Summary Title: Plan Bay Area 2050 & RHNA Methodology Update

Title: Update and Discussion on the Plan Bay Area 2050 Final Blueprint and the Regional Housing Needs Allocation (RHNA) Processes and Direction to Staff Regarding the City's Response, Including Preparation of Formal Comment Letters

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 Plan Bay Area 2050 process, including directing staff to submit a comment letter to the Association of Bay Area Governments (ABAG) and Metropolitan Transportation Commission (MTC) on the Plan Bay Area 2050 Final Blueprint (Attachment A).

2. Discuss and provide direction to staff as appropriate on the Regional Housing Needs Allocation (RHNA) process, including directing staff to submit a comment letter to the ABAG Regional Planning Committee and ABAG Executive Board on the proposed 6th Cycle Draft RHNA Methodology (Attachment B).

Executive Summary

This report provides an update on the Plan Bay Area 2050 Final Blueprint (Final Blueprint). MTC/ABAG staff released the Final Blueprint on December 18, 2020. It contains the updated modeling outcomes of the thirty-five (35) regional strategies previously discussed and approved by MTC and ABAG in September and November 2020. In January 2021, it is anticipated that MTC and the ABAG Executive Board will accept the Final Blueprint as the Preferred Alternative to evaluate in the Plan Bay Area 2050 Environmental Impact Report (EIR).

This report also provides an update on the status of the 6th Cycle Regional Housing Needs Allocation (RHNA) process. MTC/ABAG staff released the Draft RHNA Methodology on December 18, 2020. The baseline allocation in the October 24, 2020 Proposed RHNA methodology matched the regional growth pattern forecasted in the Plan Bay Area 2050 Draft
Blueprint. In contrast, the Draft RHNA Methodology now uses the regional growth pattern in the Final Blueprint for the baseline allocation. The Draft RHNA methodology now shows that Palo Alto could anticipate a draft RHNA allocation in Spring 2021 of 6,086 new housing units representing a 22% growth rate over the 8-year RHNA cycle. This is a reduction from the previously anticipated 10,058 new housing units representing a 36% growth rate in the Proposed RHNA Methodology. On January 14, 2021, the ABAG Regional Planning Committee (RPC) will discuss the Draft RHNA Methodology before making a recommendation to the ABAG Executive Board. Subsequently, the ABAG Executive Board will discuss and recommend a Draft RHNA Methodology to the State Department of Housing and Community Development (HCD) on January 21, 2021. After HCD review, ABAG will release a Final RHNA Methodology and Draft RHNA allocations to jurisdictions in Spring 2021. The appeal period on the Draft RHNA allocations will occur in Summer 2021, followed by final RHNA allocations to jurisdictions in late 2021.

Finally, this report highlights key topics Council may want to include in comment letters to MTC and ABAG on the Plan Bay Area 2050 Final Blueprint and the Draft RHNA methodology (Attachments A & B).

Background
This section reviews the Plan Bay Area 2050 and RHNA processes to date, including Council actions.

Plan Bay Area 2050 Process
Plan Bay Area 2050 is a 30-year long-range planning document that sets forth a vision for the nine-County Bay Area. Plan Bay Area 2050 is organized into four topic areas: Housing, Transportation, Economy, and Environment. Plan Bay Area 2050 must meet statutory requirements to reduce greenhouse gas emissions for the region as determined by the California Air Resources Board (CARB); accommodate projected household growth; and will ultimately serve as the region’s sustainable communities’ strategy and regional transportation plan. Federal law further requires Plan Bay Area 2050 to be financially constrained and to reflect reasonably anticipated transportation revenues during the planning period. Plan Bay Area 2050 contains a series of strategies that are modeled to show a regional growth pattern for the year 2050. However, these strategies are not binding and require a coordinated effort among local, regional, state governments to achieve plan goals.

Council last discussed the Plan Bay Area 2050 Draft Blueprint on August 3, 2020. The City then submitted its August 2020 comment letter to MTC and ABAG. Subsequently, MTC/ABAG staff received approval in September and November 2020 from MTC and ABAG executive boards to update the regional growth geographies, the regional growth forecast methodology, and the strategies to model in the Plan Bay Area 2050 Final Blueprint.

