



# City of Palo Alto

## City Council Staff Report

(ID # 11527)

---

**Report Type: Action Items**

**Meeting Date: 8/10/2020**

**Summary Title: PBA 2050 / RHNA Update (Continued From August 3, 2020)**

**Title: Update and Discussion on Plan Bay Area 2050 Draft Blueprint and the Regional Housing Needs Allocation Process and Direction to Staff to Prepare Comment Letters on These Regional Efforts (Continued From August 3, 2020)**

**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 two regional planning efforts, which are Plan Bay Area 2050 and the Regional Housing Needs Allocation (RHNA) process; and
2. Direct staff to submit a comment letter to ABAG/MTC's Housing Methodology Committee reflecting City Council initial comments regarding the Regional Housing Needs Allocation (RHNA) methodology options that are under consideration.

Note that the two recommended actions above remain after the August 3, 2020 City Council action on a third staff recommendation to issue a comment letter on the Plan Bay Area 2050 Draft Blueprint.<sup>1</sup>

### **Background / Discussion**

The purpose of this report and agenda item is to update the community and Council on the two subject regional planning initiatives and provide an opportunity for public comment. There was insufficient capacity to schedule this discussion in advance of Council's summer recess, so an informational report<sup>2</sup> was prepared for the June 22, 2020 meeting. The lack of a discussion on this topic before the break raised concerns from some community and Council members interested in advocating the Association of Bay Area Governments (ABAG) appeal the Housing

---

<sup>1</sup> August 3, 2020 City Manager Report: <https://www.cityofpaloalto.org/civicax/filebank/documents/77747>

<sup>2</sup> June 22, 2020 Informational Report: <https://www.cityofpaloalto.org/civicax/filebank/documents/77349>

and Community Development (HCD) department's regional housing needs determination (RHND); the deadline for ABAG to appeal was July 10, 2020.

Information on the regional housing needs determination is provided below as well as updates on efforts to develop a methodology that would distribute housing throughout the region. This report also includes an update on Plan Bay Area 2050, which has a recently released a draft findings report and is seeking public comment on or before August 10, 2020.

Staff prepared a comment letter regarding the Plan Bay Area 2050 Draft Blueprint (Attachment B) and City Council took action on August 3, 2020 for the comment letter to be signed by the Mayor and issued. A second letter has been prepared to document the City's initial comments on the RHNA methodology options currently under consideration; this letter would be sent to the ABAG Housing Methodology Committee in advance of their August 13, 2020 meeting. If significant changes are required to either letter, staff recommends the Council authorize the Mayor sign a revised letter consistent with the Council majority's interests. Both draft letters are included with this report as Attachments A and B respectively.

### Regional Housing Needs Determination

The regional housing needs determination (RHND) represents the number of housing units that must be planned for in a given region over a certain period of time. The state Housing and Community Development (HCD) department makes this determination for all metropolitan planning organizations in California. The Association of Bay Area Governments (ABAG) serves as our MPO and distributes this housing allocation across the nine counties and 101 cities and towns in the Bay Area.

For the planning period from 2023 through 2030, the Bay Area was assigned 441,176 housing units, which represents a 16% growth in housing units over the next eight years. These units are distributed among four incomes levels as shown in Table 1 below. HCD develops its forecast based on projected population growth which includes analyzing birth and death rates, and migration. Data for this analysis is collected from the California Department of Finance (DOF).

<b>Table 1: HCD Regional Housing Need Determination-ABAG: 6-30-2022 to 12-21-2030</b>		
<b>Income Category</b>	<b>Percent</b>	<b>Housing Unit Need</b>
Very-Low*	25.9%	114,442
Low	14.9%	65,892
Moderate	16.5%	72,712
Above-Moderate	42.6%	188,130
<b>Total</b>	<b>100%</b>	<b>441,176</b>
*Extremely-Low	15.5%	Included in Very-Low Category
<i>Notes:</i> <u>Income Distribution:</u> Income categories are prescribed by California Health and Safety Code (Section 50093, et seq.). Percents are derived based on Census/ACS reported household income brackets and county median income, then adjusted on the percent of cost-burdened households in the region compared with the percent of cost burdened households nationally.		

