



CITY OF PIEDMONT CALIFORNIA

November 24, 2020

Public Information Office
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION
375 Beale Street Suite 800
San Francisco, CA 94105

SUBJECT: Proposed RHNA Methodology and Sub-Regional Shares

Dear ABAG/MTC Colleagues:

Thank you for the opportunity to comment on the proposed Regional Housing Needs Allocation (RHNA) methodology. This letter supplements comments previously submitted by the City of Piedmont to the Housing Methodology Committee and the ABAG Executive Board. We continue to have concerns about the methodology and its outcomes, as well as the process for soliciting and responding to comments on the draft allocations.

This letter focuses on five specific points:

1. Insufficient data has been provided to demonstrate that the RHNA is consistent with the Plan Bay Area 2050 Draft Blueprint
2. The “2050 Household Baseline” is not an appropriate starting point for the allocations, and unintentionally directs growth to cities with physical capacity and natural hazard constraints
3. The proposed methodology has a disproportionate impact on smaller cities, many of which are not expected to generate significant employment during the planning period
4. The Draft RHNA numbers appear to be fundamentally inconsistent with State goals to reduce Vehicle Miles Traveled and greenhouse gas emissions, improve air and water quality, preserve agricultural land, and focus development away from areas with high wildfire risks
5. The Draft RHNA numbers do not appear to support equity goals, as they assign “above market rate” housing to affluent jurisdictions to a far greater extent than the last three RHNA cycles

Finally, our letter presents a revised approach to the RHNA that better reflects land capacity constraints and projected growth patterns, while still considering the direction provided by the Housing Methodology Committee. As appropriate, our letter references the October 2020 [RHNA Methodology Report](#) posted to the ABAG-MTC website.

In the pages below, we provide a discussion of our concerns.

1. Insufficient data has been provided to demonstrate that the RHNA is consistent with the Plan Bay Area 2050 Draft Blueprint.

SB 375 requires that the RHNA is consistent with the Sustainable Communities Strategy. In other words, consistency between the 2023-2031 RHNA and the Plan Bay Area 2050 Draft Blueprint (PBA 2050) is statutorily required. Page 13 of ABAG's RHNA methodology report concludes that the two documents are consistent based on the fact that the 8-year RHNAs do not exceed the 35-year (2015-2050) growth forecasts for sub-regions in the Bay Area.

This conclusion is flawed on two levels. First, the 35-year forecast period is more than four times the length of the 8-year RHNA time horizon. It is irrational to conclude that a RHNA can be deemed consistent with the SCS if it presumes a sub-regional growth rate that is four times higher than the forecast for that area.

Second, and more importantly, there is no way to evaluate consistency without jurisdiction-level forecasts for the region's 101 cities. Consistency at a sub-regional level is meaningless, as sub-regions do not have the authority to write, adopt, or implement Housing Elements. This responsibility rests with cities and counties alone. Sub-regions contain jurisdictions with vastly different populations, employment bases, geographies, hazard levels, and physical constraints. Lumping dissimilar cities together as sub-regions in PBA 2050, and then assigning growth at the city-level through the RHNA process, makes it impossible to determine consistency between the two processes.

We urge ABAG to publish jurisdiction-level forecasts for PBA 2050 so that consistency can be accurately and transparently determined. If the 2040 forecasts are used as a proxy, the RHNA appears grossly inconsistent with the forecasts for many jurisdictions, including our own.

In Piedmont's case, the Draft RHNA is approximately 600 units for an eight-year period. Based on our communication with ABAG, the PBA 2050 growth forecast for Piedmont is approximately 60 units. This means we are being asked to plan for ten times more housing in the next eight years than our community is expected to add in the next 30 years. This is not only inconsistent, it is illogical and not consistent with good planning practices.

Unfortunately, our ability to make a conclusive assessment of the discrepancy between RHNA and growth forecasts is hampered by the absence of any published data on PBA 2050 jurisdiction-level forecasts. We have requested this data several times but it has not been provided.

2. The "2050 Household Baseline" is not an appropriate starting point for the allocations and unintentionally directs growth to cities with physical capacity and natural hazard constraints.

As we have expressed in our prior letters to the Housing Methodology Committee and Executive Board, and as you have heard from dozens of other cities in the region (including all 18 cities in Contra Costa County and most cities in Alameda County), the use of a 2050 Households Baseline is fundamentally flawed. This baseline has been characterized as a "middle ground"

between two completely different methods. In fact, it is not a “middle ground”—it is merely a variation of the less logical of the two methods.