1 Plan Bay Area 2050 Project Webpage: https://www.planbayarea.org/plan-bay-area-2050-0
MTC/ABAG staff released a Notice of Preparation (NOP) and commenced preparation of a “program-level” Environmental Impact Report (EIR) for Plan Bay Area 2050. City staff provided comments in response to the NOP in October 2020. The Draft EIR is anticipated to be released in Spring 2021 for further public comment.


MTC/ABAG staff released reports in December 2020 that discuss the outcomes of the Plan Bay Area 2050 Final Blueprint modeling. Figure 1 and Figure 2 compare the regional growth pattern for housing and jobs in the Draft Blueprint with the updated regional growth pattern shown in the Final Blueprint.

Figure 1: Plan Bay Area 2050 Forecasted Household Growth: Draft Blueprint vs. Final Blueprint

*All urbanized growth in unincorporated areas is focused within existing urban growth boundaries (Strategy EN4). For breakdowns on the subcounty level, please refer to the Final Blueprint Growth Pattern on planbayarea.org.

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4 A copy of staff comments on the Notice of Preparation is included as Attachment C in the Council City Manager Report, dated November 9, 2020, as continued to November 16, 2020: https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?b=62259.73&BlobID=79004
5 Plan Bay Area 2050 Implementation Plan Webpage: https://www.planbayarea.org/2050-plan/implementation-plan
Figure 2: Plan Bay Area 2050 Forecasted Job Growth: Draft Blueprint vs. Final Blueprint

*All urbanized growth in unincorporated areas is focused within existing urban growth boundaries (Strategy EN4). For breakdowns on the subcounty level, please refer to the Final Blueprint Growth Pattern on planbayarea.org.

Totals do not always sum to 100% due to rounding.


Regional Housing Needs Allocation (RHNA) Process

The RHNA process begins with California’s mandate that local governments play a key role in the development of affordable housing across the state. State law outlines the responsibilities for regular Housing Element updates by each jurisdiction to provide for that jurisdiction’s share of its region’s housing needs. HCD determined that 441,176 new housing units were needed in the nine-County Bay Area region in the next 8-year RHNA cycle. ABAG is charged with preparation of a RHNA Methodology by which to allocate this identified housing need amongst Bay Area jurisdictions. The RHNA Methodology must meet statutory requirements, such as affirmatively furthering production of fair housing.

ABAG staff released the Proposed RHNA Methodology on October 24, 2020 for public comment. Council discussed the Proposed RHNA Methodology on November 16, 2020. Subsequently, the City submitted a letter during the public comment period, which ended on

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9 Council City Manager Report, dated November 9, 2020, as continued November 16, 2020: https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?t=62259.73&BlobID=79004

City of Palo Alto
November 27, 2020. On December 17, 2020, MTC/ABAG staff presented a summary of all comments received and preliminary staff responses\textsuperscript{10} to the ABAG Executive Board. On December 18, 2020, ABAG staff released a report describing incorporation of the Plan Bay Area 2050 Final Blueprint modeling results into the Draft RHNA Methodology.\textsuperscript{11}

With the incorporation of the Final Blueprint modeling into the Draft RHNA Methodology, Palo Alto can anticipate receiving a draft RHNA allocation of approximately 6,086 new housing units, which is 3,972 housing units less than the previous estimate of 10,058 housing units (Table 1). The anticipated growth rate during the next 8-year RHNA cycle went down for Palo Alto from 36% to 22%. The percentage of housing units by income category remained unchanged because ABAG staff did not recommend any adjustments to the factors and weights previously used in the Proposed RHNA Methodology. The anticipated 6,086 new housing units for the 6\textsuperscript{th} Cycle RHNA remains significantly higher than the 1,988 new housing units received for the current 5\textsuperscript{th} Cycle RHNA.

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Plan Bay Area 2050 Draft Blueprint Future Households 2050 Baseline &amp; October 2020 Bottom-Up Approach*</th>
<th>Plan Bay Area 2050 Final Blueprint Future Households 2050 Baseline &amp; December 2020 Bottom-Up Approach**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Potential RHNA Allocation (New Housing Units)</td>
<td>Percent of Housing Units by Income Category</td>
</tr>
<tr>
<td>Very Low</td>
<td>2,573</td>
<td>25.6%</td>
</tr>
<tr>
<td>Low</td>
<td>1,482</td>
<td>14.7%</td>
</tr>
<tr>
<td>Moderate</td>
<td>1,673</td>
<td>16.6%</td>
</tr>
<tr>
<td>Above-Moderate</td>
<td>4,330</td>
<td>43.1%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>10,058</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

ABAG calculated that Palo Alto had 27,629 households in 2019.
*Housing units shown for Palo Alto in the materials released by ABAG on October 24, 2020.
**Housing units shown for Palo Alto in the materials released by ABAG on December 18, 2020.