In 2018 the state legislature required HCD to consider additional criteria to respond to the state’s housing crisis and amplify existing policies to affirmatively further fair housing in upcoming housing element cycles. Some of these criteria include adjustments for housing unit replacements, accounting for overcrowding rates, housing cost burden, and target vacancy rates. These adjustments alone accounted for 217,626 new housing units, or approximately 49% of the RHND of the 441,176 new housing units that HCD sent to ABAG.

Future job growth is not an explicit data point factored into HCD’s RHND, however, to the extent net migration reflects future job growth, it represents a relatively small percent of overall population growth.

ABAG received the RHND from HCD on June 9, 2020. The ABAG Executive Board reviewed the RHND on June 18, 2020. The ABAG Executive Board declined to appeal the RHND for the nine county Bay Area.

Only ABAG has the authority to contest the RHND. The process to contest the RHND is set forth in state law and the ability for ABAG to register an objection on the RHND is limited to two criteria and in its objection, ABAG would have needed to submit a proposed alternative determination of its regional housing need along with documentation substantiating its basis for the alternative determination. Since Plan Bay Area 2050 is well underway and forecasts a larger Bay Area population than projected by HCD, it is unlikely any objection would have resulted in a lower regional housing determination. Furthermore, ABAG staff recommended that the ABAG Executive Board accept the RHND.

The Governor and state legislature up to this point have not made any adjustments to the state deadlines<sup>3</sup> associated with the upcoming housing cycle and local response to the coronavirus pandemic is not currently a qualifying reason for ABAG to object to or appeal the RHND.

---

<sup>3</sup> The Cities Association of Santa Clara County recently sent a letter to the Governor and the Director of HCD requesting the regional housing needs allocation schedule be modified to give regional jurisdictions and the state adequate time to assess the impact of COVID-19 and ensure the RHNA process achieves HCD’s goals.

## Regional Housing Needs Allocation Methodology

The Housing Methodology Committee (HMC) is an advisory group consisting of local elected officials, jurisdiction staff, regional stakeholders, and a state partner.<sup>4</sup> The HMC is supported by ABAG staff and is tasked with developing a methodology that will distribute the RHND across all counties, cities, and towns within the Bay Area, subject to statutory requirements.<sup>5</sup> This recommendation is forwarded to the Regional Planning Committee, which in turn, will make a recommendation to the ABAG Executive Board. The ABAG Executive Board will decide on its preferred approach to distribute housing units, which must be approved by HCD. Once accepted, an appeal period begins where any jurisdiction within the Bay Area can appeal their own regional housing needs assessment (RHNA), or another jurisdiction's RHNA allocation.

Once a methodology is established, a RHNA number is assigned to each jurisdiction in the region. The RHNA number represents a housing production target at various household income levels that municipalities must proactively plan to accommodate within their jurisdiction. A community's plan to support future housing growth is set forth in their Housing Element, which is (typically) updated every eight years to coincide with the RHNA process.<sup>6</sup>

The next HMC meeting will occur on August 13, 2020. At this meeting, the Committee is expected to decide on a baseline that will serve as a starting point for distributing the RHND throughout the Bay Area. One approach being considered is to use 2019 household numbers and increase that number by sixteen percent (16%) for each jurisdiction, which reflects the regional increase generated by the RHND. A second approach being considered is to use the Plan Bay Area 2050 Draft Blueprint as the baseline with its forecasted growth adjusted to coincide with the RHNA cycle; this baseline is also influenced by planning assumptions about where job growth and housing is projected to occur in the future. For Palo Alto, the baseline methodology determination is significant.

---

<sup>4</sup> Housing Methodology Committee Roster: [https://abag.ca.gov/sites/default/files/hmc\\_roster\\_06\\_16\\_2020\\_0.pdf](https://abag.ca.gov/sites/default/files/hmc_roster_06_16_2020_0.pdf)

<sup>5</sup> RHNA Methodology Summary Requirements:

- Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner.
- Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets.
- Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
- Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category.
- Affirmatively furthering fair housing.

