

## MEMO

**Submitted by:** Miriam Chion, ABAG Interim Planning Director

**Subject:** RHNA Revision Requests and Start of Appeals Period

**Date:** November 7, 2012

### Executive Summary

The ABAG Executive Board adopted the final Regional Housing Need Allocation (RHNA) methodology and draft housing allocations to local jurisdictions on July 19, 2012. This initiated a 60-day period in which a local jurisdiction could request a revision to its RHNA. ABAG staff has 60 days (until November 15) to respond to these requests.

By law, a local jurisdiction that has requested a revision has the opportunity to submit an appeal if ABAG does not accept the proposed revision or modify the revised share to the satisfaction of the requesting local jurisdiction. This memo outlines the proposed approach for conducting these appeals for consideration and action by the Executive Board.

### Recommended Action

Form a RHNA Appeals Committee. Committee members could be drawn from the ABAG Executive Board or the elected officials who were members of the Housing Methodology Committee via a self-nominated process. It is further recommended that of those selected, at least a portion be individuals who also served on the Housing Methodology Committee.

### Next Steps

Complete the RHNA appeals process in preparation for issuing the final RHNA.

### Attachments:

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MEMO

**To: ABAG Executive Board**  
**From: Miriam Chion, Interim Planning Director**  
**Date: November 7, 2012**  
**Subject: RHNA Revision Requests and Start of Appeals Period**

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**Summary**

The ABAG Executive Board adopted the final Regional Housing Need Allocation (RHNA) methodology and draft housing allocations to local jurisdictions on July 19, 2012. This initiated a 60-day period in which a local jurisdiction could request a revision to its RHNA. ABAG staff has 60 days (until November 15) to respond to these requests.

By law, a local jurisdiction that has requested a revision has the opportunity to submit an appeal if ABAG does not accept the proposed revision or modify the revised share to the satisfaction of the requesting local jurisdiction. This memo outlines the proposed approach for conducting these appeals for consideration and action by the Executive Board.

**RHNA Revision Requests**

Fifteen local governments submitted revision requests during this period (attached). The jurisdictions that submitted revision requests are:

- City of Cupertino
- City of Hayward
- City of Lafayette
- City of Mill Valley
- City of Mountain View
- City of Newark
- City of Novato
- City of Oakley
- City of Orinda
- City of Palo Alto
- Town of Ross
- City of San Ramon
- County of Santa Clara
- City of Saratoga
- City of Sunnyvale

Most of the requests focused on comments about the housing and employment forecasts from the SCS, and the use and impacts of the factors that make up the RHNA methodology. ABAG Staff is in the process of reviewing these requests, including reaching out to each jurisdiction to gather additional information.

**Proposed RHNA Appeals Process**

By law, a local jurisdiction that has requested a revision has the opportunity to submit an appeal if ABAG does not accept the proposed revision or modify the revised share to the satisfaction of the requesting local jurisdiction.

*Appeals Committee*

Staff recommends that the ABAG Board form an appeals committee to hear RHNA appeals. According to state law, a local government may appeal only if ABAG denies the revision request or does not respond to the satisfaction of the local government. The committee will deliberate about the appeals at a public

hearing at which local jurisdiction staff will be asked to present their appeal request to the committee. The committee would then make a recommendation to the ABAG Executive Board.

Staff recommends that a five-member appeals committee be formed from self-nominated members of the ABAG Executive Board or elected officials that were members of the Housing Methodology Committee (HMC) that helped to develop the RHNA methodology. It is further recommended that of those selected for the committee, at least a portion be individuals who also served on the HMC. ABAG President Mark Luce will select the members of the committee, as well as an alternate that can participate on the committee in the event that a member must recuse himself or herself.

The specific timeline for completing the appeals process and developing the final RHNA is outlined in the RHNA statutes. ABAG staff is currently revising the RHNA schedule to align with the proposed changes to the schedule for adoption of the SCS and RTP. A revised schedule will be provided to Executive Board members by the Nov. 15 meeting.

### **Summary Recommendation**

Staff respectfully recommends that the Executive Board:

- 1) Form a RHNA Appeals Committee. Committee members could be drawn from the ABAG Executive Board or the elected officials who were members of the Housing Methodology Committee via a self-nominated process. It is further recommended that of those selected, at least a portion be individuals who also served on the Housing Methodology Committee.



**OFFICE OF THE CITY MANAGER**

CITY HALL  
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255  
(408) 777-3212 • FAX (408) 777-3366 •

September 5, 2012

Ms. Miriam Chion  
Director of Planning and Research  
Association of Bay Area Governments  
PO Box 2050  
Oakland, CA 94607-4756

RE: Adoption of Draft Regional Housing Needs Allocation (RHNA) for the Fifth Cycle:  
2014-2022

Dear Ms. Chion:

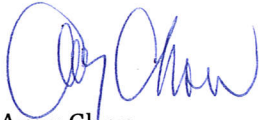
Thank you for the opportunity to comment on the draft RHNA numbers. One of the primary components of Senate Bill 375 is to link transportation and land-use planning through the Sustainable Communities Strategy (SCS) so as to reduce the region's carbon dioxide emissions from cars and light duty trucks. The primary strategy of the SCS should be to build better access to mass transit and housing proximity to jobs and services, so people have more transportation choices and reduce vehicle miles they need to travel. The City of Cupertino is a predominantly built-out community with less public transit access as compared to the larger cities within Santa Clara County. There are no significant planned bus/rail extensions within our jurisdiction. Any modest increase in household growth, over what is already accounted for in our general plan, would increase carbon dioxide emissions through additional vehicle miles traveled, given the lack of transportation choices and proximity to jobs in our communities.

Also, it appears that cities determined to be more "affluent" are being targeted for more very-low income units under the methodology. While on the surface the theory may make sense, in actuality larger less affluent cities actually receive more federal resources based upon their low income populations to provide housing for these populations. For example, the largest city in Santa Clara County receives nearly \$12,000,000 in federal resources to house the homeless and the low and very low income, what ABAG has defined as the smaller "affluent" cities receive only \$310,000 or much less to provide housing for the lower income populations. Whereas in the past, cities like Cupertino have been able to rely on Redevelopment Agency housing set-aside funds and inclusionary housing programs to provide affordable low and very-low income units, with recent court rulings (Palmer/Sixth

Street Properties LP v. City of Los Angeles) and the dissolution of RDAs in California, these resources have vanished.

Furthermore, the RHNA methodology proceeds to penalize smaller built out communities for “poor performance”. Until monetary resources are made available to smaller communities to provide the affordable housing, we request that the penalty be removed or reduced.

Sincerely,



Amy Chan  
Interim City Manager

CC: Cupertino City Council  
Aarti Shrivastava, Director of Community Development  
Timm Borden, Director of Public Works  
Vera Gil, Senior Planner



CITY OF  
**HAYWARD**  
 HEART OF THE BAY

September 17, 2012

Ezra Rapport  
 Executive Director  
 Association of Bay Area Governments  
 P.O. Box 2050  
 Oakland, CA 94604-2050

**Re: Request for Revision for Hayward’s Regional Housing Need Allocation (RHNA)**

Dear Mr. Rapport:

The City of Hayward requests that its RHNA be reduced. Incorrect housing production data was used in the formula to determine the current draft RHNA. During the years 1999 – 2006, Hayward was more successful in building affordable housing than was documented in the ABAG publication titled “A Place to Call Home”.

The following table shows housing production data according to ABAG records and data per City of Hayward records. The City data is consistent with the annual reports that have been submitted to the California Department of Housing and Community Development (copy attached).

Income Level	RHNA Allocation by Income Level	1999 - 2006			
		According to ABAG		Per City Records	
		Permits Issued	Percent of Allocation Permitted	Permits Issued	Percent of Allocation Permitted
Very Low	625	40	6%	117	18.7%
Low	344	17	5%	24	7.0%
Moderate	834	818	98%	833	99.9%
Above Moderate	1,032	1,727	167%	1,876	181.8%
Total RHNA	2,835	2,602	92%	2,850	100.5%

It is our understanding that as the higher numbers for affordable housing produced are used in the formula, it will result in a lower RHNA for the City of Hayward.

**DEVELOPMENT SERVICES DEPARTMENT**

777 B STREET, HAYWARD, CA 94541-5007

TEL: 510/583-4234 • FAX: 510/583-3649 • TDD: 510/247-3340 • WEBSITE: [www.hayward-ca.gov](http://www.hayward-ca.gov) Item 9

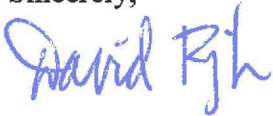


In addition to the RHNA, the City of Hayward is generally concerned about the mandates coming from state and regional agencies along with the reduction in resources available to local jurisdictions. As noted in Hayward's previous comment letters on the development of the Sustainable Communities Strategy (SCS), the State's elimination of redevelopment agencies will make it difficult, if not impossible, to accommodate growth envisioned in the SCS and the RHNA. This fiscal constraint created by the elimination of redevelopment agencies must be addressed in the SCS. When the Hayward City Council members reviewed the draft RHNA on September 11, 2012, they were particularly frustrated with the fact that the State is requiring cities to accommodate affordable housing, while at the same time taking away one of the most effective tools to build such housing.