The reduction new housing units for Palo Alto comes from incorporation of the Final Blueprint modeling into the Future Households 2050 baseline allocation. City staff understands that the reduction is primarily influenced by the following:

\textsuperscript{10} ABAG Executive Board staff report and presentation materials, dated December 17, 2020: 

\textsuperscript{11} ABAG Draft RHNA Methodology Report, dated December 18, 2020: 
• The updated strategy “Build Adequate Affordable Housing to Ensure Homes for All” placed more forecasted housing in San Francisco and the East Bay.
• The updated strategy “Provide Incentives to Employers to Shift Jobs to Housing-Rich Areas Well Served by Transit” shifted some originally forecasted jobs away from the South Bay.
• The updated strategy “Accelerate Reuse of Public and Community-Owned Land for Mixed-Income Housing and Essential Services” appears to promote more distribution of housing opportunities.

MTC/ABAG staff also mentioned that some of the redistribution pertained to ongoing work with jurisdictions to improve land use data in the Final Blueprint modeling. Figure 3 compares jurisdiction anticipated growth rates across the region under the Proposed RHNA Methodology with the anticipated growth rates under the Draft RHNA Methodology.

**Figure 3: Comparison of Anticipated Growth Rates by Jurisdiction:**
Anticipated Growth Rates Shown in the Proposed RHNA Methodology (Baseline: 2050 Households from Draft Blueprint) and Anticipated Growth Rates Shown in the Draft RHNA Methodology (Baseline: 2050 Households from Final Blueprint)
Discussion
This section provides the basis for recommended Council action on the Plan Bay Area 2050 and RHNA processes.

Plan Bay Area 2050
The next step in the Plan Bay Area 2050 process is MTC and ABAG Executive Board action to accept the Plan Bay Area 2050 Final Blueprint as the Preferred Alternative to evaluate in the Plan Bay Area 2050 Environmental Impact Report (EIR).

The Council may choose to submit another comment letter on the Plan Bay Area 2050 Final Blueprint prior to ABAG Executive Board discussion on January 21, 2021 and MTC discussion on January 27, 2021. Staff has identified some areas of interest in a draft letter (Attachment A) and summarized below; Council may determine to make any modifications as necessary.
• **COVID-19 Pandemic and Recession Impact Modeling.** The letter articulates why it is important to incorporate COVID-19 pandemic and recession impact modeling as a prominent, articulated portion of the Final Blueprint, Implementation Plan, EIR, and ultimately the final Plan Bay Area 2050. The letter requests year by year accounting of the pandemic and recession, especially in terms of job growth, population growth, housing demand, and viability of various funding streams in Plan Bay Area 2050. This is key, as MTC staff told City staff during a December 2020 Implementation Plan-oriented meeting that the Implementation Plan would primarily be focused on the next five years, given that another Plan Bay Area process would start again around that time. This five-year horizon is further reinforced with a survey that ABAG/MTC staff has posted online ([https://mtcbata.typeform.com/to/FqikBbrv](https://mtcbata.typeform.com/to/FqikBbrv)) seeking public input on which implementation strategies should be advanced over the next five years. This appears out of touch with a jurisdiction’s ability to be confident in 1) the translation of the planning horizon in the Plan Bay Area 2050 Final Blueprint into the 8-year RHNA planning horizon and 2) potential timing for jurisdiction partnership in achieving stated greenhouse gas emissions reduction targets and other goals in Plan Bay Area 2050.

• **Jurisdiction-Level Final Blueprint Modeling and Mapping Results.** The letter requests jurisdiction-level Final Blueprint modeling and mapping results so that jurisdictions can confirm the accuracy of land use data used in the modeling, as well as confirm the model’s assessments of development potential at the parcel level. Staff has requested this information, but it has not been received at the time this report was prepared.

• **Office Development Cap Modeling.** The letter requests confirmation that the Final Blueprint includes modeling of Palo Alto’s office development cap so the assessment of development potential for the City is consistent with City policy to address the job-housing balance.