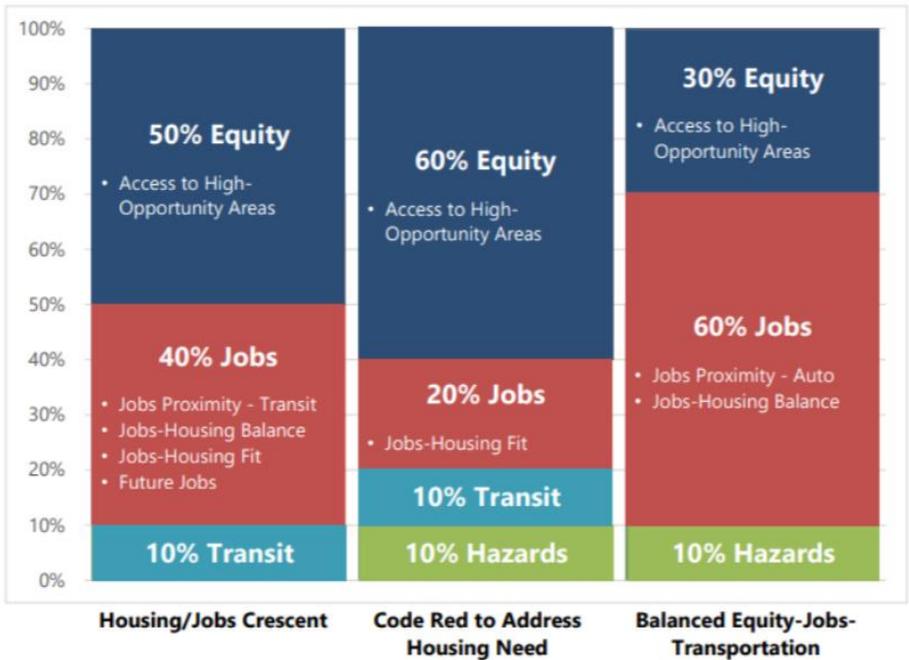
<sup>6</sup> The Housing Element is one of seven mandated elements in a local government's general or comprehensive plan.

RHNA Methodology Baseline Data Options <sup>7</sup>	
2019 Household <sup>A</sup>	4,475 Housing Units
Plan Bay Area <sup>B</sup>	11,130 Housing Units

<sup>A</sup> Source: <https://rhna-factors.mtcanalytics.org/option1.html>

<sup>B</sup> Source: <https://abag.ca.gov/meetings/housing-methodology-committee-2020-jul-09>

The baseline data alone, however, may not sufficiently address statutory requirements to distribute housing units in a manner that promotes infill development and socioeconomic equity, address housing fit, jobs/housing balance, or affirmatively further fair housing requirements such as access to high resource and opportunity areas, among other factors. Accordingly, as noted in the June 22, 2020 informational report, the HMC is considering ten factors<sup>8</sup> and exploring options to weight those factors in accordance with their mandated objectives. This chart was previously provided and illustrates factor options HMC is evaluating and how they could be weighted (note: at a previous meeting, more Committee members supported the Housing/Jobs Crescent approach, while ‘hazards’ as a factor in the RHNA methodology lost support):



Depending on the factors and weights chosen, each jurisdiction’s RHNA number will fluctuate above or below the baseline data set. Much of Palo Alto is identified as either transit rich or

<sup>7</sup> Numbers used in this report to illustrate anticipated housing units allocations are approximate and may adjust significantly based on any number of factors until a methodology is adopted.

