



City of Palo Alto

City Council Staff Report

(ID # 11656)

Report Type: Action Items

Meeting Date: 11/9/2020

Summary Title: RHNA Update

Title: Update and Discussion on the Regional Housing Needs Allocation (RHNA) Process and Direction to Staff Regarding the City's Response to the Proposed RHNA Methodology, Including Preparation of a Formal Comment Letter

From: City Manager

Lead Department: Planning and Development Services

Recommendation

Staff recommends that the City Council take the following actions:

1. Discuss and provide direction to staff as appropriate on the Regional Housing Needs Allocation (RHNA) process; and
2. Direct staff to submit a comment letter to the Association of Bay Area Governments (ABAG) Regional Planning Committee on the proposed 6th Cycle RHNA methodology (Attachment A),
3. Discuss possible City Councilmember engagement with other elected officials or representatives regarding the RHNA process to further advance the City's interests,
4. Provide initial direction to staff on preparation for a possible appeal of the RHNA methodology to the state Housing and Community Development department in Summer next year.

Executive Summary

This report provides a brief background on the RHNA process and highlights key topics Council may want to include in a comment letter to ABAG. The ABAG Executive Board recently recommended a RHNA methodology that is now available for public comment. Based on the applied methodology factors, the City of Palo Alto can anticipate having to plan for approximately 10,050 new housing units for the upcoming housing element update cycle. This report also encourages the City Council to discuss its strategy to engage local and regional officials to provide input into the RHNA process. Comment letters alone have been insufficient to influence the process but serve to document the City's concerns should the City Council decide to file a future appeal of its RHNA allocation. This report provides information on the

appeal process and seeks Council's guidance on the posture staff should take relative to this potential future action.

The Planning and Transportation Commission [staff report](#)¹ from October 14, 2020 contains additional background information on the RHNA and Plan Bay Area 2050 processes. On October 25, 2020, ABAG released detailed information on the recommended RHNA methodology (Option 8A). This information is available [online](#).²

Background

This report provides an update on the regional housing needs allocation, or RHNA, process, and identifies topics that may be included in a Council-approved letter to be sent to ABAG.

RHNA represents the number of housing units a jurisdiction must plan for and is derived from a process involving state and regional organizations. Because housing is an area of statewide concern, the legislature over several decades has taken steps to promote the production of fair housing opportunities for all. Each jurisdiction in the state must prepare a housing element, which is a component of the comprehensive plan. Housing elements are typically updated every eight years and include housing production goals at various income levels. Jurisdictions must demonstrate in their housing element that they already have capacity to accommodate the new housing growth or they need to amend their local zoning laws to do so within a specified period of time.

Housing and Community Development (HCD) is the state department responsible for assigning a regional housing needs determination to all regions in California. For the Bay Area, which includes nine counties and 101 cities, 441,176 new housing units were assigned through their process. ABAG is the regional metropolitan planning organization charged with distributing this housing needs determination across the Bay Area in accordance with several criteria. To assist in this effort, ABAG appointed a housing methodology committee (HMC) to evaluate and recommend to the ABAG Executive Board a preferred RHNA methodology that would be used to assign housing units to each jurisdiction.

City staff have closely monitored the RHNA methodology selection process and has provided regular status updates to the City Council. Staff have attended several regional meetings and submitted five public comment letters (Attachment B) since Council last discussed this topic.

On October 15, 2020, the ABAG Executive Board voted to support the HMC's *Option 8A: High Opportunity Areas Emphasis & Job Proximity* as the recommended methodology for the next RHNA cycle. Under this option, based on the applied methodology factors, Palo Alto could anticipate receiving a draft RHNA allocation in Spring 2021 of approximately 10,050 new

¹ PTC Informational Report, dated October 14, 2020:

<https://www.cityofpaloalto.org/civicax/filebank/documents/78752>

² Proposed RHNA Methodology, released October 25, 2020:

https://abag.ca.gov/sites/default/files/rhna_methodology_report_2023-2031_finalposting.pdf

housing units (**Table 1**). The City would then need to plan for these new housing units in the upcoming housing element update. For comparison, the City’s obligation under the current housing element is 1,988 units.

Table 1: Potential RHNA Allocation for Palo Alto Using Option 8A High Opportunity Areas Emphasis & Job Proximity*		
Income Category	Potential RHNA Allocation (New Housing Units)	Percent of Housing Units in Income Category
Very Low	2,573	25.6%
Low	1,482	14.7%
Moderate	1,673	16.6%
Above-Moderate	4,330	43.1%
Total	10,058	100%
ABAG calculated that Palo Alto had 27,629 households in 2019. *This table reflects the housing units shown for Palo Alto in the materials released by ABAG on October 25, 2020.		