• **Attribution of Jobs to Jurisdictions with Employment Sectors with High Telecommuting Rates.** The letter requests a reduction in the number of jobs attributed to jurisdictions, such as Palo Alto, that have employers in sectors with high telecommuting rates.

• **Methodology Distinction and Overlap.** The letter requests an explanation of the distinction and overlap between the methodology for the Plan Bay Area 2050 regional growth forecast methodology and the Department of Finance/HCD methodology for the Regional Housing Needs Determination.

• **Specific Data on Final Blueprint Forecasted Job Growth.** The letter requests more specific data on how MTC/ABAG forecasted job growth in the Final Blueprint.

**Regional Housing Needs Allocation (RHNA)**
The next step in the RHNA process is for ABAG to discuss and recommend a Draft RHNA methodology to HCD. Staff recommends submittal of a City comment letter on the Draft RHNA Methodology (Attachment B) prior to ABAG Regional Planning Committee (RPC) discussion on January 14, 2021 and ABAG Executive Board discussion and action on January 21, 2021.

City staff anticipates receipt of a jurisdiction-specific response letter from ABAG staff on the City’s November 2020 Proposed RHNA Methodology comment letter. However, this response letter has not been received as of the release of this report. Therefore, staff continues to identify the previously identified areas of concern in a draft letter (Attachment B) and summarized below; Council may determine to make any modifications as necessary.

Policy Areas of Concern
While the use of the Future Households 2050 baseline from the Final Blueprint did reduce the anticipated draft RHNA units for the City, staff still holds that long-range aspirational housing goals to the year 2050 should not be applied to the near term RHNA allocation process. While the updated strategies in the Final Blueprint appear to result in more regionally distributed jobs and housing, compared to the Draft Blueprint, staff still holds that the Draft RHNA Methodology should include an overall allocation cap to address development feasibility, especially under current circumstances where it will take time for developers to prepare housing project plans and funding packages in recession conditions. Use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline still results in assigning new housing units to unincorporated County areas across the region. This could lead to urban sprawl and conflicts of environment sustainability interests. Therefore, the City does not support the use of this baseline for the methodology due to this basic concept.

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 continues to highlight these issues.

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 growth pattern proposed in the Plan Bay Area 2050 Final Blueprint. City staff have still not received the requested jurisdiction-level mapping and other data in order for staff to vet it for accuracy. More details are provided in the draft letter.

Stakeholder Engagement
The City received comments from members of the public as letters and emails to Council, as well as through speakers at the many Council meetings held on Plan Bay Area 2050 and RHNA. On Plan Bay Area 2050, comments ranged from some support for the regional growth pattern reflected in the Draft Blueprint to strong opposition to the HCD Regional Housing Need Determination (RHND) methodology and/or to the forecasted job and housing growth for Palo Alto and the South Bay and West Bay shown in the modeling from the Draft Blueprint. On RHNA, comments ranged from opposition to the overall anticipated number of new housing units to desires for the same or a higher anticipated housing unit allocation.

ABAG and MTC also provide opportunities for members of the public to be informed about and comment on the Blueprint and RHNA processes. This includes the ability for members of the public to view the public meetings, to submit written comments, and to provide oral comments. Staff encourage members of the public to avail themselves of these opportunities for engagement.

The public can find more detailed information for each process on the web. These webpages contain information for both processes:
- Plan Bay Area 2050 Process: https://www.planbayarea.org/meetings-and-events
- RHNA Process: https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation

**Timeline**
The table below provides an overview of the upcoming key meetings and milestones for Plan Bay Area 2050 and RHNA.

<table>
<thead>
<tr>
<th>Table 2: ABAG 2023 RHNA and Plan Bay Area 2050 Key Milestones</th>
<th><strong>Tentative Deadlines</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Key Milestones</strong></td>
<td><strong>Tentative Deadlines</strong></td>
</tr>
<tr>
<td>Plan Bay Area 2050 Final Blueprint</td>
<td>December 2020</td>
</tr>
<tr>
<td>Draft RHNA Methodology to HCD for Review</td>
<td>January 2021</td>
</tr>
<tr>
<td>Final RHNA Methodology, Draft Allocation</td>
<td>Spring 2021</td>
</tr>
<tr>
<td>RHNA Appeals</td>
<td>Summer 2021</td>
</tr>
<tr>
<td>Final Plan Bay Area 2050</td>
<td>September 2021</td>
</tr>
<tr>
<td>Final RHNA Allocation</td>
<td>Winter 2021</td>
</tr>
<tr>
<td>Housing Element Due Date</td>
<td>January 2023</td>
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</tbody>
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*Dates are tentative and subject to change*

**Next Steps**
Following Council’s discussion, staff will finalize the comment letters and submit them prior to the MTC and ABAG discussion and action.