Regarding the proposed One Bay Area Grant (OBAG) program, future cycles of grant funding should be less dependent on the production of housing, and recognize more the importance of jobs. Furthermore, it makes no sense to penalize a jurisdiction for not producing enough housing by taking away the assistance needed to produce affordable housing. Finally, in addition to resources for transportation infrastructure, programs that support job creation are needed in order to realize the projected job growth. The SCS must foster complete communities with a balance of new jobs and new housing.

We look forward to continuing to work with ABAG throughout the process of finalizing the RHNA. If you have any questions, please contact me at (510) 583-4004 or by e-mail at [david.rizk@hayward-ca.gov](mailto:david.rizk@hayward-ca.gov). Thank you.

Sincerely,



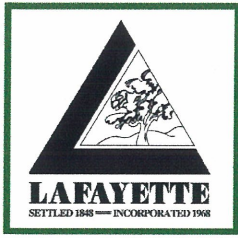
David Rizk, AICP  
Development Services Director

#### Attachments

cc: Steve Heminger, Executive Director, MTC  
Ken Kirkey, Planning Director, ABAG  
Doug Kimsey, Planning Director, MTC  
Hing Wong, ABAG  
Beth Walukas, Deputy Director of Planning, Alameda Co. Transportation Commission

Fran David, City Manager  
Kelly Morariu, Assistant City Manager  
Morad Fakhrai, Director of Public Works – Engineering and Transportation  
Don Frascinella, Transportation Manager  
Richard Patenaude, Planning Manager  
Erik Pearson, Senior Planner





City Council

Carol Federighi, Mayor  
Mike Anderson, Vice Mayor  
Brandt Andersson, Council Member  
Carl Anduri, Council Member  
Don Tatzin, Council Member

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September 7, 2012

Supervisor Mark Luce, President  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94607-4756

Subject: Appeal of Lafayette's adjusted Regional Housing Needs Allocation (RHNA),  
adopted July 19, 2012

Dear Supervisor Luce:

Thank you for the opportunity to submit the City of Lafayette's appeal of the RHNA, as adjusted by the Growth Concentration Scenario and adopted by the ABAG Executive Board on July 19, 2012.

To be clear, we supported the RHNA methodology adopted earlier and the allocations that resulted from the methodology, as presented in May as the draft allocations. Our objection is to the adjustment of those numbers through the Growth Concentration Scenario. These adjustments were made to compensate for some 3,000 units removed from three cities larger cities in the South and East Bay. The 3,000 units represent about 1.6% of the total regional allocation.

The reason for our objection and appeal is simple. The calculation of the adjusted numbers for Contra Costa County is clearly wrong. We have focused on Contra Costa County; we do not know whether the same errors affected the calculation of allocations for other counties.

A chronology of our investigation of these numbers is instructive:

1. Prior to the July 19 meeting, we discovered dramatic discrepancies in the adjustments for different cities in Contra Costa County. Specifically the following adjustments were made to allocations for the cities of Contra Costa:

Decrease:	Hercules
0% Increase:	Brentwood, Danville, Martinez, Oakley, Orinda, Pleasant Hill, San Pablo
1-3% Increase:	Antioch, Clayton, Concord, El Cerrito, Pinole, Pittsburg, Richmond, Walnut Creek
8-15% Increase:	Lafayette (15%), Moraga (8%), San Ramon (10%)

I pointed out these discrepancies to ABAG in my letter dated July 19 regarding the proposed adjustments and lack of public review of the adjusted allocations.

2. Councilmember Brandt Andersson, an alternate ABAG Board member sitting as a voting member for the July 19 meeting, spoke with ABAG staff member Hing Wong prior to the meeting, and was told that there had been no change to the methodology and any significant changes were the result of changed inputs. He was not able to explain why the input numbers should be so dramatically different for different cities.

During the meeting, ABAG staff member Miriam Chion presented the distribution of the adjustments as being "proportional." When pressed on how a proportional distribution could result in such disparate adjustments, she was unable to provide an explanation. ABAG Executive Director Ezra Rapport also spoke with Councilmember Andersson, confirming that the methodology was unchanged and the differences were due to changes in the input. He, too, was unable to explain what those changes might be.

3. Lafayette requested that ABAG show the methodology applied to four similar cities, two of which had minimal adjustments (Orinda and Danville) and two that had excessive adjustments (Lafayette and Moraga). On July 31, ABAG staff members Hing Wong and Sailaja Kurella met in Lafayette with Councilmember Don Tatzin, ABAG Vice-Chair Julie Pierce, and City staff members Ann Merideth and Niroop Srivatsa. After a review of the methodology factors, City representatives agreed that the factors were reasonable. Numerous adjustments that were made as part of the methodology were reviewed; such adjustments were quite minor, moving one or two units, up or down, resulting in insignificant net movement. However, there was no good explanation of why taking away the 3,000 units in combination with the vacancy calculations resulted in the discrepancies between cities. ABAG staff responded that they would review the data for errors.
4. Still without any explanation for the discrepancies in the allocation adjustments, another meeting was held at ABAG's offices in Oakland on August 22 so that real-time data retrieval and analysis could be done if necessary. ABAG staff members Miriam Chion, Jason Munkres, and Sailaja Kurella met with Councilmembers Tatzin and Andersson, Vice-Chair Pierce, and City staff members. ABAG staff announced that a glitch had been found in the Orinda calculations that changed its allocation from 0% to 9%. However, this just meant that four cities in Contra Costa are wildly out of synch instead of three. It did not explain why any of the cities were allocated several times their expected adjustment.

The discussion then focused on why the input numbers were changed so dramatically for some cities, specifically the effect of the vacancy rate on those numbers. We pointed out that the 2014-2022 projected vacancy rates for the three cities with inexplicable adjustments (Lafayette, Moraga, and San Ramon) were a small fraction of their vacancy rates for 2010 or 2040, a situation that applied to no other cities except, oddly, Danville. ABAG Staff was unable to provide any explanation for this dramatic anomaly. Nor was ABAG staff able to explain why the vacancy rates used in the calculations were so dramatically different from Census vacancy numbers or those of other data sources.

5. ABAG staff agreed at the meeting to respond to several questions, one of which was to investigate the obvious anomalies in the vacancy rates and determine what caused them and whether they might be the cause of the excessive adjustments. On August 29, Lafayette received answers to these questions from ABAG staff. No question regarding the issue of the validity of the vacancy rates used

or the effect of those vacancy rates on the adjustments was included in the ABAG response. The only comment related to vacancy rate impacts was profoundly unhelpful:

*It is important to note that the amount to be rebalanced for each 5-year period differs from year to year and that the number of households to be rebalanced will not equal the number of housing units to be rebalanced, resulting in vacancy rates that fluctuate slightly from the hypothesized unidirectional convergence on the target vacancy rate.*

Two disturbing conclusions can be drawn from our attempt to get an explanation for what is obviously an incorrect application of the RHNA methodology approved by the ABAG Board:

- ♦ Despite the insistence of ABAG staff that the adjustments were “proportionate,” they are extremely disproportionate, by up to a factor of 10 or more. They are in error.
- ♦ Despite six weeks of concerted effort by both ABAG and Lafayette, there is no explanation for the erroneous calculations. ABAG staff has repeatedly been unable to explain how they arrived at input numbers that appear to be causing the errors.

The only reasonable conclusion at this time is that the Contra Costa County adjustments adopted by the ABAG Board on July 19 are severely inaccurate, and ABAG staff is unable to provide any plausible explanation for the error. The inability of ABAG staff to explain the source or development of their clearly erroneous numbers is deeply disturbing.

Therefore, the City appeals Lafayette’s adjustment adopted on July 19, 2012, and insists that ABAG suspend implementation of those inaccurate adjustments unless and until the miscalculations or wrong data that led to the erroneous adjustments for Lafayette are identified and corrected.

While we are only appealing Lafayette’s adjustment, the underlying problem appears to affect several other cities, and, because of the necessary “rebalancing”, all other cities. Not only are these other cities suffering the same vacancy rate disconnect, but they have increased allocations as a result. Therefore, we further request that, when the source of the errors is identified, all other ABAG counties be reviewed to determine whether similar errors have occurred in other counties. A cursory review shows that a few cities in Alameda, Santa Clara, and San Mateo counties show dramatic, inexplicable fluctuations in the projected vacancy rates similar to the affected Contra Costa cities.

We hope that ABAG is as eager as we are to correct the application of the RHNA allocation methodology

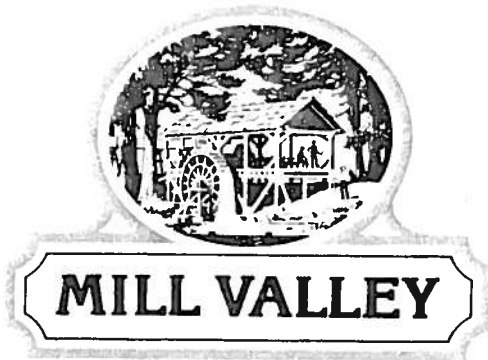
Sincerely,



Carol Federighi  
Mayor

Cc: Lafayette City Council  
Councilmember Julie Pierce, ABAG Vice President  
Ezra Rapport, ABAG Executive Director  
Miriam Chion, ABAG Assistant Planning Director  
Sailaja Kurella, ABAG Regional Planner

chion



Garry Lion  
Mayor  
Andrew Berman  
Vice Mayor  
Shawn Marshall  
Councilmember

Stephanie Moulton-Peters  
Councilmember  
Kenneth R. Wachtel  
Councilmember  
James C. McCann  
City Manager

**Via E-Mail and U.S. Mail**

October 1, 2012

Executive Board  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94604-2050


**RE: Request for Revision of Regional Housing Need Allocation**

Dear Board Members:

It has come to staff's attention that the letter and corresponding analysis sent to the Board from the City of Mill Valley on September 11, 2012, inadvertently contained a few typographical errors. The errors have been corrected and highlighted in bold font in the attached revised letter and analysis with individual footnotes explaining the corrections.