Consistent with the RHNA process, ABAG, starting on October 25th, initiated a 30-day public comment period to receive input on the proposed methodology. A public hearing before the ABAG Regional Planning Committee (RPC) will be held during this public comment period on November 12, 2020. The City is not obligated to respond by the RPC meeting to get its comments submitted but must do so before the public comment period closes if the City Council wishes to submit a letter as staff recommends.

In preparation for the RPC meeting, staff has identified key topics for Council consideration and discussion for inclusion in the City’s comment letter.

Discussion

The attached draft comment letter (Attachment A) expands upon the following concerns, which are broadly grouped into three topic areas related to: policy considerations, procedural concerns and data accuracy.

Policy Areas of Concern

Staff has communicated the City’s concerns regarding use of the Plan Bay Area 2050 Final Blueprint 2050 Households as the baseline starting place for determining the RHNA allocation. This HMC recommended baseline does not reflect existing conditions in jurisdictions and unreasonably burdens some communities over others to produce more housing. This staff argument has not prevailed and is unlikely to be endorsed. In fact, some jurisdictions have advocated recently before the ABAG Executive Board for a more extreme measure that would place even more housing units in Santa Clara County jurisdictions. Consequently, staff has advocated for a reasonable housing cap that would limit the percent increase in housing units over a jurisdiction’s existing housing stock. This too, however, has not yet received any support

through the public engagement process. Lastly, the letter also highlights the concern that the proposed methodology encourages urban sprawl in unincorporated areas.

Procedural Areas of Concern

The coronavirus pandemic and associated recession represent unforeseen changes in circumstances that have not been adequately addressed in the RHNA process. Pre-pandemic and pre-recession analysis do not account for shifts in outmigration of jobs and the proven effectiveness of remote work. Recession impacts to the construction industry, availability of public funds to support affordable housing, and other factors that influence job and housing production will influence how many housing units could reasonably be produced in the next eight-year RHNA cycle. The draft letter includes these issues and also highlights a recent [report](#) from the Embarcadero Institute raising concern about potential double counting errors with the HCD regional housing needs determination released in June 2020.

Data Areas of Concern (Mapping and Modeling)

The draft comment letter continues to stress the need for accuracy in mapping and associated assessment of development potential that underlie the regional land use pattern proposed in the Plan Bay Area 2050 Final Blueprint. The City has requested jurisdiction-level mapping and other data in order for staff to vet it for accuracy before the release of the Plan Bay Area 2050 Final Blueprint modeling results in December 2020. Staff has not yet received this information. More details are provided in the attached letter.

City Council Engagement

Staff has sent five letters to the HMC, ABAG Executive Board, or RPC over the past several months detailing the concerns summarized above. While the letters were drafted to capture staff's understanding of Council's interests, it has been an ineffective approach for engaging those with decision-making authority. Staff will continue to submit letters as directed, but also encourages the City Council to consider more focused engagement with other elected officials and regional organizations to provide additional perspective on areas where City Councilmembers are aligned in their shared interests.

RHNA Appeal Process

The RHNA law was recently amended to allow jurisdictions to appeal not only their own allocations, but those of the other jurisdictions as well. Based on early feedback on the proposed methodology, staff anticipates a number of jurisdictions to appeal both their own and others' draft RHNA allocations in Summer 2021. Tensions around the RHNA methodology have increased since the HMC decision to use the regional land use pattern from the Plan Bay Area 2050 Blueprint as the baseline allocation. Forecasted growth rates under Option 8A for jurisdictions in the South Bay and West Bay are reflective of levels consistent or exceeding the post-WWII housing boom. In contrast, forecasted growth rates for jurisdictions in the North Bay and East Bay are comparatively low. Forecasted growth rates are significantly higher for unincorporated county areas compared with past RHNA cycles. Nearby jurisdictions, including Palo Alto, were approached to absorb some county housing unit allocations.

The basic process for an appeal is set forth in Government Code Section 65584.05, and this process has been somewhat streamlined compared to previous RHNA cycles. A jurisdiction may file one or more appeals of draft allocations, based on a set of criteria set forth in the statute, within 45 days of receiving its draft allocation from ABAG. After the appeals period closes, ABAG is required to publish all appeal documentation, at which point a 45-day comment period opens for local jurisdictions and HCD to comment on one or more appeals. At the close of this comment period, ABAG must hold one public hearing to consider all appeals before making final determinations. It is unclear whether ABAG will promulgate any more detailed guidance on the appeals process; in response to an inquiry from staff, MTC/ABAG simply pointed to the statutory text.