<sup>8</sup> Ten Factors Include: Access to High Opportunity Areas; Divergence Index; Job-Proximity – Auto; Job Proximity – Transit; Vehicle Miles Traveled; Job-Housing Balance; Jobs-Housing Fit; Future Jobs; Transit Connectivity; Natural Hazards. More description regarding these factors is available online: [https://rhna-factors.mtcanalytics.org/data/RHNA\\_tool\\_factors\\_overview.pdf](https://rhna-factors.mtcanalytics.org/data/RHNA_tool_factors_overview.pdf)

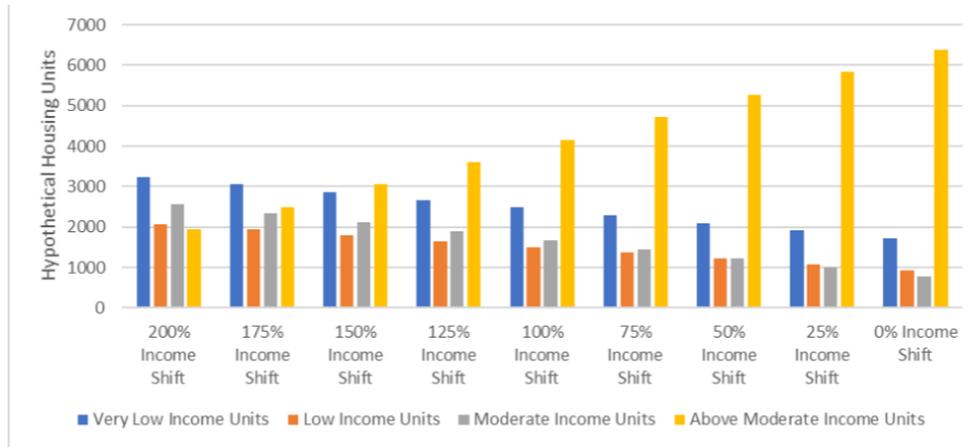
high opportunity areas, and Palo Alto has a sizeable jobs/housing imbalance. These characteristics tend to result in more housing units being allocated to Palo Alto. Some factors also influence the percentage of units directed toward lower income units versus market rate units.

<b>Table 3: Influence of Top Three RHNA Methodology Options on Hypothetical Palo Alto RHNA Housing Units</b>			
	<b>Hypothetical Growth Rate (% Increase over Housing Units in 2019)</b>	<b>Hypothetical Housing Units</b>	<b>+/- Housing Units from Hypothetical Baseline</b>
<b>Palo Alto Hypothetical Baseline Allocation</b>	<b>16%</b>	<b>4,475</b>	<b>-</b>
<b>Top Three RHNA Methodology Options (Using HMC Identified Factors &amp; Weights):</b>			
<b>Housing/Jobs Crescent</b>	<b>21%</b>	<b>5,819</b>	<b>+1,344 units</b>
<b>Code Red to Address Housing Need</b>	<b>22%</b>	<b>6,087</b>	<b>+1612 units</b>
<b>Balanced Equity-Jobs- Transportation</b>	<b>24%</b>	<b>6,532</b>	<b>+2,057 units</b>

Another metric the HMC is considering is an income shift multiplier, which is intended to move a jurisdiction’s mix of housing within four income bands in a direction that better reflects the mix of housing throughout the region. Depending on the income shift percentage chosen, a community with more high income housing units would likely see a greater share of its RHNA allocated toward lower income units and vice versa. The income shift does not result in more housing allocated toward a jurisdiction but reallocates the number of units assigned to each income category.

The following chart illustrates this concept. An income shift multiplier of 100 percent results in every jurisdiction’s RHNA mirroring the region’s existing income distribution. In theory, setting the income shift multiplier above 100 percent could close the gap between a jurisdiction’s income distribution and the region’s distribution in a shorter period of time. At their May meeting, HMC members expressed the most support for an income shift multiplier between 100 percent and 150 percent.