Please accept this letter and the revised attachments as a substitute for the City's original submission dated September 11, 2012. Feel free to contact me should you have any further questions or concerns.

Sincerely,

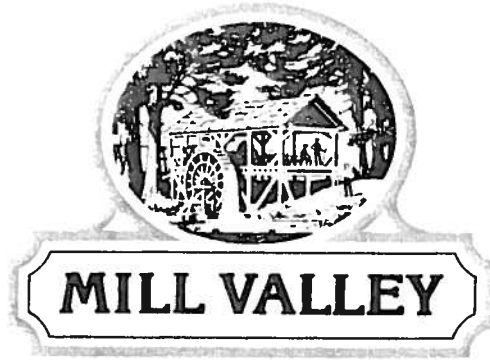
  
James C. McCann  
City Manager

enclosure

cc: City Council  
Planning and Building Director Moore

**RECEIVED**  
OCT 04 2012

EXECUTIVE DIRECTOR'S OFFICE



**Garry Lion**  
Mayor  
**Andrew Berman**  
Vice Mayor  
**Shawn Marshall**  
Councilmember

**Stephanie Moulton-Peters**  
Councilmember  
**Kenneth R. Wachtel**  
Councilmember  
**James C. McCann**  
City Manager

## **Via E-Mail and U.S. Mail**

Revised date: October 1, 2012  
(Original letter dated September 11, 2012)

Executive Board  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA, 94604-2050

## **RE: Request for Revision of Regional Housing Need Allocation**

Dear Board Members:

On behalf of the City Council and citizens of Mill Valley, we wish to formally object to the draft Regional Housing Needs Allocation (RHNA) assigned to the City of Mill Valley for the period 2014 to 2022 and request that this RHNA allocation be reduced and that the allocations by income category be modified. We base this request on the following substantive issues:

1. Our Mill Valley-specific analysis (draft attached) of demographic and housing trends with the assistance of Robert Eyler, CEO of the Marin Economic Forum, demonstrates:
  - a. Mill Valley's population is growing at a rate exceeding ABAG's SCS and RHNA projections, and the foundation is in place to continue that growth for the foreseeable future, so Mill Valley will be accommodating our fair share of the Bay Area's future growth.
  - b. That population growth is being caused by on-going turnover in our existing housing from long-term, post-family residents to an influx of new, growing families, so Mill Valley's growth is coming via larger households.
  - c. As a result of better utilizing our existing housing stock to accommodate growth and because of an existing large surplus of housing units, Mill Valley does <sup>1</sup>not need any new housing units.
  - d. ABAG and the State measure population growth via household growth (assuming constant population per household) and focus on housing unit

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<sup>1</sup> "not" was inadvertently left out of the original letter.

production, so Mill Valley will be unfairly judged using the current measuring sticks.

2. Identified constraints due to Mill Valley’s geographic location, topography and natural environment (e.g., severe fire hazard zones, floodway/floodplain, sea level rise, severe slopes with geologic instability, sensitive and protected plant and animal areas) results in substantially limiting sites for new housing and must be taken into account in determining a reasonable and rational RHNA for Mill Valley.
3. While we understand the “fair share” principles inherent in state Housing Element law and the RHNA allocation process, some of the “fair share” methodologies unfairly penalize communities like Mill Valley where land costs, naturally occurring and immitigable development constraints and, more recently, the unavailability of the suitable financing for more affordable housing, has created a combination of circumstances over which we have no control and which affect our ability to actually produce affordable housing units. Yet, the “Past RHNA Performance” factor increases the number of units in these income categories without addressing the realities of existing development constraints.
4. We have expressed our concern in previous correspondence to ABAG that employment projections for Mill Valley are excessive and do not reflect historic employment trends or the limited nature of employment opportunities in our community. It also does not take into account home based businesses and self-employment which accounts for a larger share of Mill Valley’s residents employment than the rest of the Bay Area. As “Employment” is a scoring factor in the adopted RHNA methodology, we believe that this factor is overstated and results in inappropriately and unfairly increasing Mill Valley’s RHNA.
5. The “Income Allocation” factor is a further attempt to engineer a more equitable distribution of incomes across the region, but as with the “Past RHNA Performance” factor, it only exacerbates a problem created by existing naturally occurring development constraints that make actual affordable housing production problematic.

We request in the strongest possible terms that the Executive Board carefully consider our comments and apply this information to reduce the overall City of Mill Valley RHNA for the 2014-2022 Housing Element cycle, as well as modify the allocations by income category, accordingly. We will happily meet with you or your staff in your offices or perhaps more helpfully here in Mill Valley to discuss our concerns and to share with you our beautiful community and identify the many constraints, which must be taken into consideration in realistically planning for growth and change in our community over the next several years. Thank you.

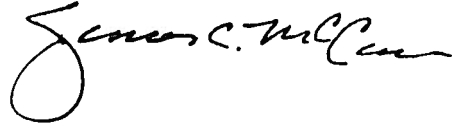


*City of Mill Valley –  
REVISED Request for Revision of Regional Housing Need Allocation*

Sincerely,

*Kelsy Ray  
City Clerk for*

Garry E. Lion  
Mayor



James C. McCann  
City Manager

enclosure

cc: City Council  
Planning and Building Director Moore



COMMUNITY DEVELOPMENT DEPARTMENT • PLANNING DIVISION  
500 Castro Street • Post Office Box 7540 • Mountain View • California • 94039-7540  
650-903-6306 • Fax 650-962-8501

VIA E-MAIL AND U.S. MAIL

September 18, 2012

Ezra Rappaport  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94604-2050

**Re: REQUEST FOR REGIONAL HOUSING NEEDS ALLOCATION REVISION**

Dear Mr. Rappaport:

The City of Mountain View formally requests a revision to our Regional Housing Needs Allocation (RHNA) for the 2014-2022 period.

The City of Mountain View adopted its new General Plan on July 10, 2012. The City originally anticipated new residential uses in North Bayshore from early public input and City Council direction. However, based on additional public hearings and community discussions, our adopted General Plan eliminated any new residential uses in our North Bayshore area.

It is our understanding that the City's RHNA numbers include new residential uses in North Bayshore. Since our General Plan prohibits residential uses in North Bayshore, the City's RHNA numbers must be revised to be consistent with what is allowed by our General Plan.

Thank you for the opportunity to request a revision to our RHNA numbers. If you have any questions, please do not hesitate to contact me at (650) 903-6456 or by email at [randy.tsuda@mountainview.gov](mailto:randy.tsuda@mountainview.gov).

Sincerely,

Randy Tsuda  
Community Development Director

CC: File, CM, PP

Via email to: Ezra Rappaport; Hing Wong; Gillian Adams; Miriam Chion



**CITY OF NEWARK, CALIFORNIA**

37101 Newark Boulevard • Newark, California 94560-3796 • (510) 578-4000 • FAX (510) 578-4306

August 20, 2012

Ms. Miriam Chion  
Acting Director of Planning and Research  
Association of Bay Area Governments  
101 Eighth St.  
Oakland CA 94607

RE: Formal Appeal of Regional Housing Needs Allocation for the City of Newark

Dear Ms. Chion:

I am writing to formally appeal the Regional Housing Needs Allocation (RHNA) for the City of Newark. The allocation for Newark is inappropriate and out of step with State law and common sense.

The allocation does not reflect infrastructure decisions as required by State law. Newark's RHNA allocation in the 2014-2022 cycle was increased by 24% over the 2007-2014 cycle at the same time that fixed transit funding serving Newark was eliminated. The removal of the Dumbarton Rail Service from the RTP investment strategy must be reflected in the RHNA allocation. To increase the housing allocation at the same time that transit funding is eliminated is in violation of SB 375. Your unadjusted reliance on the flawed SCS allocation process in your RHNA methodology is the cause of this issue. We pointed this out in our letter of June 25, 2012. ABAG chose to ignore our suggested modification to the methodology to address this issue. Therefore, you have perpetuated the flaws of the SCS process and have put forth an allocation that is a clear violation of SB 375 in that you are creating an allocation that ignores infrastructure realities. Given the removal of the Dumbarton Rail service from the Transportation Investment Strategy, Newark's RHNA allocation should have decreased substantially and certainly not increased.

It also should be noted that in the time since the last RHNA allocation, scheduled bus service levels in Newark have also been substantially reduced. To add housing to an area at the same time as transit service is being reduced will lead to more automobile trips, more greenhouse gas production and more air pollution. This is exactly what SB 375 was intended to prevent.

We would have preferred to see transit service improve and have been making strides to add density around proposed transit in concert with proposed transit infrastructure. Regional

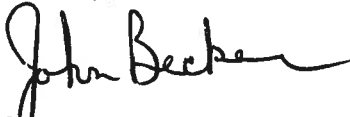
Miriam Chin  
August 20, 2012  
Page 2

agencies have directly undermined our efforts toward more sustainable land use with their infrastructure decisions. Now, to add insult to injury, the RHNA allocation shows a substantial increase in housing that must be accommodated in Newark, instead of the decreased allocation that should correspond to the disinvestment.