Plan Bay Area 2050 Environmental Review

MTC and ABAG staff started the environmental review process for Plan Bay Area 2050 following the September 2020 MTC and ABAG approval of updates to the regional growth geographies and strategies for incorporation into the Plan Bay Area 2050 Final Blueprint. The September 28, 2020 Notice of Preparation (NOP) solicited comments to assist with the preparation of a “program-level” Environmental Impact Report (EIR) for Plan Bay Area 2050.^{3, 4} While the NOP scoping period closed on October 28, 2020 and did not provide an opportunity for staff to engage City Council to prepare scoping comments, staff did submit comments on potential alternatives and potential impacts for analysis (Attachment C). The Draft EIR is anticipated to be released in Spring 2021 for further public comment.

Stakeholder Engagement

ABAG and the Metropolitan Transportation Commission (MTC) provide opportunities for members of the public to remain informed about the RHNA and Plan Bay Area 2050 initiatives. The next RHNA meeting is November 12, 2020; please see the ABAG web page for updates and details (<https://abag.ca.gov/meetings>). For upcoming Plan Bay Area 2050 meetings, please see web page for updates (<https://www.planbayarea.org/meetings-and-events>).

Timeline

Table 2 below provides an overview of the upcoming key meetings and milestones for the RHNA and associated Plan Bay Area 2050 processes.

³ Notice of Preparation (NOP) for the Draft Environmental Impact Report for Plan Bay Area 2050 (Regional Transportation Plan/Sustainable Communities Strategy for the Nine-County San Francisco Bay Area): https://www.planbayarea.org/sites/default/files/pdfs_referenced/Notice_of_Preparation_PlanBayArea2050_0928_2020.pdf

⁴ Plan Bay Area 2050 Environmental Impact Report (EIR) webpage: <https://www.planbayarea.org/2050-plan/eir-environmental-impact-report>

Table 2: ABAG 2023 RHNA and Plan Bay Area 2050 Key Milestones⁵	
ABAG 2023 RHNA/Plan Bay Area 2050 Key Milestones	Tentative Deadlines
Plan Bay Area 2050 Final Blueprint	December 2020
Draft RHNA Methodology to HCD for Review	Winter 2021
Final RHNA Methodology, Draft Allocation	Spring 2021
RHNA Appeals	Summer 2021
Final Plan Bay Area 2050	September 2021
Final RHNA Allocation	Winter 2021
<i>Dates are tentative and subject to change</i>	

Next Steps

Following Council’s discussion, staff will finalize the comment letter to the ABAG Regional Planning Committee (Attachment A) and send it prior to the November 12, 2020 RPC meeting.

Staff also anticipates the need to prepare another comment letter in December 2020 that addresses the expected ABAG/MTC staff reports pertaining to the reconciliation of the Plan Bay Area 2050 Final Blueprint with the RHNA methodology.

Staff will continue to attend Plan Bay Area 2050 and RHNA-related meetings and will regularly report back to Council.

Environmental Review

This action item is not a project and is therefore not subject to the California Environmental Quality Act.

Attachments:

- Attachment A: Draft Comment Letter to ABAG Regional Planning Committee
- Attachment B: City Comment Letters (dated August 11, 2020; August 26, 2020; September 17, 2020; September 30, 2020; October 14, 2020)
- Attachment C: Comment Letter on Notice of Preparation for DEIR for Plan Bay Area 2050

⁵ April 27, 2020 Revised RHNA Timeline: https://abag.ca.gov/sites/default/files/abag_rhna_timelineapril.pdf

Date: November 11, 2020

ABAG Regional Planning Committee Members
Submitted Via Email To: info@bayareametro.gov

RE: Comments on Recommended RHNA Methodology Released for Public Comment by ABAG Executive Board – Agenda Item ____.

Dear ABAG Regional Planning Committee Members,

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

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

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

Policy Areas of Concern

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

Methodology Should Include a Cap to Address Development Feasibility. Under the anticipated draft RHNA allocations resulting from use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline, the City supports the application of a reasonable cap to limit how much housing a community is expected to build over the RHNA cycle. Housing units that exceed the cap should then be redistributed to other jurisdictions. This addresses fundamental development feasibility, especially under current recession circumstances. The concern is many jurisdictions potentially failing to meet their market rate housing targets, subsequently being subject to the permit streamlining requirements of SB 35, and then these jurisdictions losing control over local land use decisions four years into the RHNA cycle.