**Figure 3: Illustration of Income Shift Method for Income Allocation RHNA Methodology**

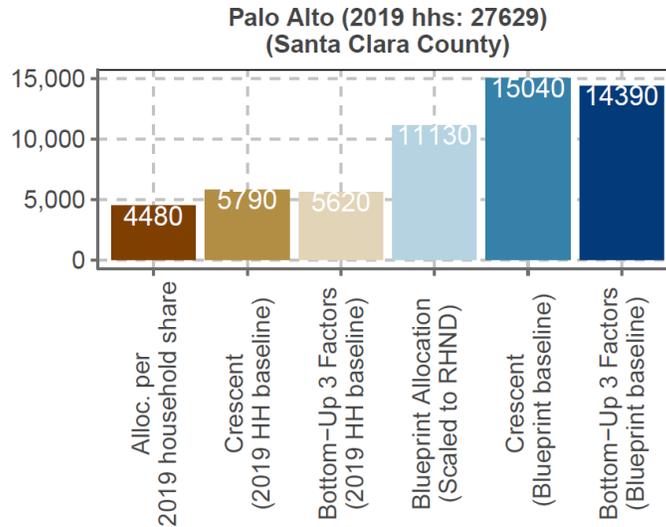


In contrast to the income shift approach and the methodology options presented above, the HMC is also considering an alternative, standalone methodology referred to as the Bottom-Up concept. This approach uses factors to determine allocations for the four income categories, and the sum of these income group allocations represents a jurisdiction’s total allocation. A jurisdiction’s allocation within each income category is determined based on how the jurisdiction scores relative to the rest of the region on the selected factors. This approach is illustrated in the following diagram:



The HMC considered a two factor approach as well where each factor is weighed at 50%.

Depending on the combination of baseline data and factors recommended by the HMC, Palo Alto stands to have a significant increase in market rate and affordable housing units in the upcoming cycle. The range of housing units allocated to Palo Alto is depicted in this chart produced by ABAG staff for the July HMC public meeting:



While many in the region may support the higher housing unit targets depicted above, from a staff perspective, the diagram reveals that a Plan Bay Area 2050 Blueprint baseline is not realistic for Palo Alto. The expectation that Palo Alto would increase its housing supply by 55% over the next eight years is clearly unattainable. Accordingly, staff’s draft comment letter to HMC recommends in favor of using the 2019 Household baseline for a future RHNA methodology.

The comment letter also highlights concerns staff has regarding unreasonably high housing targets and the implications that may have on communities based on current state law, specifically, SB35. Palo Alto has struggled to produce significant low income housing units, is marginally meeting the market rate target for the current housing cycle, and is well short of the Council’s expressed goal of producing 300+ units each year through 2030. Palo Alto’s access to high paying jobs, excellent schools, proximity to fixed rail and transit, well-established jobs/housing imbalance, disproportionate mix of higher income households and lack of affordable housing for lower wage earners makes this community more susceptible to higher RHNA numbers. Palo Alto will face some difficult choices ahead that will necessarily need to consider community member’s interests regarding parking, floor area, density and height regulations to spur market rate housing or risk losing significant local control over future qualifying housing projects based on SB35.

Senate Bill 35 approved by the state legislature and signed by the governor in 2017 sets forth the requirements for a market rate housing project to qualify for streamlined review, including requiring a certain percentage of on-site affordable units; having at least two-thirds of the floor area dedicated to residential uses; and, workers are paid at a prevailing wage, among other factors.

Palo Alto is currently subject to SB35’s streamlining provisions, but to qualify under this law, fifty percent (50%) of the housing units must be deed restricted for low income housing.

If the City misses its market rate housing targets after four years in the new housing cycle (or fails to meet it at the end of the current cycle), qualifying market rate housing projects would be subject to a 90 day review period and must be administratively approved; the City could not impose any conditions of approval or deny the project if it meets all objective standards. Moreover, the on-site affordability requirement is reduced from 50% to the 10% (note: in practice, applicants will be subject to the 15% inclusionary requirement in the City's municipal code).

### Plan Bay Area 2050

Plan Bay Area 2050 is a 30 year long range planning document for the nine county Bay Area region. This effort is being managed by the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) and builds on the Horizon Initiative,<sup>9</sup> which sought to explore what living in the Bay Area would be like in 2050 and explored challenges the region it is likely to encounter in the future. Plan Bay Area 2050 will examine a possible future for the Bay Area and is organized into four topic areas:

- Housing
- Transportation
- Economy
- Environment

The Plan will also need to meet statutory requirements to reduce greenhouse gas emissions 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 the plan be financially constrained and reflect reasonably anticipated transportation revenues during the planning period.