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12October 2020 Updated RHNA Timeline: https://abag.ca.gov/sites/default/files/2021-2031_rhna_process_timeline.pdf
Staff will continue to attend Plan Bay Area 2050 and RHNA-related meetings and will report back to Council as needed.

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

**Attachments:**
- Attachment A: Draft Plan Bay Area 2050 Final Blueprint Comment Letter
- Attachment B: Draft RHNA Methodology Comment Letter
- Attachment C: City Comment Letters (dated August 11, 2020; August 26, 2020; September 17, 2020; September 30, 2020; October 14, 2020; November 18, 2020)
ABAG Executive Board Members
Metropolitan Transportation Commission Members
Submitted Via Email To: info@bayareametro.gov

RE: Comments on Plan Bay Area 2050 Final Blueprint

Dear Board Members, Commissioners and MTC/ABAG Staff,

The City of Palo Alto wants to express gratitude for the long-range planning work that staff, under the leadership and direction of MTC and ABAG, have performed to develop Plan Bay Area 2050, the Draft and Final Blueprint, and other associated reports and documents. We understand that Plan Bay Area 2050 is not yet final, the next action being accepting the Final Blueprint as the Preferred Alternative for evaluation in the program-level Environmental Impact Report (EIR). The environmental review process may also reveal further adjustments and mitigations to incorporate into Plan Bay Area 2050 to further achieve greenhouse gas emissions reductions and other goals.

Please accept the following comments on the Plan Bay Area 2050 Final Blueprint:

- The impacts of the COVID-19 pandemic—including the economic recession, anticipated changes in commute patterns, and other impacts—must be aggressively and clearly incorporated into the Final Blueprint documents, Implementation Plan, Environmental Impact Report (EIR) and overall final Plan Bay Area 2050.

The COVID-19 pandemic created an economic recession that has and will continue to severely impact local governments, regional transportation systems, job growth, population growth and migration, and all development—from commercial to residential. The crisis is ongoing, and so the true recovery has yet to begin. This crisis must be explicitly studied, modeled, and discussed. The modeling and analyzed impacts must be a prominent, articulated part of the Final Blueprint documents presented to MTC and the ABAG Executive Board, as well as the Implementation Plan, EIR, and ultimately the final Plan Bay Area 2050. While the plan’s time horizon is long, the impacts of the pandemic and recession are also long; no doubt the pandemic and recovery will shape the next generation. Responsible planning must clearly and easily show how the pandemic is accounted for year by year, especially in terms of job growth, population growth, housing demand, and anticipated viability of various funding streams in Plan Bay Area 2050.

Thoroughly understanding the COVID-19 pandemic and recession modeling in the Final Blueprint will help jurisdictions better understand 1) how the planning horizon in the Plan Bay Area 2050 Final Blueprint translates into the 8-year RHNA planning horizon and 2) anticipate potential timing for jurisdiction partnership in achieving stated greenhouse gas emissions reduction targets and other goals in Plan Bay Area 2050.

To date, City staff has been unable to find a clear single source of COVID-19 pandemic and recession modeling information. Therefore, the City respectfully requests that this be provided as part of forthcoming MTC/ABAG staff reports and presentations on the Final Blueprint, EIR, and Implementation Plan so that the public can comment further. City staff currently understands that the COVID-19 pandemic and recession impacts are anticipated to last from approximately two years...
to ten years, depending on the topic. For example, transportation strategies that assist in recovering transit ridership to pre-pandemic levels are frontloaded for implementation, whereas some housing strategies are anticipated to take longer to fund and implement.