For Palo Alto and other Santa Clara County and San Mateo County jurisdictions, this anticipated RHNA allocation would result in the need to plan for a population growth equivalent to building a new small city

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

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

As a possible remedy, ABAG and MTC staff suggested nearby Santa Clara County jurisdictions absorb portions of these county housing units or potentially annex currently unincorporated areas. For Santa Clara County and Palo Alto specifically, this approach requires legal review and is likely unworkable under existing agreements between Santa Clara County, Stanford University, and Palo Alto. Furthermore, the City previously requested that the RHNA methodology account for "town and gown" concerns generated by the adjacency of unincorporated Stanford University to nearby jurisdictions. The City already absorbs a significant amount of the housing demand generated by Stanford University land uses. In the past, through the RHNA appeal process, some of the City's units were transferred to the County to address this discrepancy. The adopted methodology should account for these adjacency issues and not compel jurisdictions to file an appeal in order to receive a fair share allocation of the regional housing need.

Procedural Areas of Concern

COVID-19 Pandemic and Recession. With the unanticipated intrusion of COVID-19 early this year and all that has come with this pandemic, the seriousness and depth of its implications to the overall RHNA process needs to be fully considered. It is important to understand how ABAG accounted for development feasibility for the current eight-year RHNA cycle under recession conditions. Additionally, it remains unclear when new funding sources described in Plan Bay Area 2050 for housing retention and production would arrive in this recession and if they would be in effect in time to assist jurisdictions meet the RHNA allocations for the current eight year RHNA cycle.

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

Embarcadero Institute September 2020 Report. The Embarcadero Institute is a non-profit organization in the Bay Area that publishes analysis on local policy matters. A recent [Embarcadero Institute report](#) asserts methodological difficulties with the Regional Housing Needs Determination (RHND) released by the Department of Housing and Community Development (HCD) on June 9, 2020. The City appreciates that ABAG is required to respond to the RHND as assigned. However, the City would like ABAG to send a

request for a response to the assertions in the Embarcadero Institute report to HCD alongside any officially submitted proposed RHNA methodology.

Data Areas of Concern (Mapping and Modeling)

Regional Growth Strategies Mapping and Modeling Accuracy. Mapping, modeling results, and associated assessments of development potential underlie the regional land use pattern in the Plan Bay Area 2050 Final Blueprint. Accuracy in the regional growth strategies mapping and modeling is fundamental if 2050 Households is used as the RHNA methodology baseline. Staff coordination with ABAG/MTC staff regarding the City's portion of the regional growth geographies mapping and modeling remains ongoing. Palo Alto may be assigned more growth and development potential than is appropriate. Interim maps still include some park and school areas, areas that are anticipated to experience lower or no transit service levels in the future, the local Veterans Administration area that is assigned over 1,000 housing units, and other areas of concern. Furthermore, interim modeling results identify some larger parcels with significant existing infrastructure and building as identified for future housing growth. Staff notes that these larger parcels are unlikely to redevelop in the next eight-year RHNA cycle and some are unlikely to redevelop in the next 30 years. Other Santa Clara County jurisdictions also have mapping accuracy concerns. It is difficult to have confidence in the use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline with these mapping and modeling concerns still outstanding.

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

Thank you for your continued consideration.

Adrian Fine, Mayor

CC:

Palo Alto City Council Members

Ed Shikada, City Manager, City of Palo Alto

Molly Stump, City Attorney, City of Palo Alto

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

ABAG Regional Housing Needs Allocation Staff, RHNA@bayareametro.gov

Fred Castro, Clerk of the Board, Association of Bay Area Governments, fcastro@bayareametro.gov
rhna@TheCivicEdge.com



OFFICE OF THE CITY MANAGER

CITY OF
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250 Hamilton Avenue, 7th Floor
Palo Alto, CA 94301
650.329.2392

October 14, 2020

ABAG Executive Board Members

Submitted Via Email To: info@bayareametro.gov

RE: Regional Housing Needs Allocation (RHNA) Proposed Methodology – Agenda Item 7.a.

Dear ABAG Executive Board Members,

The City recognizes and appreciates the work of the housing methodology committee (HMC)B and ABAG staff in forwarding a RHNA housing methodology. Unfortunately, the recommended methodology does not address several concerns raised by many jurisdictions and unnecessary sets up a conflict among regional communities, which could have been avoided. Many comments the Board is receiving relates to the unsupportable direction ABAG staff took influencing HMC members to use Plan Bay Area 2050 as a baseline for distributing housing. The result is that unincorporated portions of counties received aggressive housing targets, small and medium sized communities are burdened with an excessive amount of housing that will never be built, and the region will fall well short of meeting our shared housing targets.