Plan Bay Area 2050 sets forth a vision of the Bay Area that is resilient and equitable. The effort is guided by principles supporting affordability, diversity, connectivity, community health and vibrancy – and uses twenty-five (25) strategies organized into nine objectives to model a path forward for the region.

These strategies are not binding and require a coordinated effort among local, regional, state governments to achieve the goal. Funding mechanisms are key implementation components of this framework requiring political and in some instances voter approval.

Importantly, Plan Bay Area 2050 does not require any changes to local policy documents, comprehensive plans or zoning regulations. Some communities may find they will miss out on future funding opportunities if their local programs are not aligned with the Plan and there is

---

<sup>9</sup> More information on the Horizon Initiative is available online: <https://mtc.ca.gov/our-work/plans-projects/horizon>

some connection between Plan Bay Area 2050 and how housing units are distributed in the Bay Area through the RHNA process.

### *Draft Blueprint*

On July 6, 2020, MTC/ABAG released the Plan Bay Area 2050 Draft Blueprint.<sup>10</sup> The public comment period ends on August 10, 2020. Staff has reviewed this document and prepared a comment letter (Attachment B). City Council took action on August 3, 2020 for the comment letter to be signed by the Mayor and issued. The letter covers a range of topics, seeking clarification and advocating for positions in the best interest of Palo Altans. For example, several points seek assurance that the inputs to the Blueprint and the model used to create the Blueprint include accurate information and assumptions.

The letter identifies and supports strategies that align with Palo Alto policies, such as protecting high-value conservation lands, requiring that 10 to 20 percent of new housing be affordable, and advancing low-cost transit projects. The letter also identifies additional strategies for inclusion and consideration, such as locating jobs in housing-rich areas (such as Alameda County).

A chief request, though, is that ABAG/MTC seek relief from the statutory timeline to provide more time for this process. Advancing a long-range planning process at this time does not afford the Bay Area the opportunity to incorporate changes from the COVID-19 pandemic and recession into the long-range plan. For example, the letter suggests that growth in telecommuting could be greater than predicted and may change the location of jobs, housing, and the demand for office space. Furthermore, community members, elected officials, and local staff throughout the Bay Area are consumed by responding to the ongoing crisis. Allowing only 30 days for public process seems insufficient during these times. An extension of time is sorely needed.

In addition to the letter, staff outline below upcoming opportunities for City Council members and community members to participate in the Plan Bay Area 2050 process and feedback on the draft Blueprint.

### Planning and Transportation Commission Review

On July 8, 2020, the Palo Alto Planning and Transportation Commission held a study session regarding these two regional planning initiatives.<sup>11</sup> Approximately fifteen community members provided public comments during the study session in addition to written comments provided to the PTC as well as the City Council. Commissioners perspectives have been incorporated into the draft letters. As noted above, Commissioners cautioned against the Bottom-Up approach to allocating the RHND. Additional reflections from Commissioners include asking ABAG/MTC to apply more scrutiny to the definition of transit rich, aligning Plan Bay Area 2050 closely with

---

<sup>10</sup> MTC/ABAG

<sup>11</sup> Staff report for Planning and Transportation Commission July 8, 2020 Study Session:

<https://www.cityofpaloalto.org/civicax/filebank/documents/77546>

Palo Alto’s goals of climate sustainability and affordable housing development, and addressing the regional jobs-housing imbalance by encouraging greater job development in other parts of the region.

**Timeline / Public Engagement**

The following table provides a list of key milestones for Plan Bay Area 2050, RHNA, and forthcoming Housing Element update processes. The public is encouraged to participate in any of the following public engagement opportunities.

