City of Palo Alto

Office of the Mayor and City Council

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.

<u>Data Areas of Concern (Mapping and Modeling)</u>

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

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Adrian Fine

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CC:

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