



January 20, 2021

Mayor Jesse Arreguín, President
Association of Bay Area Governments
375 Beale Street, Suite 700
San Francisco CA 94105

Scott Haggerty, Chair
Metropolitan Transportation Commission
375 Beale Street, Suite 700
San Francisco CA 94105

Therese McMillan, Executive Director
Metropolitan Transportation Commission
375 Beale Street, Suite 700
San Francisco CA 94105

Re: Plan Bay Area 2050 Growth Forecast and RHNA Methodology

Dear Mayor Arreguín, Supervisor Haggerty, and Director McMillan,

San Francisco is strongly committed to our ongoing work with the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) to develop and implement regional solutions to our collective housing and affordability challenges. We are also strongly committed to meeting greenhouse gas reduction targets that will lead to a greener and more equitable region. We believe strongly that regional partnerships and accountability across the Bay Area is the only way to deal with the congestion, sky-high housing costs, and climate change that threaten our region and our entire planet. However, San Francisco has major concerns regarding the December 2020 update to Plan Bay Area 2050 (PBA) and how it is assigning regional housing goals in the Regional Housing Needs Allocation (RHNA). The changes raise serious regional equity concerns and questions regarding the growth allocation and land use assumptions for San Francisco.

In San Francisco, we are working to do our part. Between 2000 and 2020, we doubled our annual average overall housing production and affordable housing production compared to 1990's levels. Since 2010, San Francisco has had the highest housing production of any city in the region. In the last fiscal year, we invested over \$500 million in affordable housing, our highest affordable housing investment in our history; and in 2019 we passed another \$600 million Affordable Housing bond that is being put to work as we enter the critical months of our economic recovery. To encourage housing throughout our entire City, we recently added four new Priority Development Areas (PDAs) in lower density, transit-served areas of the city. We reduced the number of annual evictions by half from a high of nearly 3,000 in the 1990's to less than 1,500 in 2019. We know there is always more to do to build more housing for our residents and workers, and we will continue to expand these efforts and our partnership with MTC and ABAG in carrying out this work.

In the last year, our country has experienced a profound call for racial justice. We embrace these conversations and have worked to expand them beyond police violence to include economic factors and health disparities. One of the main drivers of economic inequality has been the decades long push to focus housing production to limited areas most often occupied by communities of color. A lot of work has been done in the last few years to begin to shift those policies, and to ensure that all communities are building housing. This is good housing policy, it's good environmental policy, and it's good social justice policy.

Our fundamental concern is that the recent update to PBA is shifting away from this policy goal by reducing regional housing allocations for cities with greater racial and economic exclusion, and adding them to San Francisco in a way that will ratchet up pressures on parts of our City where Black and Latino communities live.

In addition to this fundamental concern, there are other issues of concern that are detailed in the attachment. Key among those:

- The PBA update negatively impacts the fair housing outcomes required by State law. Per ABAG's own analysis, this proposed update will reduce the RHNA housing allocation to cities that are currently more racially and economically exclusive than the region as a whole; further exacerbating fair housing concerns.
- The 53% increase of 74,000 new households in San Francisco (from 139,000 in the draft to 213,000 in the update) shifts growth pressures from high-resource, jobs-rich, and housing-poor areas in the region to Black and Latino communities in San Francisco.



- The PBA update appears to assume redevelopment of existing multifamily housing that could increase displacement pressures and run counter to the housing preservation goals in the plan.
- The PBA update does less than the current draft Plan to address jobs-housing imbalances in cities with more than two jobs per housing unit identified by MTC and ABAG. Most of these cities are disproportionately high resource.
- San Francisco's state and federal housing funding will be substantially reduced given the delay in the Housing Element EIR completion triggered by the new growth forecast.

We recognize that PBA must meet the greenhouse gas targets, as well as house our growing population, and we are fully committed to that shared goal. But our environmental targets must be achieved without compromising, or frankly at the expense of, our equity and housing goals. Our regional strategies must support housing in high-resource areas, reduce displacement, and support strategic transit investments. The future of the Bay Area cannot be built by bringing back the failed policies of the past.