During the best of times, the RHNA methodology process and allocations is a complex and contentious. With the unanticipated intrusion of COVID-19 early this year and all that has come with this pandemic, the seriousness and depth of its implications to the overall RHNA process has not been fully considered. All the foundational work that has been done thus far for the analysis had been based on a pre-COVID condition that does not reflect the reality that we are in today. The effects of the pandemic are not factored into the methodology and far exceeds the recessionary scenario planning included in Plan Bay Area 2050.

Even without the backdrop of these unprecedented times, it does not make sense to distribute the RHNA allocation based on the 30-year time horizon of Plan Bay Area 2050. Over the next 30 years, there will be three more RHNA cycles that we will go through, where adjustments can be made along the way. Moreover, achieving these visionary housing goals relies on unfunded mandates, some of which require voter approval, political compromises and infrastructure that has not been funded, approved, or built. It is unreasonable to apply long range aspirational housing goals to the near term RHNA allocation as required by the recommended methodology. Using Plan Bay Area as a baseline will result in many jurisdictions failing to meet their market rate housing targets and will subject those jurisdictions to the permit streamlining requirements of SB 35. The proposed methodology will result in many communities losing control over local land use decisions four years into the RHNA cycle. Communities need to build more housing and having reasonable housing targets are necessary component of that equation.

At a minimum – the Executive Board must impose a reasonable cap that limits how much housing a community is expected to build over the RHNA cycle. Housing units that exceed the cap should then be redistributed to other jurisdictions. It is fundamentally unfair to expect built-out



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communities to increase their housing inventory at levels that a match the post-war housing boom. A reasonable housing cap is needed to ensure regional housing needs are actually built and fairly distributed throughout the region.

Thank you for your consideration.

DocuSigned by:
Ed Shikada
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Ed Shikada, City Manager

CC:

Palo Alto City Council Members
Molly Stump, City Attorney, City of Palo Alto
Jonathan Lait, Director, Planning and Development Services Department, City of Palo Alto
ABAG Regional Housing Needs Allocation Staff, RHNA@bayareametro.gov
Fred Castro, Clerk of the Board, Association of Bay Area Governments,
fcastro@bayareametro.gov
rhna@TheCivicEdge.com

Date: September 30, 2020

ABAG Regional Planning Committee Members
Submitted Via Email To: info@bayareametro.gov

RE: Recommendation for Regional Housing Needs Allocation (RHNA) Proposed Methodology – Agenda Item 5.a.

Dear Committee Members,

At your October 1st meeting you will consider the Housing Methodology Committee's (HMC) recommended regional housing needs methodology (RHNA). The City of Palo Alto appreciates the HMC's significant work effort, but is disappointed that the City's concerns have not been adequately addressed in the recommended methodology. Attached to this letter is the City's last communication to the HMC that highlights some of our concerns.

In addition to the attached document, the City has recently learned from at least one HMC committee member that the methodology has resulted in the unintended consequence of placing more housing units in Santa Clara and Sonoma Counties. In fact, the City of Palo Alto has been contacted by Santa Clara County to discuss its concerns and desire to seek a redistribution of housing units to nearby jurisdictions. The City of Palo Alto commends county staff for its engagement and interest in seeking regional solutions to address an obvious flaw in the methodology. Unfortunately it is unclear how this can be resolved outside of the process that the Regional Planning Committee is currently engaged. Importantly, a vote to forward the HMC's recommendation to the ABAG Executive Board ignores critical flaws with the methodology and renders attainment of our shared housing interests infeasible.

Moreover, the City has made requests to ABAG staff for jurisdiction-level data to better understand key datapoints and assumptions made that serve as the basis for the methodology model. While some interim information has been received, we are still awaiting other aspects.

The City of Palo Alto requests the RPC review the attached letter and redirect the momentum of this effort back to the HMC to address these outstanding concerns and come up with a methodology that reasonably distributes future housing growth within the Bay Area.

Thank you for your continued consideration.

