

## RHNA Cycle 6 Methodology

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To: Regional Housing Need Allocation <rhna@bayareametro.gov>

Cc: Tom DuBois <[REDACTED]>

**\*External Email\***

Dear ABAG Executive Board,

Please take two actions relative to the proposed RHNA Methodology.

First, **please reject the proposed RHNA Methodology altogether until the accuracy of the housing numbers can be confirmed.** The accuracy of RHNA targets takes on a much greater criticality when they don't merely guide zoning plans, but where the State punishes cities if the private sector does not actually build the units. The accuracy of the regional RHNA Cycle 6 targets is especially suspect because:

- There's growing quantitative evidence that HCD's targets are overstated, and that the Bay Area's target of 441,000 units may be 25-50% too high even by HCD's own models
- Even on a qualitative basis, HCD's aggressive targets challenge credibility at a time when large numbers of people are leaving the state, it's clear that remote work will persist in a post-COVID world, and rental prices in California cities are already falling.

Second, once realistic regional numbers become available, **please adjust the RHNA methodology to include city-by-city job-growth policies into the assessment of "high opportunity" vs "low opportunity" zones.**

Under HCD's methodology, the RHND targets come roughly half from "pent up demand" calculated by attempts to estimate overcrowding; and the other half from expectations of future job and population growth. No matter what calculation is used to estimate existing "pent up demand," individual City policies don't influence their "pent up demand;" but individual City policies certainly do influence their own future job growth.

As everybody knows, the region's housing woes stem from its generation of new jobs much faster than housing. However, this can be influenced at the City-by-City level. For example, starting in 2015 Palo Alto began imposing commercial growth limits that drastically curtailed its future job growth through the year 2030 – essentially to stop the City's job growth from outstripping its ability to provide housing for those workers. So a large mixed-use project such as Greystar (<https://padailypost.com/2020/11/16/massive-five-block-office-and-apartment-project-approved/>), approved in different city last week, and which adds much more new housing demand than new supply, can't be built in Palo Alto until at least RHNA Cycle 7. This has drastically curtailed Palo Alto's jobs growth, as intended

The RHNA Cycle 6 methodology should consider such individual City actions in its determination of what constitutes "high opportunity" zones, for two reasons:

1. First, half of new housing (the "new" half, not the "pent up" half) should be more heavily directed to the cities where new jobs are likely to appear. There's no reason to put new housing for new San Jose jobs in Atherton.
2. Second, cities which want to create jobs to drive their own economic growth should certainly do so, but they should also take responsibility for the housing needed to support those jobs. If every city balanced its

job and housing growth, as a region we'd solve the problem.

ABAG should insist that HCD should do its calculation of statewide targets in a way that is both rigorous and uses the latest data available; and Cities should share the responsibility for the whole jobs-and-housing problem, not just the housing piece alone.

Sincerely,

Eric Filseth, Councilmember, City of Palo Alto

Tom DuBois, Vice-Mayor, City of Palo Alto