- **The underlying land use data incorporated into modeling must be accurate and jurisdiction-level modeling results must be provided so that jurisdictions can confirm land use accuracy and understand the model’s assessments of development potential at the parcel level.**

The interim Urban Sim 2.0 modeling showed some density and growth assigned to areas within jurisdictions that should be excluded, such as creek parcels and Caltrain corridor parcels. Furthermore, interim modeling appeared to not reduce density or growth assigned to historic districts or areas with concentrations of small parcels. Palo Alto staff raised these and other topics and sought assurances that the modeling was scrubbed for errors. City staff formally submitted a public record request to obtain the information in order to confirm the accuracy of the modeling. While staff understands that this information is forthcoming, staff still awaits the jurisdiction-level modeling as of the preparation of this letter.

- **Model the office development cap instituted in Palo Alto.**

Job growth and development projections must incorporate Palo Alto’s restrictions on the annual amount of office growth that can occur in Palo Alto. The purpose of this office development cap is to decrease our local jobs/housing imbalance. Communities like Palo Alto and San Francisco that proactively seek to address their jobs/housing imbalance through local policies should not be subjected to job growth that is out of sync with local policies. Staff requested that the City’s adopted office cap be incorporated into the modeling, but staff has not yet received confirmation that the cap is reflected in the Final Blueprint.

- **Reduce the number of jobs attributed to jurisdictions with employers in sectors with high telecommuting rates.**

Telecommuting may be a long-term social and employment impact of COVID-19. Many businesses and institutions are, out of necessity, finding ways to shift operations to completely or mostly remote operations. In particular, many large employers have shifted to remote operations. Once the pandemic subsides, many employers may continue a remote portion of their operations. The potential is very real that telecommuting could represent a large share of jobs, and thus a reduction in the number of commuters and a shift in where jobs are located. For example, the City anticipates retention of telecommuting for many employees with jobs attributed to Palo Alto employers and the possibility of associated lower demand for housing within the City and nearby.

- **Explain the distinction and overlap between the methodology used to create Plan Bay Area 2050 regional growth forecast versus the methodology used by the Department of Finance and the Housing and Community Development Department to generate the Regional Housing Needs Determination.**

The Departments of Finance (DOF) and Housing and Community Development (HCD) prepared projections for population growth and growth in households that led to the issuance of the Regional Housing Need Determination (RHND). In addition, MTC/ABAG also prepared the Plan Bay Area 2050
Regional Growth Forecast Methodology, updating it in 2020. The City requests a clear description and comparison of both methodologies.

- Palo Alto requests more specific data regarding how ABAG/MTC forecasted job growth in the Final Blueprint. With this information, Palo Alto and other jurisdictions can offer more feedback regarding how the job growth projections may be refined.

**PBA Strategies**

The City finds many strategies in the Final Blueprint consistent with City policy interests and looks forward to the work ahead on the Implementation Plan.

**Transportation Strategies**

- **Restore, Operate and Maintain the Existing System.** Commit to operate and maintain the Bay Area’s roads and transit infrastructure, while restoring transit service frequencies to 2019 levels no later than 2035.
- **Enable a Seamless Mobility Experience.** Eliminate barriers to multi-operator transit trips by streamlining fare payment and trip planning, while requiring schedule coordination at timed transfer hubs.
- **Reform Regional Transit Fare Policy.** Streamline fare payment and replace existing operator-specific discounted fare programs with an integrated fare structure across all transit operators.
- **Advance Other Regional Programs and Local Priorities.** Fund regional programs like Clipper and 511, while supporting local transportation investments on arterials and local streets.
- **Build a Complete Streets Network.** Enhance streets to promote walking, biking, and other micromobility through sidewalk improvements, car-free slow streets, and 10,000 miles of bike lanes or multi-use paths.
- **Advance Regional Vision Zero Policy through Street Design and Reduced Speeds.** Reduce speed limits to 20 to 35 miles per hour on local streets and 55 miles per hour on freeways, relying on design elements on local streets and automated speed enforcement on freeways.
- **Enhance Local Transit Frequency, Capacity and Reliability.** Improve the quality and availability of local bus and light rail service, with new bus rapid transit lines, South Bay light rail extensions, and frequency increases focused in lower-income communities.
- **Expand and Modernize the Regional Rail Network.** Better connect communities while increasing frequencies by advancing a New Transbay Rail Crossing, BART to Silicon Valley Phase 2, Valley Link and Caltrain/High-Speed Rail Grade Separations, among other projects.