To comply with state law you must assign the housing growth to the jurisdictions that are slated for transit investment, not to areas that have experienced disinvestment. Newark's RHNA allocation should at least be reduced to match the level of the 2007-2014 cycle: 863 units. That would be a reduction of 210 units from your proposed allocation of 1073 units for 2014 - 2022.

We would be happy to meet with you to discuss potential solutions to this problem. Thank you for your attention to this issue. If you wish to discuss this further please contact Terrence Grindall of my staff at [terrence.grindall@newark.org](mailto:terrence.grindall@newark.org) or 510-578-4208.

Sincerely,



JOHN BECKER  
City Manager

cc: Newark City Council  
Ken Kirkey, Metropolitan Transportation Commission  
Art Dau, Alameda County Transportation Commission



THE CITY OF  
**NOVATO**  
CALIFORNIA

75 Rowland Way #200  
Novato, CA 94945-3232  
415/899-8900  
FAX 415/899-8213  
www.novato.org

Mayor

Denise Athas  
Mayor Pro Tem  
Pat Eklund  
Councilmembers  
Madeline Kellner  
Eric Lucan  
Jeanne MacLeamy

City Manager

Michael S. Frank

September 7, 2012

Mr. Ezra Rapport, Executive Director  
Association of Bay Area Governments  
P. O. Box 2050  
Oakland, CA 94607-4756

Dear Mr. Rapport:

The City of Novato has reviewed the RHNA distribution for the 2014 through 2022 cycle. Unfortunately, we have not been able to verify the detailed data that went into the formula, but will do so as time allows. We want to be sure that the data that drives the RHNA distribution is accurate. So, we are reserving our opportunity to comment on that aspect of the formula until we have had the opportunity to review the detailed data.

We do, though, want to emphasize that:

1. The job growth projections for the City of Novato (which drive the housing allocation) for the 2014 through 2022 are far too high. As we have stated in previous letters (see attached), the recession has not rebounded and we have very limited land available for growth. We are in the process of updating our General Plan and several undeveloped properties are inaccurately zoned given our hillside ordinance and other constraints which will limit what can be built.
2. The transit portion of the RHNA methodology appears to be based on inaccurate information about the availability of public transit.

Thank you for the opportunity to comment.

Sincerely,

*Denise Athas*

Denise Athas, Mayor

Attachments: Letters sent to ABAG for this cycle:

- Letter dated January 30, 2012
- Letter dated March 14, 2012
- Letter dated April 20, 2012
- Letter dated June 29, 2012

**RECEIVED**  
SEP 13 2012

EXECUTIVE DIRECTOR'S OFFICE



3231 Main Street  
Oakley, CA 94561  
925 625 7000 tel  
925 625 9859 fax  
www.ci.oakley.ca.us

September 7, 2012

**MAYOR**  
Kevin Romick

**VICE MAYOR**  
Carol Rios

**COUNCILMEMBERS**  
Pat Anderson  
Randy Pope  
Jim Frazier

Ezra Rapport, Executive Director  
ABAG  
Joseph P. Bort Metro Center  
101 Eight Street  
Oakland, CA 94607-4770

Steve Heminger, Executive Director  
MTC  
Joseph P. Bort Metro Center  
101 Eighth Street  
Oakland, CA 94607-4770

**SUBJECT: Comments and Request for Revisions to the Adopted Regional Housing Needs Allocation (RHNA) and Subregional Share for the City of Oakley**

Dear Mr. Heminger and Mr. Rapport:

The City of Oakley is requesting revisions to the Regional Housing Needs Allocation (RHNA) that was recently adopted by the Association of Bay Area Governments (ABAG) on July 19, 2012. This letter reiterates the comments addressed to ABAG on June 27, 2012. It appears that during the adoption of the RHNA allocation, the original comments that the City Council provided to ABAG were not considered or addressed. Oakley is very concerned with the high number of low- and very-low income units allocated to the City. The methodology did not take into account several factors that included the intent of the Oakley Priority Development Areas (PDAs), the lack of rail transit within Oakley, the number of existing jobs within Oakley, the current RHNA performance relating to the construction of low- and very-low income units, and lastly, the State's recent elimination of Redevelopment Agencies.

As already stated to ABAG, Oakley has several unique conditions which should necessitate a reduction in the overall number of low and very-low income units that have been allocated to Oakley. As stated in previous letters, a majority of the entitled units in Oakley are not located within PDAs. With this said, Oakley's housing projections become misleading, specifically within Oakley's three PDAs. In short, many of the units that have been approved and are not located within PDAs seem to be assumed within the PDA areas. Although Oakley still feels it is important to reduce target emissions through a



comprehensive regional strategy, there are several unique conditions to Oakley that need to be reconsidered when looking at the adopted RHNA.

The Oakley City Council has previously expressed its comments, which were not addressed prior to the adoption of the RHNA, as follows:

- The objective of the Sustainability Component is to concentrate new development in areas to protect the region's natural resources and reduce development pressures on rural outlying areas. While the City agrees with this objective, it is not applicable to Oakley because Oakley's General Plan already accommodates areas suitable for residential development to accommodate the total household projections in the Jobs-Housing Connection Scenario and Strategy. The original intent of the Oakley PDAs was to designate areas in which employment centers would be created. The need to accommodate more residential development in PDAs undermines this goal.
- A majority of 798 acres that make up the Oakley "Employment Area" PDA is not suitable for residential development. A large portion of the PDA encompasses 378 acres of land owned by DuPont, in which approximately 170 acres are occupied by wetlands. Other portions of the DuPont property are located within a floodplain, are being remediated and are not currently ready for any type of development, and other portions are designated for Light Industrial land uses. Another portion of that PDA is occupied by 78 acres of land and governed by the River Oaks Crossing Specific Plan. A long-standing deed restriction and the Specific Plan do not allow for residential land uses. The remaining areas in the PDA are either designated for Light Industrial or Business Park land uses which also do not permit residential development. The requirement to provide 70% of the RHNA allocation within the "Employment Area" PDA creates a situation where the City would have to amend the Oakley 2020 General Plan and Rezone hundreds of acres of land to allow for residential land uses. As stated within the first bullet, the intent of the PDA was to create jobs that have been envisioned within the General Plan since 2002 to help support the City's existing, entitled and designated housing.

- The draft RHNA allocated the maximum number of units to Oakley, meaning we have been allocated 1.5 times the current RHNA cycle allocation. This seems to go against the Fair Share Component's objective. Based on the Fair Share Component's objective, several factors should have been taken into account when determining the allocation:
  - Oakley does not have a strong transit network. While the City does have ambitions to one day have a strong transit network, there is currently a lack of existing infrastructure for direct rail transit. This should have resulted in a lower Fair Share score.
  - There is also a strong desire to bring jobs into the City. This is evident by the City's desire to have three PDAs. However, Oakley is not currently a job rich city and, therefore, we should have received a lower Fair Share score.
  - Lastly, the methodology does take into account the most recent RHNA performance, rather the 1999-2006 RHNA cycle was used in the Fair Share scoring. The City of Oakley incorporated in 1999, and did not adopt a General Plan until 2002. Subsequently, a Housing Element was adopted in 2005 for the 1999-2006 cycle, and another Housing Element in 2009 for the current 2007-2014 cycle. The City has been committed to not only making land available to accommodate the RHNA allocation, Oakley has already built almost all of the current cycle's allocation, including exceeding the number of low- and very-low income units required. This past performance should be taken into account and should result in Oakley receiving a lower overall score.
- Oakley is not currently served by direct rail transit. The need for an increased job growth is a priority for Oakley. As previously stated, the PDA areas are intended for jobs, which would ensure the residents of Oakley would not need to commute to inner Bay Area job locations, thereby reducing unit and GHG emissions. The RHNA allocation does not take into account that Oakley is predominantly made up of single-family residences, and is an area where that lifestyle is preferred over higher-density development. Almost as important is the fact that Oakley has successfully produced low- and very-low income units to

September 7, 2012

Comments and Request for Revisions to the Adopted Regional Housing Needs Allocation (RHNA) and Subregional Share for the City of Oakley

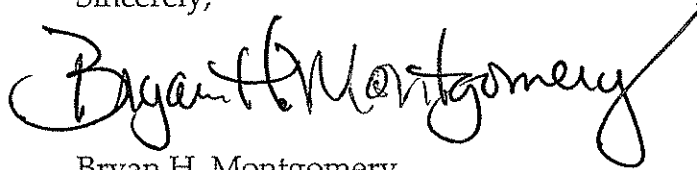
Page 4 of 4

satisfy the current RHNA cycle. This shows Oakley's serious commitment to provide housing for all income levels. As stated by other East Contra Costa County cities, job growth should be a priority for East Contra Costa County and a means to reduce greenhouse gas emissions as well as meeting the housing preferences for the region.

- The recent elimination of Redevelopment Agencies further financially burdens local agencies that are already facing fiscal concerns due to the current economy. Oakley is very apprehensive with the RHNA allocation as it suggests multiple acres of land will need to be rezoned to accommodate a large number of higher density units that might never be built and would occupy land needed to create jobs.

The City of Oakley City Council hopes these comments will be considered and that the adopted RHNA for Oakley will be reduced accordingly.

Sincerely,

A handwritten signature in black ink that reads "Bryan H. Montgomery". The signature is written in a cursive, flowing style with a long, sweeping underline.

