



ABAG-MTC Staff Response to *City of Palo Alto* RHNA Appeal

ABAG Administrative
Committee

October 22, 2021

Overview of City of Palo Alto Appeal

Appeal Request:

- Reduce allocation by 1,500 units (25%) from 6,086 units to 4,586 units.

Staff Recommendation:

- Deny the appeal.

Appeal bases cited:

- 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.

Note: The City of Palo Alto did not submit a Local Jurisdiction Survey.

Issue #1: Issues with Final Blueprint Growth Pattern

Jurisdiction Argument: Errors in modeling for Plan Bay Area 2050 Final Blueprint result in allocation inconsistent with adopted RHNA methodology. Specifically, Palo Alto asserts the Final Blueprint forecasts housing on parcels that are outside the City's jurisdictional control and that there are several sites that have unrealistic projections based on parcel size.

ABAG-MTC Staff Response:

- Households on the parcels in question are all related to Final Blueprint baseline data from the baseline analysis year of 2015, and no growth is forecasted on any of the parcels between 2015 and 2050.
- Because year 2015 conditions are confirmed at the jurisdiction level, the location of the existing households within the city has no impact on the jurisdiction's total households in 2015.
- Bay Area has millions of parcels and identifying a potential data issue on specific parcels is not a valid case for a RHNA appeal. The RHNA allocation is at the jurisdiction level and does not dictate where a jurisdiction sites housing.

Issue #1: Issues with Final Blueprint Growth Pattern (continued)

Jurisdiction Argument: Errors in modeling for Plan Bay Area 2050 Final Blueprint result in allocation inconsistent with adopted RHNA methodology. Specifically, Palo Alto asserts the Final Blueprint forecasts housing on parcels that are outside the City's jurisdictional control and that there are several sites that have unrealistic projections based on parcel size.

ABAG-MTC Staff Response:

- While the City's arguments fall outside the scope of a RHNA appeal, ABAG-MTC staff reviewed each of them to better understand the specifics of eight sites in the Final Blueprint:
 - **Site 1:** Palo Alto identified 77 housing units at Herbert Hoover Elementary School. ABAG-MTC staff review indicates that units are *not* located on the school site, but rather are located on a parcel adjacent to the school.
 - **Site 2:** Palo Alto identified 16 housing units at Frank Greene Middle School and argues these units represent an error since Palo Alto lacks jurisdictional control of this site. These units should have been located elsewhere in Palo Alto but do not affect the jurisdiction's total households, and thus have no impact on the City's RHNA as described previously.
 - **Sites 3 to 8:** Palo Alto identified six more sites which it argues have unrealistic numbers of units in 2050 based on the size of the parcels. Although these households might be attributed to the wrong parcel - or in some cases, assigned to single parcel instead of being distributed across multiple adjacent parcels - it does not change the total number of 2015 households or Palo Alto's RHNA.

Issue #2: Jobs-Housing Relationship

Jurisdiction Argument: ABAG-MTC's treatment of Palo Alto's office development cap in Plan Bay Area 2050 Final Blueprint resulted in more housing projected for the City. This outcome does not further the statutory objective to improve the intraregional relationship between jobs and housing.

ABAG-MTC Staff Response:

- This argument challenges the Plan Bay Area 2050 Final Blueprint land use forecasting methodology; a critique of the Plan Bay Area 2050 land use forecasting methodology falls outside the scope of the appeals process.
- HCD has authority to determine if the RHNA methodology furthers the statutory objectives and HCD found that ABAG's methodology does further the objectives.
- ABAG-MTC staff incorporated Palo Alto's office cap in forecasting assumptions for Plan Bay Area 2050 Final Blueprint. The land use modeling for Plan Bay Area 2050 showed that some sites that were not available for office development because of the cap would still be attractive to developers for residential use instead.
- While ABAG-MTC staff recognize how the City's office development cap can help make headway on the City's jobs-housing imbalance by limiting job growth, the Final RHNA Methodology would enable further headway on this key policy issue by requiring the City to identify sites to increase housing opportunities for persons at all income levels.

Issue #3: RHNA-Plan Bay Area Consistency

Jurisdiction Argument: RHNA methodology does not adequately consider “distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure,” as described in Government Code Section 65584.04(e)(3). Palo Alto’s draft RHNA is inconsistent with Plan Bay Area 2050 growth forecast because City’s eight-year RHNA allocation represents almost half of its 35-year forecasted growth from Plan Bay Area 2050.

ABAG-MTC Staff Response:

- The RHNA Methodology considers both distribution of household growth assumed for regional transportation plans as well as opportunities to maximize use of public transportation by incorporating the forecasted development pattern from the Plan Bay Area 2050 Final Blueprint as the baseline allocation.
- Housing Element Law requires RHNA be consistent with Plan Bay Area 2050 development pattern, but does not specify how to determine consistency, giving ABAG discretion to define its own approach.
- Approach used throughout RHNA methodology development compares RHNA allocations to Final Blueprint growth forecasts adopted at the county and subcounty (i.e., superdistrict) levels. RHNA is consistent if 8-year growth from RHNA does not exceed Plan’s 35-year housing growth at county or subcounty levels.
- Evaluation shows RHNA is consistent with Plan Bay Area 2050, including in Northwest Santa Clara County and North Santa Clara County superdistricts where Palo Alto is located.

Issue #4: Impacts of COVID-19

Jurisdiction Argument: COVID-related impacts represent change in circumstances meriting reduction in Palo Alto's RHNA. High rates of telecommuting will result in decreased demand for housing in and near Palo Alto. A telecommuting rate higher than 17% should be assumed in the Plan Bay Area 2050 Final Blueprint.

ABAG-MTC Staff Response:

- HCD comment letter on appeals indicates RHNA appeals based on changes caused by COVID-19 do not fall within the appeal criteria defined by statute.
 - HCD states: “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.”
- Potential impacts of COVID-19, including accelerated shift toward telecommuting and associated economic boom/bust cycle, incorporated into RHNA Methodology through integration of Plan Bay Area 2050 Final Blueprint.
- Impacts from COVID-19 are not unique to any single jurisdiction, and the appeal does not indicate Palo Alto's housing need has been disproportionately impacted relative to the rest of the Bay Area. The pandemic is not cause for a reduction in RHNA for any particular jurisdiction.
- Critiques of Plan Bay Area 2050 land use forecasting methodology fall outside the scope of RHNA appeals process.

Recommended Action for City of Palo Alto Appeal

Deny the appeal filed by the City of Palo Alto to reduce its Draft RHNA Allocation by 1,500 units.

- The jurisdiction's Draft RHNA Allocation is in accordance with the Final RHNA Methodology adopted by the ABAG Executive Board and approved by HCD and furthers the RHNA Objectives identified in Government Code Section 65584(d).
- Palo Alto did not submit a Local Jurisdiction Survey, so an appeal on this basis is not valid. Further, no 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.