Forecasts**

- "Read Me" P4 Tables : Household Projections 2020 to 2030
- Association of Bay Area Governments Digital Library: RHNA Documents, Regional Housing Needs Allocation Documents
- RHNA 2007-2014 - Housing Methodology Committee Agenda Packet 07-27-06, Regional Housing Need Allocation p 2

**Other Housing Assessment Methodologies**

**"Mckinsey & Company:** A TOOL KIT TO CLOSE CALIFORNIA'S HOUSING GAP: 3.5 MILLION HOMES BY 2025", October 2016

**Jobs to Housing**

- Employment Development Department, State of California, Employment Projections : Long Term Projections
- <https://www.labormarketinfo.edd.ca.gov/data/employment-projections.html>



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# **ATTACHMENT D**

## **REGIONAL ACTION PLAN BRIEFING**

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# Regional Action Plan (RAP) Briefing

Meeting with ABAG General Assembly

JUNE 25, 2021



# All Home - who we are

All Home is a Bay Area organization advancing regional solutions that disrupt the cycle of poverty and homelessness, redress the disparities in outcomes as a result of race, and create more economic mobility opportunities for extremely low-income (ELI) individuals and families within the Bay Area.

We are working across regions, sectors, and silos to advance coordinated, innovative service delivery and build coalition-supported momentum to challenge the long-standing systems that perpetuate homelessness.



# Bay Area homeless population

## 9 county total PIT count, sheltered vs. unsheltered



### Racial inequities persist:

below are ratios comparing the disparity in homeless vs. general population %'s by race/ethnicity:

- Black: 5x
- Indigenous: 12x
- Hispanic/Latinx: 1.13x
- White: 0.8x

# The Regional Impact Council

A roundtable of policymakers, key affordable housing, social equity and economic mobility stakeholders, housing and homelessness service providers, and business and philanthropic partners



**RIC**  
REGIONAL IMPACT COUNCIL

## **Phase I (Regional Action Plan)**

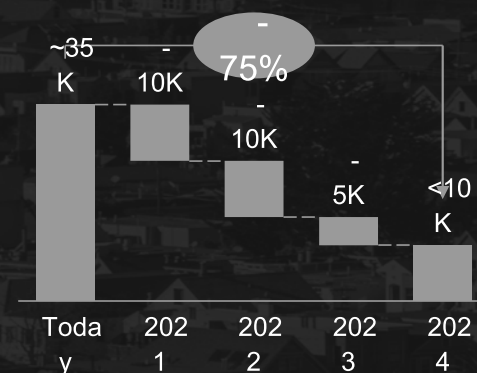
First-of-its-kind regional plan tackling homelessness and housing insecurity (Spring 2021)

## **Phase 2**

Regional goals for systems change to truly disrupt homelessness and improve economic and social mobility for ELI individuals (early 2022)

## Regional Action Plan: Reduce unsheltered homelessness by 75% by 2024

The RAP aims to dramatically reduce the number of people experiencing unsheltered homelessness over next three years



The Regional Action Plan lays out a roadmap for reaching this goal through:



Implementing a 1-2-4 Framework: a new, integrated approach to allocating scarce housing resources



Leading a coalition to advocate for policies, programs and funding to achieve this goal

To achieve a 75% reduction, we must simultaneously invest in 3 interventions:

*For each addition to interim housing, 2x permanent housing solutions and 4x homelessness prevention*

## 1-2-4 Framework

### Unsheltered

**+1x**



#### Interim Housing

*(i.e., short-term / temporary solution on the path towards permanent exit)*

**Examples:**

- Navigation centers
- Tiny homes
- Shelter beds
- Etc..

**+2x**



#### Permanent Housing Solutions

**Examples:**

- Permanent Supportive Housing (PSH)
- Rapid re-housing (RRH)
- Flexible subsidy pools / shallow subsidies
- Section 8 vouchers
- Group housing
- Other long-term housing solutions

### Currently housed

*Stemming inflow*

**+4x**



#### Homelessness Prevention

*Prevent at-risk households from experiencing homelessness through increased investment in strategies such as rental assistance*

# Three steps to implement the 1-2-4 Framework

## Evaluate

Evaluate how each county allocates existing resources

## Align

Identify opportunities to align **existing resources** with the 1-2-4 framework

## Advocate

Advocate for **new resources** to fill gaps and scale interventions commensurate with the need

## Prevention: Differentiating Interventions on the Prevention Continuum

*Reducing new episodes of homelessness requires a suite of prevention intervention strategies deployed such that each household gets what they need at the time they need it*

### Eviction Prevention

#### Eligible Population:

- ***Future risk of homelessness***
- *Leaseholders*
- *0-50% AMI*

#### Targeting criteria:

- *HHs with severe rent burden*
- *Active eviction, landlord harassment or habitability issues*
- *Highly impacted communities and neighborhoods*

### Homelessness Prevention

#### Eligible Population:

- ***Imminent risk of homelessness***
- *Doubled up or leaseholders*
- *0-30% AMI*

#### Targeting criteria:

- *HHs with a previous episode of homelessness*
- *Highly impacted communities and neighborhoods*

### Homelessnessness Diversion

#### Eligible Population:

- ***Lost housing and either seeking shelter or in shelter***
- ***Presenting for homelessness assistance***
- *Doubled up*
- *0-30% AMI*

#### Targeting criteria:

- *HHs with a previous episode of homelessness*
- *Highly impacted communities and neighborhoods*