A true “middle ground” would be to use a weighted average that considers both the jurisdiction’s share of the region’s population in 2050 *and* its anticipated growth over the next 35 years. Instead, the baseline only considers what percentage of the region’s households will reside in each jurisdiction in 2050. This approach does not recognize land capacity constraints or the physical and economic realities of the region’s growth patterns—factors which *are* recognized by Blueprint 2050.

The result of the baseline selected by ABAG is that older residential communities, many of which have experienced slow growth over the last 50 years due to physical constraints are receiving disproportionately large allocations. We completely agree that these jurisdictions must grow and accommodate a larger share of the RHNA than they have in the past. However, the assignments should bear some relationship to the growth capacity of each city, as expressed by the Blueprint.

In Piedmont’s case, the city is 1.7 square miles and landlocked. The City’s vacant land supply consists of roughly 60 very steep single-family lots, many of which are served by substandard streets with inadequate emergency vehicle access. The entire city has been designated a Wildland Urban Interface zone. There are 3.4 acres of commercially-zoned land in the City, all of which is fully developed. Seventy percent of the City’s housing stock was built before 1940. The City’s only major employers are the School District and the City itself. Prior forecasts actually show employment in the City declining in the next 20 years.

Previous RHNAs for Piedmont appropriately recognized these constraints. The currently proposed RHNA does not. The proposed 600-unit allocation is 917 percent higher than the 2015-2023 allocation and bears no relationship to capacity constraints. Simply because a city has 1/1000th of the region’s population does not mean it should be assigned 1/1000th of the region’s RHNA. Yet, that is effectively what the baseline does.

3. The proposed methodology has a disproportionate impact on smaller cities, many of which are not expected to generate significant employment during the planning period.

Smaller cities appear to be disproportionately impacted by the methodology selected by ABAG. Many of these cities lack the infrastructure, services, and land to accommodate the number of units they are being assigned. Moreover, many of these cities are not job centers, nor are they expected to add significant numbers of jobs in the future.

There are currently 30 cities in the Bay Area with populations under 15,000. Piedmont is one of them. At least half of these 30 cities have RHNA numbers that are more than ten times larger than the 20-year household growth increment previously projected for these communities by Plan Bay Area 2040.¹ Most of these cities are also facing RHNA numbers that are many times larger than their prior allocations—in some cases up to 20 times higher.

¹ Atherton, Brisbane, Half Moon Bay, Hillsborough, Portola Valley, Woodside, Los Altos Hills, Monte Sereno, Yountville, Belvedere, Corte Madera, Larkspur, Mill Valley, Ross, Sausalito, Tiburon, and Piedmont

By contrast, the region's largest cities and major job centers are receiving proportionally smaller increases in their RHNAs. It is counterintuitive that cities with the greatest capacity for growth, and the most ambitious plans to add jobs, are receiving RHNAs that are well below their 35-year growth forecasts while small cities with limited transit, infrastructure, and high natural hazards are receiving RHNAs ten to twenty times higher than they have seen in the past.

4. The Draft RHNA numbers are fundamentally inconsistent with State goals to reduce Vehicle Miles Traveled and greenhouse gas emissions, improve air and water quality, preserve agricultural land, and shift development away from areas with high wildfire risks.

As a result of its reliance on the 2050 household baseline rather than a growth-increment baseline, the RHNA reinforces historic patterns of urban sprawl and directs disproportionately large amounts of growth to rural and unincorporated areas. This is especially apparent in Alameda and Contra Costa Counties. The proposed 8-year RHNA for unincorporated Alameda and Contra Costa Counties is more than 10,000 units. Had ABAG used a methodology based on growth increments, the total would have been less than half this number. The RHNA further appears to direct thousands of new housing units into the most fire-prone communities in the Bay Area, including unincorporated Marin, Napa and Sonoma Counties. Wildland Urban Interface cities like Piedmont also receive disproportionately large numbers relative to cities with lower hazard levels.

Whereas Blueprint 2050 correctly and appropriately directs the region's growth toward urban centers, transit nodes, job hubs, and Priority Development Areas, the draft RHNA appears to do just the opposite. Cities in Santa Clara County, the fastest growing job center in the region, have comparatively lower increases in their RHNAs than cities in the East Bay and North Bay. Marin County, which according to Blueprint 2050 will lose 11 percent of its employment base in the next 30 years, experiences some of the largest increases in local RHNAs in the Bay Area. This is counterintuitive.