DocuSigned by:



Ed Shikada, City Manager

CC:

Palo Alto City Council Members
ABAG Executive Board Members
Molly Stump, City Attorney, City of Palo Alto
Jonathan Lait, Director, Planning and Development Services Department, City of Palo Alto
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September 17, 2020

Housing Methodology Committee Members
Submitted Via Email To: info@bayareametro.gov

RE: Preferred Methodology for 6th Cycle RHNA

Dear Committee Members,

Thank you again for your tireless work. The City of Palo Alto supports an equitable distribution of housing to serve the Bay Area's future housing needs and the final alternatives being considered by the Committee come woefully short of achieving that goal.

It is fundamentally not reasonable to accept that some jurisdictions will bear the burden of increasing its housing stock upwards of 25% - 40% over the next eight years. Not since the end of World War II have established Bay Area communities seen such unprecedented growth. Beyond growth rate, consider the actual feasibility of adding 10,000 new housing units in a small to medium size jurisdiction. Higher property values, less land, less federal and state funding to subsidize housing, and known limitations on existing infrastructure all conspire against the ambitious and unachievable housing goals being contemplated by the Committee.

The City of Palo Alto supports bold initiatives and recognizes it has a role in providing more housing with access to transit, good paying jobs, education and affordable housing. Recommendations for a five-fold increase to some jurisdictions over current RHNA targets is a tacit endorsement that the region will fail to build the number of needed housing units. Not only will certain jurisdictions fail to meet their RHNA numbers, many more communities will not be required to produce more than they can actually build.

Corrective action is needed before the Committee forwards a recommendation to the ABAG Executive Board. The alternatives do not consider local constraints such as topography raised by the City of Piedmont. The alternatives also do not recognize the added housing pressure and other unique attributes of town and gown communities, such as the City of Palo Alto and Stanford University that lies predominantly within adjacent Santa Clara County. Future housing allocations must reconcile these adjacencies.

A limit or cap is needed for any alternative that results in unachievable housing allocations for any jurisdiction. Housing units beyond a reasonable cap must then be redistributed to other cities and counties that have substantially lower housing production targets.

While many of the factors under consideration by the Committee reflect critical planning principles, the City continues to question the fundamental pre-pandemic and recession attribution of where jobs are located, as well as where they will be in post pandemic and recession conditions. The pandemic has shown a significant outflux of workers from the City.



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Furthermore, we anticipate that a significant percentage of those workers will continue to work from home into the future, especially in light of local and County emphasis on telecommuting. Using the draft thirty year planning document to anticipate the needs for the next eight years under an unprecedented economic environment, public health crisis and adjustments in cultural norms defies explanation.

The City of Palo Alto encourages the Committee to serve in the capacity it was charged to lead and direct the work of ABAG staff to produce a more equitable and achievable housing distribution.

Thank you for your continued consideration.

Sincerely,



Ed Shikada
City Manager

CC:

Palo Alto City Council Members
ABAG Executive Board Members
Molly Stump, City Attorney, City of Palo Alto
Jonathan Lait, Director, Planning and Development Services Department, City of Palo Alto
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September 17, 2020

Housing Methodology Committee Members
Submitted Via Email To: info@bayareametro.gov

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The City of Palo Alto supports bold initiatives and recognizes it has a role in providing more housing with access to transit, good paying jobs, education and affordable housing. Recommendations for a five-fold increase to some jurisdictions over current RHNA targets is a tacit endorsement that the region will fail to build the number of needed housing units. Not only will certain jurisdictions fail to meet their RHNA numbers, many more communities will not be required to produce more than they can actually build.

Corrective action is needed before the Committee forwards a recommendation to the ABAG Executive Board. The alternatives do not consider local constraints such as topography raised by the City of Piedmont. The alternatives also do not recognize the added housing pressure and other unique attributes of town and gown communities, such as the City of Palo Alto and Stanford University that lies predominantly within adjacent Santa Clara County. Future housing allocations must reconcile these adjacencies.

A limit or cap is needed for any alternative that results in unachievable housing allocations for any jurisdiction. Housing units beyond a reasonable cap must then be redistributed to other cities and counties that have substantially lower housing production targets.

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Furthermore, we anticipate that a significant percentage of those workers will continue to work from home into the future, especially in light of local and County emphasis on telecommuting. Using the draft thirty year planning document to anticipate the needs for the next eight years under an unprecedented economic environment, public health crisis and adjustments in cultural norms defies explanation.

The City of Palo Alto encourages the Committee to serve in the capacity it was charged to lead and direct the work of ABAG staff to produce a more equitable and achievable housing distribution.

Thank you for your continued consideration.