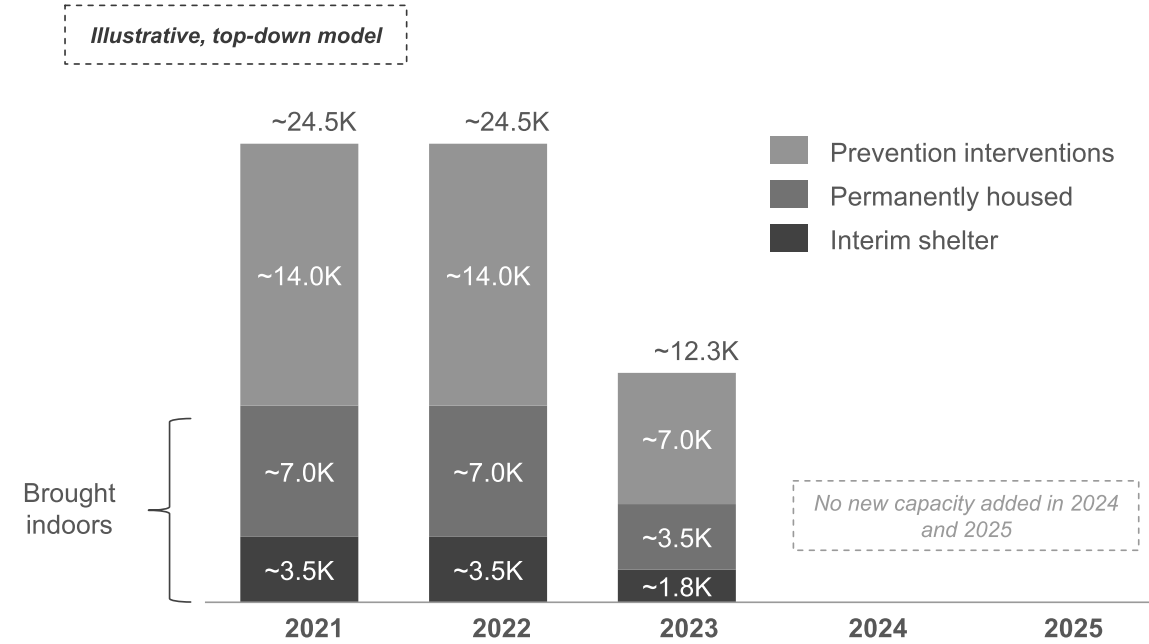
[www.allhomeca.org](http://www.allhomeca.org)

*To get in touch with us, please reach out to Nahema Washington at:  
[nwashington@allhomeca.org](mailto:nwashington@allhomeca.org)*

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# Appendix

# 1-2-4 Framework | Illustrative modeling for 9 Bay Area Counties



Note: "Brought indoors" defined as brought from unsheltered to housing in interim housing or housing solutions (including subsidies); Sources: San Francisco, Alameda, Contra Costa County documents and experts; Bay Area Council Economic Institute Homelessness Report

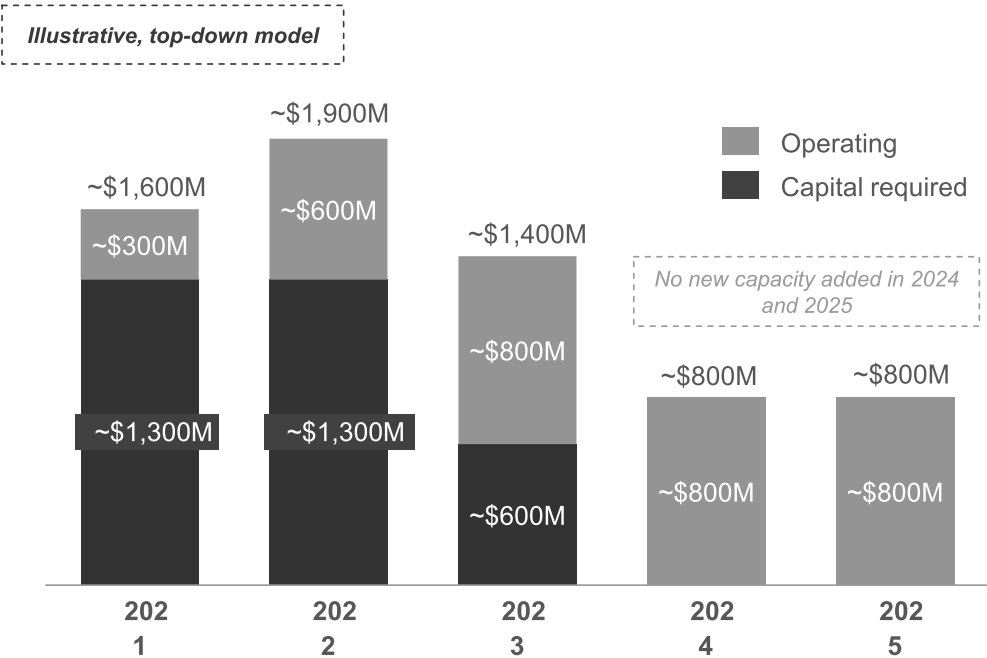
**~26K**  
(75% of today)

Total brought indoors until 2024

**~35K**

Total new prevention interventions

# 1-2-4 Framework | Cost estimates for 9 Bay Area Counties



Note: Cost estimates based on ranges from various Bay Area sources; capital costs include construction costs and assume no land costs; operating costs include services provided and subsidies; no discounting applied; scenario modeled is 30%/30%/15% scenario housing 75% of unsheltered before 2024; construction timelines and funding pools assumed flexible to timeline shown; Sources: San Francisco, Alameda, Contra Costa County documents and experts; Bay Area Council Economic Institute Homelessness Report

~\$6.5B

5-year cumulative cost

Funding to come from multiple sources (federal, state, local)