Accordingly, we request that MTC revisit the PBA strategies and modify the PBA growth forecast by allocating more housing to jobs rich, high-resource jurisdictions with 30-minute transit headways and high jobs-housing imbalances. We also request the inclusion of the Equity Adjustment in the RHNA methodology. In support of these critical changes, we request MTC disclose more detail about the model assumptions and policy trade-offs that were made in December, and provide funding strategies that will adequately support the transportation investments needed in jurisdictions that receive increased growth forecasts and housing allocations.

We trust our regional agencies to address our environmental and equity goals, and we are ready to support this work in any way we can.

Sincerely,

A handwritten signature in blue ink that reads "London Breed".

Mayor London Breed

DocuSigned by:
Hillary Ronen
F343948FB28249A...

Supervisor Hillary Ronen

DocuSigned by:
Supervisor Gordon Mar
8DE74E8580AD418...

Supervisor Gordon Mar

DocuSigned by:
Rafael Mandelman
3235B3A057A3450...

Supervisor Rafael Mandelman



Attachment 1

Plan Bay Area 2050 Growth Forecast and RHNA Methodology Concerns

The 53% increase in new households for San Francisco in the PBA update shifts growth pressures from high resource areas across the region to lower resource areas that are home to Black and Latino communities in San Francisco: The increase from 139K (38% growth) to 213K (59% growth) raises serious equity concerns and questions about the growth assumptions used:

- Adding growth to SF and BART-served cities cannot be the principal approach to meet GHG-reduction targets and grow near transit. Other cities that are jobs-rich and high resource must also add frequent transit and housing to lower GHG for existing and new residents. We urge systematic and transparent review of places that are high-resource and transit-rich as well, for assigning growth and achieving GHG targets equitably.
- The total forecast of 160,000 additional households in SF's Southeast and Northeast rests on unclear land use assumptions that appear greater than current pipeline and potential land use changes. We are concerned about levels of growth that imply razing and displacing communities of color from existing multi-family housing in San Francisco's Black and Latino neighborhoods.
- While SF is receiving 50% more households in the update, there are no major additional infrastructure projects for the city, raising questions of how residents will reach jobs and services. In fact, this growth exacerbates crowding and transit maintenance problems that we see today and in the Draft Blueprint already.
- The largest share of SF's growth is in the Southeast District, home to a disproportionate number of Black, Latino, and low-income residents and fewer high resources areas. Higher growth in this area would require extensive community planning and substantial investment in community stabilization.

Questions about the redevelopment of existing multifamily housing remain in relation to MTC's land use assumptions in the forecast model and may not be consistent with local policy or the 3Ps framework for housing policy used by the regional agencies. MTC staff have agreed to provide more information on the resulting impacts of these assumptions in response to a request from San Francisco staff. Once these assumptions are better

understood, San Francisco may need to request changes that are more consistent with the 3Ps framework.

The reduction in household growth for high resource and jobs-rich cities in the El Camino Real/Caltrain corridor in San Mateo and Northwest Santa Clara Counties raises more questions regarding equity and staffs' land use and transportation assumptions:

- The PBA update negatively impacts the fair housing outcomes of RHNA (required in state law) by reducing housing allocated to cities with greater racial and economic exclusion, per [ABAG analysis](#).
- [9 of 11 cities](#) in the region with two or more jobs per housing unit sit along the El Camino Real corridor.
- 6 of the jobs-rich cities on the corridor have more high resource areas than average and [two cities have the region's richest zip codes](#), among the top five nationwide.

1	San Mateo County	Colma	6.8
2	Santa Clara County	Palo Alto	3.5
3	Alameda County	Emeryville	3.2
4	San Mateo County	Brisbane	3.1
5	San Mateo County	Menlo Park	2.9
6	Santa Clara County	Santa Clara	2.5
7	Santa Clara County	Mountain View	2.4
8	San Mateo County	South San Francisco	2.2
9	Santa Clara County	Milpitas	2.1
10	Santa Clara County	Cupertino	2.0
11	San Mateo County	Burlingame	2.0

- All but one of these cities are served by Caltrain and/or BART and have [high resource areas served by bus with 16-30 minute headways](#), infrastructure that can be expanded for future growth that is low VMT. Plan Bay Area includes significant transportation investment in this corridor, including US101 Express Lane widenings, Caltrain electrification and modernization and blended High-Speed Rail Service.
- Severe housing imbalances in these cities mean that low- and moderate-income workers must live elsewhere, worsening commutes and reducing access to opportunity.