**Housing Strategies**

- **Further Strengthen Renter Protections Beyond State Legislation.** Building upon recent tenant protection laws, limit annual rent increases to the rate of inflation, while exempting units less than 10 years old.
- **Preserve Existing Affordable Housing.** Acquire homes currently affordable to low- and middle-income residents for preservation as permanently deed-restricted affordable housing.
- **Build Adequate Affordable Housing to Ensure Homes for All.** Construct enough deed-restricted affordable homes necessary to fill the existing gap in housing for the unhoused community and to meet the needs of low-income households.
Economic Strategies

- **Provide Incentives to Employers to Shift Jobs to Housing-Rich Areas Well Served by Transit.** Provide subsidies to encourage employers to relocate offices to housing-rich areas near regional rail stations.
- **Retain and Invest in Key Industrial Lands.** Implement local land use policies to protect key industrial lands identified as Priority Production Areas, while funding key infrastructure improvements in these areas.

Environmental Strategies

- **Adapt to Sea Level Rise.** Protect shoreline communities affected by sea level rise, prioritizing areas of low costs and high benefits and providing additional support to vulnerable populations.
- **Provide Means-Based Financial Support to Retrofit Existing Residential Buildings.** Adopt building ordinances and incentivize retrofits to existing buildings to meet higher seismic, wildfire, water and energy standards, providing means-based subsidies to offset associated costs.
- **Fund Energy Upgrades to Enable Carbon-Neutrality in All Existing Commercial and Public Buildings.** Support electrification and resilient power system upgrades in all public and commercial buildings.
- **Maintain Urban Growth Boundaries.** Using urban growth boundaries and other existing environmental protections, confine new development within areas of existing development or areas otherwise suitable for growth, as established by local jurisdictions.
- **Protect and Manage High-Value Conservation Lands.** Provide strategic matching funds to help conserve and maintain high-priority natural and agricultural lands, including but not limited to Priority Conservation Areas and wildland-urban interface lands.
- **Modernize and Expand Parks, Trails and Recreation Facilities.** Invest in quality parks, trails and open spaces that provide inclusive recreation opportunities for people from all backgrounds, abilities and ages to enjoy.
- **Expand Commute Trip Reduction Programs at Major Employers.** Set a sustainable commute target for major employers as part of an expanded Bay Area Commuter Benefits Program, with employers responsible for funding incentives and disincentives to shift auto commuters to any combination of telecommuting, transit, walking, and/or bicycling.
- **Expand Clean Vehicle Initiatives.** Expand investments in clean vehicles, including more fuel-efficient vehicles and electric vehicle subsidies and chargers.
- **Expand Transportation Demand Management Initiatives.** Expand investments in programs like vanpools, bikeshare, carshare and parking fees to discourage solo driving.

Thank you for your time and attention to these suggestions, comments, and requests for further information. To follow up on and/or respond to the content of this correspondence, please reach out to Jonathan Lait, Director of Planning and Development Services for the City of Palo Alto. You can reach Mr. Lait at Jonathan.Lait@CityofPaloAlto.org or at (650) 329-2679.

Sincerely,
Tom DuBois, 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
Dave Vautin, Assistant Director, Major Plans, Bay Area Metro, DVautin@bayareametro.gov
Paul Fassinger, Economist, Metropolitan Transportation Commission, pfassinger@bayareametro.gov
Fred Castro, Clerk of the Board, Association of Bay Area Governments, fcastro@bayareametro.gov
rhna@TheCivicEdge.com
January XX, 2021

ABAG Regional Planning Committee Members
ABAG Executive Board Members
Submitted Via Email To: info@bayareametro.gov and RHNA@bayareametro.gov

RE: Draft RHNA Methodology Released on December 18, 2020

Dear ABAG Regional Planning Committee Members and ABAG Executive Board Members,

Thank you for the opportunity to provide further comments on the Draft RHNA methodology, which was released on December 18, 2020 after incorporation of the Plan Bay Area 2050 Final Blueprint modeling results. Our comments are as follows:

Policy Areas of Concern

2050 Baseline Allocation Inappropriate for Eight-Year RHNA Cycle. While the use of the 2050 Future Households baseline from the Final Blueprint did reduce the anticipated draft RHNA housing units for the City, the City still holds that long range aspirational housing goals to the year 2050 should not be applied to the near term RHNA allocation process, especially with three more RHNA cycles within the 30-year time horizon of Plan Bay Area 2050. The visionary housing goals in Plan Bay Area 2050 still rely on new funding sources, some of which require voter approval, political compromises, and infrastructure that has not yet been funded, approved, or built. Furthermore, MTC staff told City staff during a December 2020 Implementation Plan-oriented meeting that the Implementation Plan would primarily be focused on the next five years, given that another Plan Bay Area process would start again around that time. Other baselines with factors and weighting could have been chosen, such as the 2019 Existing Households baseline, 1) to 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 an Allocation Cap to Address Development Feasibility. While the updated strategies in the Final Blueprint appear to result in more regionally distributed jobs and housing, the City still holds that the RHNA methodology should address development feasibility for jurisdictions by including an allocation cap, especially under current circumstances where it will take time for developers to prepare housing project plans and funding packages in recession conditions. The concern is some 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.

Methodology Promotes Urban Sprawl in Unincorporated Areas. Use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline results in assigning new housing units to unincorporated County areas across the region. This could lead to urban sprawl across the region contrary to local and state environmental sustainability goals. Therefore, the City does not support the use of this baseline for the methodology due to this basic concept.

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, Palo
Alto does not have the ability to absorb new units currently anticipated to be assigned to Santa Clara County; the City already absorbs a significant amount of the housing demand generated by Stanford University land uses in the County. Recent public research documented that adjacent Stanford University exacerbates housing demand in the City due to student and employee desire to live closer to retail, public services, and transportation. 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 the Plan Bay Area 2050 Final Blueprint for housing retention and production would arrive in this recession and if they would be in effect in time to assist jurisdictions meet the RHNA allocations for the current eight-year RHNA cycle.

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

Data Areas of Concern (Mapping and Modeling)

Regional Growth Strategies Mapping and Modeling Accuracy. Mapping, modeling results, and associated assessments of development potential underlie the regional growth 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. City staff await jurisdiction-level modeling information from which to determine if the modeling no longer includes 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 focus. 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 items still outstanding.

Thank you for your continued consideration.

Tom DuBois, 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
Date: November 18, 2020

ABAG Executive Board Members  
ABAG-MTC Public Information Office Staff  
Submitted Via Email To: info@bayareametro.gov and RHNA@bayareametro.gov

RE: Proposed RHNA Methodology and Subregional Shares

Dear ABAG Executive Board Members,

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

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

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

Policy Areas of Concern

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

Methodology Should Include a Cap to Address Development Feasibility. Under the anticipated draft RHNA allocations resulting from use of the Plan Bay Area 2050 Final Blueprint 2050 Households baseline, the City supports the application of a reasonable cap to limit how much housing a community is expected to build over the RHNA cycle. Housing units that exceed the cap should then be redistributed to other jurisdictions. This addresses fundamental development feasibility, especially under current recession circumstances. The concern is many jurisdictions potentially failing to meet their market rate housing targets, subsequently being subject to the permit streamlining requirements of SB 35, and then these jurisdictions losing control over local land use decisions four years into the RHNA cycle.
For Palo Alto and other Santa Clara County and San Mateo County jurisdictions, this anticipated RHNA allocation would result in the need to plan for a population growth equivalent to building a new small city in eight years within existing built-out jurisdictional boundaries. Staff estimates that Palo Alto’s anticipated allocation would require the need for significant increases in municipal services, including more parkland, expanded public safety services, greater access to libraries and public schools and other services to accommodate a population growth that averages an estimated 3,000 new residents each year during the RHNA cycle. This is equivalent to a population increase of approximately 23,000 new residents or a 36% growth in the City’s population. Development at this scale and pace is not realistic and not feasible for a built-out community. A growth cap is necessary to ensure jurisdictions can reasonably plan for and produce more housing units.

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

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

Procedural Areas of Concern

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

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

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

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

Thank you for your continued consideration.

Adrian Fine, Mayor

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
**Certificate Of Completion**

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| Storage Appliance Status: Connected | Pool: City of Palo Alto | Location: DocuSign |

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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) 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
communities to increase their housing inventory at levels that 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.

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.

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, fcastro@bayareametro.gov
rhna@TheCivicEdge.com
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.
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
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
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.
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
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
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, fcastro@bayareametro.gov
rhna@TheCivicEdge.com
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.
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,

Ed Shikada, City Manager