Bryan H. Montgomery  
City Manager

- C: Oakley City Council  
Senator Mark DeSaulnier – 7<sup>th</sup> District  
Assembly Member Joan Buchanan – 15<sup>th</sup> District  
City of Clayton Councilmember Julie Peirce  
City of San Ramon Councilmember Dave Hudson



September 12, 2012

Mr. Mark Luce, President  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94607-4756

Subject: Comments on Draft Regional Housing Need Allocation

Dear Mr. Luce,

Thank you for the opportunity to review and comment on the Draft Regional Housing Need Allocation (RHNA). Through the process of considering comments on the alternative Sustainable Communities Strategies (SCS), ABAG and MTC selected a preferred alternative that is consistent with the overall vision for growth embodied in the Orinda General Plan. We thank you for your judicious application of SB 375 and for addressing our concerns through the SCS process. It is our hope that ABAG will continue its practice of carefully considering local jurisdictions' comments as it considers the RHNA and in so doing, enable each community to forge its own unique vision for the future, consistent with the objectives of state law. We respectfully submit our comments and request that the Final RHNA reflects our input.

While the total number of units in the Draft RHNA for Orinda is reasonable, the proposed distribution of the level of affordability places an undue burden on the small Orinda community by including a disproportionately high number of below market rate units. County-wide, 57% of the Draft allocation is for below market rate units; however, for Orinda, 81% of the Draft allocation is for below market rate units. This is the highest proportional allocation of any jurisdiction in Contra Costa County and more than 42% higher than the county-wide average. Furthermore, 37% of the Draft allocation is for very-low income households compared to the county-wide average of 26%. State housing law [in Government Code §65584(d)(1)] requires the allocation plan to increase the housing supply and mix of housing types in an *equitable* manner. As drafted, the RHNA does not allocate the regional housing need equitably in that it places an unrealistic and highly disproportionate burden on the City of Orinda for the provision of below market rate units.

The Orinda community understands and embraces the need to properly plan for the housing needs of all segments of the community and through deliberate and open planning processes, the Orinda community is fulfilling its housing obligations while maintaining the qualities that make Orinda unique and desirable.

Outcomes of our community discussions have resulted in a significant number of housing opportunities affordable to residents of all income levels and at various stages of life. For instance, the City of Orinda partnered with Eden Housing in the development of 67 units on the City's former library site. These units will be available to senior households with extremely-low, very-low, and low incomes.

To address the needs of students, extended families and small households, the second unit standards were modified to allow second units by right on hundreds of parcels throughout the community and, to accommodate young families, second units with multiple bedrooms and up to 1,250 square feet are permitted by right. Pulte Homes' 73 units on an infill site in downtown Orinda is another example of the City's efforts to provide housing options. These homes will be on small lots within walking distance of BART and the services of downtown and the development includes eight units deed restricted in perpetuity to below market rate levels. As a final example, with the encouragement of the City, owners of the 150-unit Orinda Senior Village development renewed the affordability restrictions on the property and thereby preserved an important housing option for 150 extremely-low, very-low and low-income households. These projects were all included in our third cycle housing element and are in various stages of the development process or already have come to fruition.

Thank you again for the opportunity to provide our input on the Draft RHNA and we look forward to reviewing the proposed RHNA before it is adopted. If you have any questions about our comments, please feel free to contact Director of Planning, Emmanuel Ursu at (925) 253-4240 or via email at [eursu@cityoforinda.org](mailto:eursu@cityoforinda.org).

Sincerely,



Steven Glazer  
Mayor, City of Orinda

Copy: Ezra Rapport, Executive Director, ABAG  
Steve Heminger, Executive Director, MTC

September 11, 2012

Mr. Mark Luce, President  
Association of Bay Area Government  
Joseph P. Bort Metro Center  
P.O. Box 2050  
Oakland, CA 94607-4756

**RECEIVED**  
**SEP. 17 2012**  
EXECUTIVE DIRECTOR'S OFFICE

Re: City of Palo Alto Request for Revision to Adopted RHNA Methodology for the 2014-2022 Housing Cycle

Dear Mr. Luce:

Thank you for ABAG's July 25, 2012 memo to Bay area cities and counties, which provided an overview of the adopted Regional Housing Needs Assessment (RHNA) methodology and jurisdictional allocations for the 2014-2022 housing cycle. While the adopted allocations appear to have taken into consideration some of the concerns and comments expressed by member jurisdictions, the target projections are still unrealistic. In Palo Alto, the built-out nature of the city and multiple school, service and infrastructure constraints and impacts make these projections unattainable. Therefore, the purpose of this letter is to request a revision to the draft allocation, to reduce the total number of units assigned to the City of Palo Alto. In support of this request, the following reiterates the City of Palo Alto's ongoing concerns regarding the long-term Sustainable Communities Strategy (SCS) projections and the potential impact on future RHNA cycles. Furthermore, this letter provides information about our ongoing effort to facilitate a joint agreement for transfer of units to the County of Santa Clara for housing on Stanford lands.

In summary, the City of Palo Alto's comments are as follows:

1. The regional forecast of jobs and housing for the region continues to substantially overstate growth for the overall SCS period (through 2040) and continues to ignore the updated demographic forecasts of the State's Department of Finance (DOF). This not only creates an unrealistic scenario for the upcoming cycle, but also creates the effect of "back-loading" the housing numbers and potentially creating unreasonable and unachievable housing mandates in future housing cycles. Although the SCS process does allow for adjustment of long-term growth projections on a periodic basis, the City encourages ABAG to regain public confidence of its numbers by working with HCD to reduce the 2010-2040 projections by 41% to reflect the adaptations already made by

P.O. Box 10250  
Palo Alto, CA 94303  
650.329.2477  
650.328.3631 fax



Mr. Mark Luce, President  
Association of Bay Area Government  
September 11, 2012

the Department of Finance to the changing State of California demographics. Furthermore, current and future projections should be adjusted so they are more consistent with historical growth patterns and/or a range of projections should be adopted that reflect meaningful planning scenarios in response to market changes over time. An analysis of the inadequacy of the current long-range projections, authored by Palo Alto Councilmember Greg Schmid, was submitted to ABAG during the Alternative Scenario selection process and is attached to this letter. Tables outlining the discrepancies between the most recent DOF projections and those prepared by ABAG for the SCS are also attached.

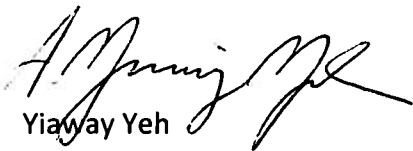
2. The proposed RHNA allocation assigns 77 housing units to the County of Santa Clara (unincorporated), although Stanford University's General Use Permit with the County of Santa Clara County allows and plans for up to 1,500 residential units to be built on Stanford lands within the SCS timeframe. The City acknowledges that these units have not been otherwise assigned to the City of Palo Alto, but at least some of them are proximate to El Camino Real and the University Avenue Caltrain station, and would be consistent with the objectives of the SCS and SB375. Specifically, approximately 350 planned units on two sites on Quarry Road just west of El Camino Real appear appropriate to include somewhere in the housing analysis. City staff has met with staff from the County and Stanford to discuss the possibility of a joint agreement to a "transfer" of a similar allocation of units from the City of Palo Alto to the County of Santa Clara. This is an ongoing effort, and we will keep ABAG apprised of our progress. The City requests that ABAG remain open to such a transfer if an agreement between the City, the County and Stanford is reached.
3. As stated in previous letters, the City of Palo Alto is a national leader in policies and programs that reduce GHG emissions. Examples of key City sustainability programs include an aggressive Climate Action Plan, the provision of clean energy to Palo Alto customers via the City owned and operated electric utility, various utility programs to reduce emissions, leadership in Green Building and sustainable design, affordable housing programs, higher density land uses near transit, and numerous "complete streets" oriented policies and projects. An attached letter, sent to ABAG on March 5, 2012, provides additional detail on these programs. The City encourages ABAG to allow flexibility within the SCS for local jurisdictions to provide further means, such as those outlined in the letter, of reducing land use/transportation related emissions.

Mr. Mark Luce, President  
Association of Bay Area Government  
September 11, 2012

4. The City of Palo Alto continues to have concerns regarding the potential negative environmental, school capacity and infrastructure capacity (recreational, utilities, transit, etc.) impacts the overstated housing mandates may create. The City will, of course, be conducting an environmental review to fully assess the impacts of these mandates during the preparation of our Housing Element for this planning period.

Once again, thank you for the opportunity to comment on the adopted RHNA methodology for the 2014-2022 Housing Cycle. As stated earlier, the City is officially requesting a reduction in the proposed allocation for the reasons stated above. If you have questions or need additional information, please contact Curtis Williams, the City's Director of Planning and Community Environment, at (650) 329-2321 or [curtis.williams@cityofpaloalto.org](mailto:curtis.williams@cityofpaloalto.org).