Sincerely,



Ed Shikada
City Manager

CC:

Palo Alto City Council Members

ABAG Executive Board Members

Molly Stump, City Attorney, City of Palo Alto

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

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Palo Alto, CA 94301
650.329.2392

August 26, 2020

Housing Methodology Committee Members
Submitted Via Email To: info@bayareametro.gov

RE: Preferred Methodology for 6th Cycle RHNA

Dear Committee Members,

Thank you for your work and consideration of Palo Alto's August 11, 2020 comment letter.

The City of Palo Alto continues to advocate for the 2019 Household as baseline allocation for the RHNA methodology using an income shift up to 150%.

On August 13th the Housing Methodology Committee (HMC) indicated its preference for an alternative Future Year 2050 Households approach. This concept incorporates future household growth over 30 years in reliance on aspirational policy and financial commitments that cannot be assured and could take decades to implement, if endorsed.

This alternative disproportionately burdens some jurisdictions on the peninsula and south bay with housing growth targets that are unrealistic and will not be achieved despite local jurisdiction efforts to produce housing. Accordingly, despite our shared efforts, the region will again fall short of its housing goals.

If the Future Year 2050 Household baseline is formally recommended to the Executive Board, this alternative must include a cap that establishes a minimum and maximum percent change to a jurisdiction's increase in housing units. Establishing a reasonable threshold would ensure housing units are more fairly distributed throughout the region and likely produce more housing units.

The City of Palo Alto is also deeply concerned about process irregularities associated with the HMC meetings and the lack of time afforded to committee members and the public to absorb and make informed comments on new analysis and data presented only days before scheduled meetings. The rapid schedule, complexity of the information and questionable agenda postings undermine a sincere desire for participation and robs the HMC committee members of their stewardship responsibilities and jeopardizes public legitimacy.



As no formal action has been taken on the methodology baseline, the City of Palo Alto requests reconsideration of the 2019 Household approach or incorporation of reasonable threshold limits with the Future Year 2050 Household alternative baseline.

Thank you for your continued consideration.



Ed Shikada
City Manager

CC:

Palo Alto City Council Members

ABAG Executive Board Members

Molly Stump, City Attorney, City of Palo Alto

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

ABAG Regional Housing Needs Allocation Staff, RHNA@bayareametro.gov

Fred Castro, Clerk of the Board, Association of Bay Area Governments,

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Date: August 11, 2020

Housing Methodology Committee (HMC) Members, info@bayareametro.gov
ABAG Regional Housing Needs Allocation Staff, RHNA@bayareametro.gov
Fred Castro, Clerk of the Board, Association of Bay Area Governments,
fcastro@bayareametro.gov

Re: City of Palo Alto Initial Comments on 6th Cycle RHNA Methodology Options

Thank you, Committee members, for your time, expertise and commitment to designing a methodology that fairly distributes housing in our region.

Based upon the review of materials through July 2020, the City of Palo Alto requests that the Housing Methodology Committee **recommend use of the 2019 existing households as a baseline allocation for the RHNA methodology** and continue its review of an appropriate mix of weighted factors using up to a 150% Income Shift multiplier to distribute new housing units across the region.

The alternative baseline approach being considered by the Committee is unattainable for some Bay Area jurisdictions and the imposition of this standard ensures some communities will dramatically fail to meet their housing obligation. While those communities will need to contend with that result, including implications associated with SB35, the risk is also that the region as a whole will produce far less housing than it otherwise could achieve.

Plan Bay Area 2050 is a long range plan that requires significant economic investment and an extraordinary amount of regional policy collaboration to implement its vision. Building a methodology today that is actionable over the next eight years and relies on an idealized model depicting a regional housing distribution thirty years from now ignores the reality that the infrastructure, funding and local regulatory framework is simply not yet present to achieve this goal.

Palo Alto supports the regional efforts of Plan Bay Area 2050 and commends agency leadership and staff for their tireless work to create a framework for our future. Palo Alto is a partner in this endeavor and recognizes its role to stimulate more housing – especially more equitable and inclusive housing for all. At the same time, Palo Alto cannot reasonably be expected to increase its housing supply by more than 50% over the next eight years, as would be required under some early modeling results that use the Draft Blueprint as a baseline.



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There will be three and a half regional housing need cycles before the region meets the horizon year of Plan Bay Area 2050. It is imperative that the RHNA methodology be used to shift local policies toward a more inclusive and better balanced future to achieve housing equity and environmental goals. This RHNA methodology needs to bridge where we are today as a region with where we want to go tomorrow.

Using the 2019 existing households as a baseline reflects where we are today, shares the responsibility for adding more housing units throughout the region and is consistent with, but not dependent upon Plan Bay Area 2050. Moreover, weighted factors can be used that stretch communities toward our housing, transportation and environmental goals.