**ABAG 2023 RHNA and Plan Bay Area 2050 Key Milestones<sup>12</sup>**

<b>ABAG 2023 RHNA/Plan Bay Area 2050 Key Milestones</b>	<b>Proposed Deadline</b>
Plan Bay Area 2050 Draft Blueprint Public Comment Period	July 7, 2020 through August 10, 2020
RHNA Housing Methodology Committee Public Comment Period on RHNA Methodology Options	Next Meeting: August 13, 2020 Ongoing through Fall 2020
ABAG & Housing Methodology Committee Proposed RHNA Methodology, Draft Subregion Shares	Fall 2020
Plan Bay Area 2050 Final Blueprint	December 2020
Final Subregion Shares	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
Housing Element Due Date	January 2023

*Dates are tentative and subject to change*

**Key Upcoming Meetings for Plan Bay Area 2050 Draft Blueprint:**

- July 30, 2020 (1:45PM-3:45PM)  
**Policy Advisory Council Equity & Access Subcommittee:**  
Registration link: <https://www.eventbrite.com/e/plan-bay-area-2050-blueprint-workshop-a-focus-on-equity-tickets-113656431446>
- August 5, 2020 (11:30AM – 1:30PM)  
**Plan Bay Area 2050 Draft Blueprint Virtual Workshop: Santa Clara County:**  
Registration link: [https://bayareametro.zoom.us/webinar/register/WN\\_VOD7L-ghS-yUVRfuLHrd0g](https://bayareametro.zoom.us/webinar/register/WN_VOD7L-ghS-yUVRfuLHrd0g)

<sup>12</sup> April 27, 2020 Revised RHNA Timeline: [https://abag.ca.gov/sites/default/files/abag\\_rhna\\_timelineapril.pdf](https://abag.ca.gov/sites/default/files/abag_rhna_timelineapril.pdf)

- September 2, 2020  
**ABAG Regional Planning Committee Meeting**  
Attendance Information: <https://mtc.legistar.com/Calendar.aspx>
- September 11, 2020  
**Joint MTC Planning Committee with the ABAG Administrative Committee Meeting**  
Attendance Information: <https://mtc.legistar.com/Calendar.aspx>

**Key Upcoming Meetings for RHNA:**

- August 13, 2020  
**ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee Meeting**  
Attendance Information: <https://mtc.legistar.com/Calendar.aspx>; <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee>
- September 18, 2020  
**ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee Meeting**  
Attendance Information: <https://mtc.legistar.com/Calendar.aspx>; <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee>

**Next Steps**

Following Council’s discussion, staff will finalize the comment letter to ABAG/MTC’s Housing Methodology Committee reflecting City Council initial comments regarding the Regional Housing Needs Allocation (RHNA) methodology options that are under consideration as directed and send them to the appropriate individuals.

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

Discussion items will be scheduled on the Council agenda when direction is needed, or as otherwise directed by the City Council.

Staff encourages interested community members to attend upcoming meetings listed in the table above to share their voice on these topics.

Administratively, a recruitment is underway to hire a housing specialist for Palo Alto and a long-range planning professional to support the City’s effort in these and other initiatives.

**Attachments:**

- Attachment A: Draft Comments on RHNA Methodology (August 2020)

- Attachment B: Plan Bay Area 2050 Draft Blueprint Comment Letter (Attachment Removed Reflecting Council Action on August 3, 2020)
- Attachment C: Plan Bay Area 2050 Draft Blueprint Documents (July 2020)

Date: August 9, 2020

Housing Methodology Committee (HMC) Members, [info@bayareametro.gov](mailto:info@bayareametro.gov)  
ABAG Regional Housing Needs Allocation Staff, [RHNA@bayareametro.gov](mailto:RHNA@bayareametro.gov)

Re: City of Palo Alto Initial Comments on 6<sup>th</sup> 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.

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

**Attachment B**

City Council took action on August 3, 2020 for the comment letter on the Plan Bay Area 2050 Draft Blueprint to be signed by the Mayor and issued.

## **Attachment C**

The Plan Bay Area 2050 Blueprint materials can be viewed via this link:

[https://bit.ly/pba2050\\_blueprint\\_findings](https://bit.ly/pba2050_blueprint_findings)