Sincerely,

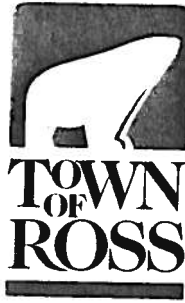


Yiaway Yeh  
Mayor

Attachments:

1. March 5, 2012 Letter from Mayor Yeh to Mark Luce (ABAG), including two attachments:
  - a) November 15, 2011 Memorandum: "California Demographic Forecasts: Why Are the Numbers Overestimated," prepared by Palo Alto Councilmember Greg Schmid
  - b) "Regional Land Use and Transportation SCS: Achieving Statewide GHG Reduction Rates," prepared by Contra Costa Transportation Authority.
2. Tables Detailing Discrepancies Between Department of Finance (DOF) and SCS Projections

cc: City Council  
Planning and Transportation Commission  
James Keene, City Manager  
Curtis Williams, Director of Planning and Community Environment  
Ezra Rapport, Executive Director, ABAG  
Miriam Chong, Interim Planning Director, ABAG



*clon*

September 20, 2012

**RECEIVED**  
**SEP 24 2012**  
EXECUTIVE DIRECTOR'S OFFICE

Mr. Mark Luce  
President  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94604-2050

RE: Town of Ross Appeal and Request For Revision on draft Regional Housing  
Need Allocation (2014-2022)

Dear Mr. Luce:

This letter is an appeal and request for a revision to the draft Regional Housing Need Allocation for the 2014-2022 housing cycle for the Town of Ross. The Town of Ross is a small, built-out, single-family residential community. The 18-unit allocation for Ross overestimates the housing units that the Town may realistically develop in the housing cycle, even with rezoning and incentives for new unit development.

***Fair Share Component***

**Employment**

The Town appeals the determination regarding existing and proposed employment within the Town, which is based on regional estimates and not actual data for the Town of Ross. The regional forecasts overstate growth and ignore the updated demographic forecasts of the State's Department of Finance (DOF). The Town encourages ABAG to work with the State Department of Housing and Community Development (HCD) to reduce the 2010-2040 projections to reflect the data generated by the Department of Finance. We request ABAG to complete peer review of the growth projections for Marin County and recalculate the RHNA in response to that peer review.

The Town has a very small, built-out, downtown commercial area. The commercial development is so low that the Town supports government services with an annual parcel tax on residential sites, a tax that did not receive voter approval in 2012. The primary employers are the Town (15 employees), public grade school (359 students in 2010-2011), private high school (limited by code to 321 students) and a residence for the developmentally disabled. These top four employers together employ fewer than 200 full and part time people. Staff contacted each "major" employer and they do not anticipate any notable growth in the next 30 years.

**Past RHNA Performance**

The Town requests that ABAG use the Town of Ross' actual performance for the 1999-2006 RHNA cycle (10 low to very low income units) instead of the estimate by ABAG staff (5 low to very low income units). ABAG should consider that the Town will not develop housing units at a rate equal to development in the past. The Town was incorporated in 1908. The existing 840 housing units in Ross were built when land was available for development and subdivision. Only 52 new units were built in Ross over the last 30 years. Half of the new units were built on vacant lots. Fewer than 30 vacant lots remain, and these pose significant challenges for development due to environmental constraints such as steep topography (80% slopes), limited water supply for firefighting, and access issues.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "P. Rupert Russell". The signature is written in a cursive style with a large initial "P" and "R".

P. Rupert Russell, Mayor  
Town of Ross

cc: Marin County Supervisor Susan Adams



September 18, 2012

Ezra Rapport, Executive Director  
ABAG  
Joseph P. Bort Metro Center  
101 Eighth Street  
Oakland, CA 94607

**SUBJECT: Comments and Requests for Revisions to the Draft 2014-2022 Regional Housing Needs Allocation**

Dear Mr. Rapport:

The City of San Ramon is requesting revisions to the Draft Regional Housing Needs Allocation adopted by the Association of Bay Area Governments (ABAG) Executive Board on July 19, 2012. This letter is sent as a follow-up to two previous letters sent to the Executive Board on July 18, 2012 and to ABAG staff on June 26, 2012 regarding the draft RHNA methodology. In both letters, San Ramon detailed our continued concerns over the income adjustment formula and the singling out of San Ramon for additional allocations without merit. Our requests for revisions are based on the following comments:

- **Growth Concentration Adjustment Based on Transit Access.** In the July 10<sup>th</sup> Executive Board staff report, ABAG staff recommended a Growth Concentration adjustment to “**strengthen a fair share distribution between large cities and medium cities with high job growth and transit access.**” The adoption of the Growth Concentration adjustment resulted in increased allocations to six “major recipients” including a 10% increase in San Ramon’s Draft RHNA. The adjustment was made, in part, under the premise of transit access. As previously noted, all six major recipients of increased allocations have light and/or heavy rail stations within their jurisdiction **EXCEPT** San Ramon. San Ramon simply does not have the same level or type of transit, or access to transit as the other major recipients.
- **Growth Concentration Adjustment Based on High Job Growth.** The six targeted communities for increased allocations are identified as “medium cities with high job growth” however, no definition is provided for what constitutes a “medium city” or “high job growth”. If the point of RHNA is to allocate a **FAIR SHARE** of units, other jurisdictions

that fit the criteria of both medium city and high job growth should also be assigned a higher RHNA. A sample of seven other jurisdictions were identified in San Ramon's July 18<sup>th</sup> letter to the Executive Board where City size and employment growth matches San Ramon's. Additionally, San Ramon noted that of the cities included in the sample, all cities have existing, functional and funded light and/or heavy rail **EXCEPT** San Ramon. However, no such jurisdictions were subject to a double-digit percent increase in RHNA except San Ramon. If high job growth and transit access is the primary criteria for increased allocations, San Ramon is not where increased allocations should be made.

- **Jobs-Housing Balance in San Ramon.** San Ramon has made significant progress in the past two housing cycles to bring our community closer to reaching the regional goal of a balanced jobs/housing ratio. As demonstrated by our past RHNA performance (1999-2006), San Ramon built over 7,000 new units of which over 1,700 (24% of all units built) were below-market rate. San Ramon is committed to reaching a 1.05 jobs/housing ratio by General Plan buildout in 2030. We are a rare example of a community that is successfully addressing the regional need while other cities, especially transit-rich and employment-rich communities with ratios upward of 2.0 should be asked to do more.
- **Income Allocation Adjustment Factor.** San Ramon would like to reiterate our concern with the 175 percent income adjustment as unrealistically high. The draft RHNA calls for 1,073 (76%) of our total unit allocation to be very low- to moderate-income level housing units. This substantial percentage of affordable units is not feasible given the available tools to incentivize the construction of affordable housing as well as the recent elimination of our Redevelopment Agency. Artificially inflating the amount of affordable units to jurisdictions forces cities to zone for far more units than their assigned RHNA and mounts the pressure to build in areas contrary to the regional goals.

We ask for your consideration of San Ramon's comments and an adjustment of our allocation accordingly. If you wish to discuss our comments further, please contact me by email at [pwong@sanramon.ca.gov](mailto:pwong@sanramon.ca.gov) or by telephone at 925-973-2565.

Sincerely,

  
Phil Wong  
Planning/Community Development Director

Attachment:

Comment letter to Ken Kirkey, dated June 26, 2012

Comment letter to ABAG Executive Board, dated July 18, 2012



September 18, 2012

Page 3

Cc: San Ramon City Council/City Manager  
Miriam, Chion, ABAG Acting Director of Planning and Research  
Debbie Chamberlain, Planning Manager  
Cindy Yee, Associate Planner

c12.085 ABAG Executive Board ABAG RHNA 2014-2022 Draft Allocation Letter



## CITY OF SAN RAMON

2222 CAMINO RAMON  
SAN RAMON, CALIFORNIA 94583  
PHONE: (925) 973-2500  
WEB SITE: [www.sanramon.ca.gov](http://www.sanramon.ca.gov)

July 18, 2012

ABAG Executive Board  
101 Eighth Street  
Oakland, CA 94607

**SUBJECT: July 10<sup>th</sup> ABAG Staff Memo Re: Final Regional Housing Need Allocation Methodology, 2014-2022 Draft Regional Housing Needs Allocation (RHNA)**

Dear ABAG Executive Board:

This letter is written as a follow-up to the City of San Ramon's comment letter dated June 26, 2012 to ABAG staff regarding the draft RHNA methodology. In that letter, San Ramon detailed our concern over the income adjustment formula (see attached). These issues continue to be of concern and inadequately addressed by ABAG staff. In the July 10, 2012 report to the Executive Board from ABAG's Executive Director, San Ramon is the target of another increase in allocation without a clear explanation on why our community has been singled out for increase.

The July 10<sup>th</sup> report identifies two adjustments for the Board's consideration for adoption of the Final RHNA Methodology. The reason provided for the Growth Concentration adjustment is to "strengthen a fair share distribution between large cities and medium cities with high job growth and transit access." The major recipients of this proposed redistribution are:

Cities	# of Additional Units	Employment Growth % (2010-2040)
Fremont	467	34%
Sunnyvale	392	27%
Santa Clara	279	28%
Pleasanton	158	32%
San Ramon	126	32%
San Carlos	61	23%

San Ramon is opposed to the additional assigned units to our jurisdiction. While the adjustment is characterized as a 1.5 percent "minor adjustment" and a "shift of a small share" in the region, it represents a 10% increase in San Ramon's draft allocation and a 50% increase since the first draft allocation presented to the ABAG Executive Board in March 2012.

The adjustments are made, in part, under the premise of transit access. All of the six major recipients of additional units listed above have light and/or heavy rail stations within their jurisdiction **EXCEPT** San Ramon. San Ramon, like many other similarly-sized cities may provide transit access through express bus service and bus transit stations, but in no way do we provide the same level or type of transit, or access to transit as the other cities listed.