- Many of the [region's largest and most valuable companies](#) are based in these cities including Apple, Alphabet, Intel, Facebook, Genentech, and HP.

Undermining the equity foundation of RHNA: The changes to PBA also increased SF's RHNA allocation by 15% over what we were anticipating (72,100 to 82,800 units). The updated RHNA number would be more than 10K per year. SF reached its highest housing production in decades in 2016 with 5K units. Reaching the new RHNA targets would require doubling the highest production that San Francisco achieved in at least 40 years, a target that seems unrealistic and far higher than what is being asked of any other city in the region. But the most critical issue is that shifting large amounts of RHNA to SF when SF already has substantial multifamily zoning means that racially and economically exclusionary jurisdictions around the Bay Area get less RHNA and have less need to zone for more housing, diminishing the fair housing impacts of RHNA. As your analysis shows, almost one quarter of Bay Area cities, which are racially and economically exclusive jurisdictions are not receiving their fair share of affordable housing allocations and only 26% of the region's very low- and low-income allocations are going to the 49 exclusive jurisdictions, while high-resource areas get a decrease in RHNA numbers.

Loss of Federal and State Affordable Housing Funding due to failure to complete Housing Element: SF had proactively begun an EIR process for the Housing Element that would not only accommodate RHNA growth but also 30-year housing growth to allow for longer term housing planning. The growth assumptions that have been modeled for the Housing Element EIR (150,000 units) exceeded the Draft PBA forecast (138,000 units). The dramatic and unexpected increase in forecasted growth for San Francisco in PBA to 213,000 units will likely mean months of additional analysis and hundreds of thousands of dollars in costs to cover additional modeling required for the EIR. Given that San Francisco was by far the most impacted by changes to both PBA and RHNA we would experience the greatest difficulty and cost in adjusting our EIR to meet the proposed changes. In the past, SF has tried to align its long range planning, including transportation, community plans, and housing policies, with the PBA forecasts, however, the scale of recent changes, questions about underlying assumptions and equity outcomes, and potential delays raise questions the city's ability to maintain that alignment.

San Francisco has been a leader in housing added in the last decade according to [Vital Signs](#) and we are committed to continue to expand housing opportunities. We are concerned, however, that the latest PBA and RHNA numbers will allow jobs and resource rich

cities around the region (as described above) that have not been contributing to regional housing solutions to continue to do less than their share.

Top Cities and Unincorporated Areas for Production 2010 through 2018

1. San Francisco: **2,561** units/year
2. San Jose: **2,429** units/year
3. Dublin: **800** units/year
4. Sunnyvale: **465** units/year
5. Oakland: **352** units/year

We ask MTC to revise the growth forecast and propose a few strategies for consideration:

- 1. Reduce overall regional growth given the unexpected depth of the current economic crisis, with the substantial relocation of jobs and residents out of the Bay Area and out of California**
- 2. Revisit transportation policies to reduce VMT and change the PBA growth forecast by allocating more housing to jurisdictions that meet at least two of three key criteria:**
 - a. are extraordinarily jobs rich or are proximate to extraordinarily jobs rich areas, defined as having two or more jobs per housing unit.
 - b. have higher than average shares of census tracts that are classified as high resource according to the state housing agencies' [Opportunity Map](#).
 - c. have rail stations and/ or bus service with at least 30 minute headways that could reasonably be increased to accommodate additional future ridership as cities grow. It appears transit operating assumptions are limiting growth in many of these communities.
- 3. Any significant growth assignments to be accompanied with commensurate transportation investment and/or affordable housing supports.** San Francisco already has a \$20B transit maintenance backlog and experiences severe transit crowding. The cost of building and subsidizing affordable units is also extremely high here, on the order of \$800k per unit, and demand for stabilization/anti-displacement programs is high.