The assignment of high RHNAs to low-growth cities and unincorporated areas rather than to the region's growth centers appears to run counter to SB 375, AB 32, SB 743, and many other bills aimed at reducing greenhouse gas emissions and vehicle miles traveled. VMT will not decrease and GHG targets will not be met if housing is built in areas where little to no job growth is expected. We question why job centers and transit-rich locations such as San Jose and Oakland have proposed RHNA's that are roughly 80 to 90 percent higher than the prior cycle while small cities with little to no employment growth have RHNAs that are increasing by 500 to 1000 percent.

The discrepancies can largely be traced to the flawed baseline. If not corrected, the outcome will be in direct conflict with numerous State initiatives.

5. The Draft RHNA numbers do not appear to support equity goals, as they assign “above market rate” housing to affluent jurisdictions to a far greater extent than the last three RHNA cycles.

We applaud ABAG’s efforts to develop a RHNA that is more equitable and assigns affluent communities more responsibility for accommodating the region’s housing needs. We fully support the application of weighting factors that shift a greater share of the responsibility for providing lower income housing to “high opportunity areas.” However, if the weighting factors are applied to a baseline that is radically inflated for these communities, the outcome will be the opposite of what is intended.

In Piedmont’s case, our prior (2015-2023) RHNA was appropriately weighted toward production of low and very low income units. Roughly 63 percent of our City’s allocation during the 2015-2023 cycle was for low and very low income units. Only 12 percent of our allocation was for above-moderate income units. This allowed the City to focus its Housing Element on strategies to construct affordable multi-family housing and rent-restricted accessory dwelling units.

The proposed 2023-2031 RHNA for Piedmont inexplicably shifts the focus to moderate and above moderate income units. In fact, the City’s “above moderate” income assignment increases from seven units (2015-2023) to 243 units (2023-2031), an increase of almost 3,500 percent. As a percentage of the total RHNA, “low” and “very low” income housing drops from 63 percent to 44 percent. While the total number of low and very low income units still goes up substantially, the implied message is that the City must significantly increase its production of market-rate housing.

Given market economics in Piedmont, it would seem more logical to significantly reduce the total RHNA number while increasing the share of units that should be affordable.

A Better Way Forward

In closing, we wish to offer a proposed alternate approach to calculating the RHNA. We believe there is a “win-win” solution that incorporates the good work and enormous effort undertaken thus far by ABAG staff, the Housing Methodology Committee, and the other ABAG Boards that have considered this matter. We encourage you to take the following steps:

1. Publish the jurisdiction-level forecasts for Plan Bay Area 2050. Ensure that no individual city (or unincorporated county) in the Bay Area is assigned an 8-year RHNA that exceeds their 35-year growth forecast. This process needs to be transparent and this data needs to be made available for review by all local governments.
2. Recalibrate the RHNA using a baseline that represents a true “middle ground” between the two baselines that were considered by the Housing Methodology Committee. This baseline should be a weighted average between the two approaches that were initially considered. We suggest that:

- 30 percent of the baseline should be based on the “Blueprint 2050 Household” figures (i.e., the currently proposed baseline)
- 70 percent should be based on the 35-year growth increment for each jurisdiction as calculated in the PBA 2050 Blueprint forecasts.

It is imperative that the projected growth increment for each city be considered in the methodology. This is the only way to reliably ensure consistency with regional plans, reduce VMT and GHG emissions, balance job and household growth, and recognize land capacity constraints in the assignment of the RHNA.

3. Once growth allocations are made, place a greater weight on equity and income factors so that more affluent communities are assigned higher shares of low and very low income housing. These numbers become much more attainable when they are calculated as a share of a more realistic RHNA.

If the above steps are taken for Piedmont, we believe our RHNA would be approximately 200 units. This would represent a 233 percent increase over our prior RHNA, which is substantially higher than the 134 percent increase for the nine-county Bay Area. Approximately 60 to 65 percent of this target should be for low and very low income units (rather than the 44 percent proposed by ABAG). Achieving this target in eight years would be extraordinarily difficult but would at least be possible.

By contrast, a 917 percent increase in our RHNA, as proposed by ABAG, is not at all realistic. This is largely due to factors beyond the City’s control, such as the regional economy and real estate market, infrastructure, physical constraints, absence of redevelopable land, natural hazards, and fiscal considerations. The enormity of the proposed allocation defeats the intent of the RHNA and the purpose of the Housing Element itself.

On behalf of other small, land-constrained communities throughout the Bay Area, we hope you will consider our comments and alternative approach. We believe this would be a fairer and more equitable way to meet the region’s housing needs, and provide a more realistic and productive path forward.

Please do not hesitate to contact me if you have questions or would like to discuss this letter further.

Sincerely,

CITY OF PIEDMONT



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City of Piedmont
Comments on Proposed RHNA Methodology

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