Additionally, the targeted communities for increased allocations are identified as “medium cities with high job growth.” No definition is provided in the report for what is considered a “medium city”, but one can assume that if San Ramon is considered medium-sized, numerous jurisdictions in addition to San Ramon should also be considered for adjustment:

<i>City</i>	<i>Housing Units (2010)</i>	<i>Employment (2010)</i>	<i>Employment Growth (%)</i>	<i>Rail/Mass Transit?</i>	<i>PDA?</i>
San Ramon	26,220	43,880	32%	No	Yes
City A	49,450	77,020	29%	Yes	Yes
City B	32,420	39,900	33%	Yes	Yes
City C	48,300	69,100	30%	Yes	Yes
City D	32,680	41,650	33%	Yes	Yes
City E	29,170	58,340	32%	Yes	Yes
City F	28,220	89,370	33%	Yes	Yes
City G	19,810	45,060	25%	Yes	Yes

Source: *Jobs-Housing Concentration Scenario, March 2012 and Plan Bay Area*

In the two tables above, all cities listed have similar employment growth rates to San Ramon’s projected 32% increase. One glaring difference again is that all cities listed have existing, functional and funded light and/or heavy rail **EXCEPT** San Ramon. We question why San Ramon is considered for an increase when other cities in similar size, housing unit, employment growth, AND with existing transit have not been considered for increased allocations. We also question why a city like Newark with an expected 41% and 32% increase in housing unit and employment growth, respectively, could merit a 7% allocation reduction while San Ramon is proposed to go up. As noted in the July 10<sup>th</sup> report, if high job growth and transit access is the primary criteria for increased allocations, San Ramon is not where increased allocations should be made.

If the focus of this year’s RHNA methodology is to implement the preferred Jobs/Housing Connection Scenario, other cities with significantly higher jobs/housing ratios should also be considered for growth concentration. San Ramon has made tremendous efforts to meet the past RHNAs assigned to our jurisdiction. During the past 10 years, San Ramon added over 8,000 housing units to address the jobs/housing balance. In attached June 26<sup>th</sup> letter to the Board, we identified that San Ramon’s anticipated jobs/housing ratio will be 1.05 by 2030. We are a rare example of a community that is successfully addressing the regional need, but other cities, especially transit-rich and employment-rich communities should be asked to do more, if not the same.

July 18, 2012

Page 3

Some make the argument that San Ramon should be content that their allocation is significantly lower than the previous cycles. However, we find these arguments do not take the comprehensive picture into view. The 3<sup>rd</sup> and 4<sup>th</sup> cycle RHNA assignments were made on very different methodologies and land use goals. If a sustainability component had been included with the last two cycles, San Ramon's allocations surely would have been much lower while cities with heavy transit infrastructure would have been assigned far more units.

Thank you again for the opportunity to comment on the draft RHNA Methodology. We ask that the Executive Board take San Ramon's comments into consideration at your July 19, 2012 and reject the Alternative Proposals as drafted, or as a worse-case alternative, adopt the Income Distribution only proposal. If you wish to discuss our comments further, please contact me by email at [pwong@sanramon.ca.gov](mailto:pwong@sanramon.ca.gov) or by telephone at 925-973-2565.

Sincerely,



Phil Wong  
Planning/Community Development Director

Attachment:

Comment letter to Ken Kirkey, dated June 26, 2012

Cc: City Council/City Manager  
Debbie Chamberlain, Planning Manager  
Cindy Yee, Associate Planner  
Ezra Rapport, ABAG Executive Director

c12.058 ABAG Executive Board ABAG RHNA 2014-2022 Draft Methodology Comment Letter



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## CITY OF SAN RAMON

2222 CAMINO RAMON  
SAN RAMON, CALIFORNIA 94583  
PHONE (925) 973-2500  
WEB SITE [www.sanramon.ca.gov](http://www.sanramon.ca.gov)

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June 26, 2012

Ken Kirkey, Director of Planning and Research  
Association of Bay Area Governments  
101 Eighth Street  
Oakland, CA 94607

**SUBJECT: Comments on the Association of Bay Area Governments (ABAG) 2014-2022  
Draft Regional Housing Needs Allocation (RHNA) Methodology**

Dear Ken:

Thank you for the opportunity to review and comment on the draft RHNA Methodology. The following comments have been prepared for inclusion in the public record in anticipation of the ABAG Executive Board meeting on July 19, 2012.

Overall, the City of San Ramon supports ABAG's and MTC's effort to bring a greater jobs/housing balance to the region. As you may be aware, San Ramon has made significant progress in the last decade to bring our community closer to reaching this regional goal. Between 2000 to 2008, the jobs/housing ratio moved significantly lower from 1.51 to 1.24 in the City of San Ramon. With the policies set forth in the newly adopted *San Ramon General Plan 2030*, including the designation of two Priority Development Areas (PDAs), it is anticipated that San Ramon will reach its goal of a 1.05 jobs/housing ratio by General Plan buildout in 2030. Additionally, the City's Air Quality and Greenhouse Gas Element and associated Climate Action Plan will ensure that the anticipated balanced growth will not conflict with the implementation of AB 32—the Global Warming Solutions Act of 2006.

In general, San Ramon finds the main components that make up the RHNA methodology acceptable with exception of the income allocation strategy and the transit factor used for non-PDA areas. Our understanding is that the income allocation strategy determines the difference between the regional proportion of households in an income category and a jurisdiction's proportion in that category. This difference is then multiplied by 175 percent in an effort to be more closely aligned a jurisdiction's income distribution with the region's distribution.

San Ramon's concern over the income allocation is the use of an overly-aggressive 175 percent multiplier. The choice of 175 percent appears to be arbitrary and comes with little explanation as to

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why such a high value was selected. The primary justification provided in the previous housing cycle was a 175 percent adjustment made the most meaningful adjustment for jurisdictions that currently do not have a large supply of affordable housing. San Ramon questions why a 100 or 150 percent adjustment was not studied as an alternative for this cycle. Has ABAG analyzed the construction data since the factor's inclusion in 2009 to determine what impact this adjustment factor has had on creating more affordable units in affluent communities? Is there historical data that supports why an adjustment of 175 is ideal to reaching the stated objective?

The 175 percent income adjustment is unrealistically high and ultimately defeats the region's goal of meeting the housing needs in a sustainable and balanced approach. For example in San Ramon, our 2009 to 2014 below-market rate allocation is over 2,600 units which equals approximately 75 percent of our 3,463 total assigned units. It is impractical to expect that a community of less than 25,000 residential units (in 2008) could add 2,600 new "affordable" units in a 7.5 year span. By comparison, in communities with successful inclusionary housing ordinances where 25 percent of new development is reserved for below-market rate units, San Ramon will need to approve over 10,000 new units in 7.5 years to even come close to adding the requisite 2,600 affordable units in our community.

It appears this same flawed methodology is being repeated in the impending housing cycle. With yet another estimated allocation of over 75 percent of our draft RHNA as below-market rate units, the message that the regional agencies sends to our community is mixed: 1) San Ramon should plan for a much higher production of units beyond what we are allocated in order to reach our exorbitantly high allocation of affordable units, contrary to the region's sustainable land use goal, or 2) we will keep assigning an unrealistic RHNA, knowing that these allocations can never be met thus resigning the region to face an even greater shortage of housing units in 2023.

With regards to the fair-share component, San Ramon would encourage the Board to give more weight to the transit factor in non-PDA areas. Given the intent of SB 375 to more closely align land use and transportation planning, not enough emphasis is being made to allocate units to jurisdictions with no PDAs. By using a Jobs-Housing Connection Strategy and an income allocation component, this already heavily burdens jurisdictions that have a high employment base and lower percentage of affordable units to take a greater share of the region's allocation. If a community opted-out of establishing a PDA and also has a strong network of transit, this factor should carry more weight because jobs and affordability are already greatly emphasized in other components of the methodology.

The City of San Ramon encourages the Executive Board to take into consideration the above comments and decrease in the income adjustment percentage as well as weight the transit factor more heavily in non-PDA areas. If you have any questions regarding the information in this letter, please contact Cindy Yee, Associate Planner at (925) 973-2562 or via e-mail: [cyyee@sanramon.ca.gov](mailto:cyyee@sanramon.ca.gov).

June 26, 2012

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Sincerely,

A handwritten signature in blue ink, appearing to read "Phil Wong", is written over a circular stamp. The stamp contains the text "Phil Wong Planning/Community Development Director".

Phil Wong  
Planning/Community Development Director

Cc: City Council/City Manager  
Debbie Chamberlain, Planning Manager  
Cindy Yee, Associate Planner

c12.045 Ken Kirkey ABAG RHNA 2014-2022 Draft Methodology Comment Letter





# CITY OF SARATOGA

13777 FRUITVALE AVENUE • SARATOGA, CALIFORNIA 95070 • (408) 868-1200

Incorporated October 22, 1956

COUNCIL MEMBERS:

*Manny Cappello  
Jill Hunter  
Emily Lo  
Howard Miller  
Chuck Page*

September 18, 2012

Ezra Rapport  
ABAG Executive Director  
101 Eight Street  
Oakland, CA 94607

RE: Appeal of 2014-2022 Draft RHNA Allocation

Dear Mr. Rapport:

The City of Saratoga respectfully requests a reduction to the 438 units shown in the draft RHNA allocation for 2014-2022. The City's allocation is a direct result of the minimum housing floor within the fair share component of the final draft methodology. As stated in our previous comment letters, the minimum housing floor is clearly inconsistent with the overall objective of Government Code 65584 and Senate Bill 375 which is to better integrate land-use and transportation planning. Any significant housing growth in smaller bedroom communities that are not supported by employment centers or public transit would increase regional vehicle miles traveled and greenhouse gas emissions.