Thank you for your consideration,

DocuSigned by:
Ed Shikada
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Ed Shikada, City Manager

October 28, 2020

Metropolitan Planning Commission
Association of Bay Area Governments

Via online submittal at <https://www.planbayarea.org/2050-plan/eir-scoping-meetings>

Re: Notice of Preparation (NOP) for the Draft Environmental Impact Report for Plan Bay Area 2050

Dear Metropolitan Planning Commission and Association of Bay Area Governments,

Thank you for the opportunity to provide comments on the scope and content of the Draft Environmental Impact Report for Plan Bay Area 2050 in response to the NOP released on September 28, 2020.

Please note that the City doesn't necessarily support the overall development potential assessments, densities, and regional growth pattern proposed for the South Bay and West Bay that are reflected in the initial Draft Blueprint modeling results. The City has commented on Plan Bay Area 2050, as well as extensively on the concurrent RHNA methodology, based upon significant concerns about the potential distribution of new housing units for the City and across the region. The City looks forward to understanding more about the incorporation of Plan Bay Area 2050 Final Blueprint modeling results into the forthcoming RHNA methodology that will be forwarded to HCD.

Specifically, regarding the Notice of Preparation (NOP):

Comment 1: Screening Criteria and Alternatives Rejected:

- a) We look forward to understanding the screening criteria utilized for selecting alternatives, as well as the alternatives submitted but rejected.

Comment 2: Suggested Alternatives to Evaluate:

- a) Regarding Strategy H3: Allow a Greater Mix of Housing Densities and Types in Blueprint Growth Geographies and Strategy H4: Build Adequate Affordable Housing to Ensure Homes for All:
 - Please consider an alternative where this strategy is not 100% successful and increased production is not achieved and/or achieved more slowly due to longer recession impacts, desire for lower density housing due to COVID-19, less funding availability, or unavailability of other requirements for the strategy to work as designed. While it is currently unclear to City staff how many years of recession impacts are incorporated into Plan Bay Area 2050 modeling/forecasts, staff assumes that this alternative would be defined and described in contrast to the assumed/stated years in Plan Bay Area 2050.
 - Please consider an alternative where each City jurisdiction in the Bay Area grows at the same rate, except for the Big Three. This could account for existing jurisdictions with jobs/housing imbalances in either direction continuing to grow without the strategies incorporated in Plan Bay Area 2050.

- Please consider an alternative where the cities in the South Bay and West Bay do not meet their RHNA targets over this next 8-year 6th Cycle and subsequent cycles and/or do not build as much housing as anticipated in Plan Bay Area 2050.
- b) Regarding Strategy EC1: Implement a Statewide Universal Basic Income, please consider an alternative that evaluates if this strategy is not implemented, as it is currently unclear how important Strategy EC1 is toward the achievement of Plan Bay Area 2050 goals.
- c) Regarding Strategy EC5: Provide Incentives to Employers to Shift Jobs to Housing-Rich Areas Well Served by Transit, please consider an alternative where this is funded at a higher level than \$10 billion, such as doubling the magnitude over the plan horizon in order to understand if this increases the performance of putting jobs where housing already exists. Please also include a performance comparison of Strategy EC5 to the previous Draft Blueprint Fee-Based strategies.
- d) Regarding Strategy EN7: Institute Telecommuting Mandates for Major Office-Based Employers, please consider an alternative with a full telecommuting mandate for all or most employees for sectors that can telecommute or at least higher levels of telecommuting than what is incorporated into EN7, especially for South Bay and West Bay jobs.

Comment 3: Potential Impacts to Evaluate:

- a) Regarding Strategy T5 – Implement Per-Mile Tolling on Congested Freeways with Transit Alternatives, please consider the potential impacts of wear and tear, circulation/congestion, and VMT on local streets due to the implementation of tolling on congested freeway corridors.

Comment 4: Consider updating Strategy H1: Further Strengthen Renter Protections Beyond State Legislation depending on Nov 3, 2020 election results, if relevant.

Comment 5: Please provide clarification about the no project alternative relative to EN1: Adapt to Sea Level Rise, as local governments and water districts are already working on adaptation projects at the local level.

Comment 6: Please provide clarification if the modeling assumes land assembly and if any of the strategies include funding for land assembly/purchase in order to accommodate the densities included in the Urban Sim 2.0 modeling. Some parcels seem too small to accommodate the density specified, such as an example parcel in Palo Alto that is less than an acre and specified for 98 housing units.