The past RHNA performance within the fair share component also penalizes smaller cities that have a lower number of affordable units permitted in the 1999 - 2006 cycle. Cities should be evaluated on the number of affordable units permitted as a percentage of the total units permitted in their jurisdiction. Affordable housing units are being built in smaller built-out cities and those cities should be acknowledged for that effort based on the performance of the local housing market and the total number of permits issued.

I look forward to working with your staff to discuss the reductions to Saratoga's 2014-2022 draft RHNA allocation.

Sincerely,

James Lindsay  
Community Development Director





September 18, 2012

Miriam Chion, Interim Director of Planning and Research  
Association of Bay Area Governments  
PO Box 2050  
Oakland, CA 94604-2050

RE: Draft Regional Housing Needs Allocation (RHNA 2014-2022) Request for Adjustment

Dear Ms. Chion:

Thank you for the opportunity to comment on the draft RHNA numbers. The City of Sunnyvale has reviewed the numbers and believes that the growth assumptions for Sunnyvale 2040 have been overstated by ABAG and that an adjustment is required prior to adoption in order to influence a more realistic 8-year RHNA program.

As you are aware, Sunnyvale has been consistently recognized as a leader in meeting its housing needs for all income levels. We are confident that both our current and draft general plans provide adequate sites to accommodate the units in Sunnyvale's RHNA totals including focusing growth in the City's PDAs; however, market forces will play a major role in dictating how quickly those units get built and how affordable they will be. For example, in 1993, Sunnyvale rezoned a significant amount of land to transition from industrial to residential use; however, it took ten years before the market caught up to that decision and homes were actually developed on these sites.

It appears that ABAG may have utilized Sunnyvale's draft Land Use and Transportation Element (Horizon 2035) as a starting point for its 2040 projections. First, it is important to bear in mind that this document is a draft and is still subject to CEQA review and City Council action. Second, even if the City Council adopts the land uses in Sunnyvale's Draft Horizon 2035 plan it should be noted that a buildout scenario is well beyond 2035. Sunnyvale does not expect buildout to occur by 2035 but anticipates a growth rate in line with historical patterns, which is much less.

We also believe that Sunnyvale's affordable unit completions in the 1999-2006 Housing Element cycle, one of the key factors in the complex formula ABAG used to develop the current Draft RHNA, appear to have been undercounted. City staff contacted ABAG staff, Justin Fried and Sailaja Kurella several weeks ago with the correct data for this factor. They responded that they would investigate our concern and respond to our request for correction shortly. We would like to reiterate our request that the necessary corrections be made, particularly as we understand these numbers influence the RHNA numbers and will also impact our competitiveness in future OBAG and VTA funding applications.

**ADDRESS ALL MAIL TO: P.O. BOX 3707 SUNNYVALE, CALIFORNIA 94088-3707  
TDD (408) 730-7501**

We understand that there are several sets of projections associated with Sunnyvale that may make it unclear where to start on a realistic 2040 projection: 1) Current Sunnyvale General Plan; 2) Draft General Plan (Horizon 2035); and 3) Current General Plan with proposed PDAs at Lawrence Station and East Sunnyvale. The following demonstrates the differences between the projections and ABAG 2040:

**BUILDOUT PROJECTIONS**

	Existing 2010	Current GP	Horizon 2035	Current GP + Proposed PDAs	ABAG 2040 Projections
<b>PDAs</b>	16,021	22,443	28,989	24,211	31,751
<b>Non-PDAs</b>	39,379	44,127	43,177	44,127	42,358
<b>TOTAL</b>	<b>55,400</b>	<b>66,570</b>	<b>72,166</b>	<b>68,338</b>	<b>74,109</b>

We understand that the allocation of housing units is driven by the Sustainable Community Strategies process, and based on an assumption that 70% of the units region-wide would be developed within PDAs. Again, in comparing the various projections for Sunnyvale, the split for PDAs varies significantly and is inflated in the ABAG 2040 projection with 84% of net new growth occurring in Sunnyvale PDAs.

**SUNNYVALE NET NEW GROWTH FROM 2010**

	Existing 2010	Current GP	Horizon 2035	Current GP + Proposed PDAs	ABAG 2040 Projections
<b>PDAs</b>	-	7,406 61%	12,968 77%	8,190 63%	15,730 84%
<b>Non-PDAs</b>	-	4,748 39%	3,798 23%	4,748 37%	2,979 16%
<b>TOTAL</b>		<b>12,154</b>	<b>16,766</b>	<b>12,938</b>	<b>18,709</b>

Ms. Chion  
RHNA Request for Adjustment  
September 18, 2012

The ABAG 2040 projections above demonstrate that the assumed rate of development is aggressive and has resulted in a RHNA allocation that is unrealistically high. ABAG has also significantly overstated the projected housing numbers in two of Sunnyvale's PDAs - El Camino Real corridor (planned PDA) and Lawrence Station (proposed PDA). ABAG's 8-year projection to build approximately six thousand (5,978) units at a rate of 747 annual units a years is significantly more aggressive than historic development in Sunnyvale. Historic averages indicate an actual 14-year average of 300 net new dwelling units built per year even considering periods of high entitlement demand.

Sunnyvale also disputes the percent allocation between very low, low, moderate and above moderate housing units for the RHNA, and considers the draft allocation to be significantly skewed based on historic trends. Due to the state's decision to dissolve redevelopment agencies, reductions in federal and state funding programs for housing, and the Palmer court decision declaring inclusionary housing requirements for rental housing unlawful, it is increasingly difficult for cities to assist in the development of affordable housing in order to meet the "quantified objectives" requirement of the housing element. The vast majority of funding sources noted in HCD's 2009 "Building Blocks for Effective Housing Elements" (e.g. Redevelopment, housing set-aside funds, federal stimulus [ARRA] funds, Propositions 1C and prior state bond funds, and various types of HUD funding) have all either been fully expended or significantly reduced.

Our financial estimates indicate that the local funding sources we anticipate to be available during the coming cycle amounts to just 1-2% of the total subsidy that would be required to produce the number of very low, low and moderate income units Sunnyvale has been allocated in the Draft RHNA, which we have estimated at nearly \$700 million dollars, assuming an average density of 40-50 units per acre. The City already has adequate sites at the "default densities" to meet the adequate sites requirement, however we are concerned about meeting the "quantified objectives" requirement at the end of the cycle. We understand the tremendous strain that ABAG is under to develop the RHNA, however we are concerned that the affordability levels are not achievable in the current and projected funding environment for housing agencies. We recommend that at least the very low income category be significantly reduced to realistically recognize the very high subsidy amount required for each very low income unit. We would like to further discuss with ABAG staff a reasonable percentage split for Sunnyvale's very low, low, moderate, and above moderate units.

Sunnyvale has been proactively involved with both the SCS and RHNA process. Although we understand the concepts and theories behind the methodology ABAG used to allocate the units to local jurisdictions, we do dispute that Sunnyvale should have such a high allocation of affordable units when larger cities have had their allocations reduced (and given to only the next five largest cities). In addition to accommodating market rate units we are concerned about the practical difficulties and very high cost of building out the affordable units we have been assigned for eight years especially considering the current limitations of outside funding. The proposed eight-year RHNA rate sets Sunnyvale up to fail at providing required housing although our adopted and proposed land use plans clearly show a commitment to meet the City's responsibility.

Based on our own analysis as well as the City's commitment to providing its fair share of affordable units, Sunnyvale staff recommends a reduced 8-year projection of 4,339 total net new units that requires 542 units per year and a 75/25 percent growth split between Sunnyvale

Ms. Chion  
 RHNA Request for Adjustment  
 September 18, 2012

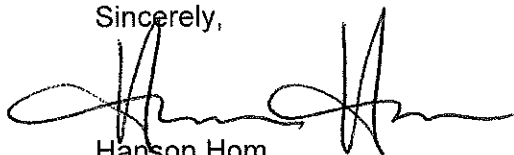
PDAs and the remainder of the City as well as a mix of affordable and moderate units closer to historic percentages.

**Sunnyvale Recommended Housing Units for 2014-2022 RHNA**

			Recommended 8 yr increment (32% of BO) HU
		Type	
<b>El Camino</b>	Planned	Mixed Use Corridor	912
<b>Downtown</b>	Planned	Transit Town Center	480
<b>Lawrence Station</b>	<i>Proposed</i>	Transit Neighborhood	502
<b>E. Sunnyvale</b>	<i>Proposed</i>	Urban Neighborhood	810
<b>Tasman Crossing</b>	Planned	Mixed Use Corridor	448
<b>Moffett Park</b>	Planned	Employment Center	-
<b>Reamwood</b>	<i>Proposed</i>	Employment Center	108
<b>Peery Park</b>	<i>Proposed</i>	Employment Center	-
<b>PDAs Total</b>			<b>3,260 75%</b>
<b>ITR Not in PDAs (6a and 4a)</b>			- 352
<b>ITR 5 (see Northrop Grumman tab)</b>			(288)
<b>Village Centers (Six of Seven )</b>			136
<b>Total Other Citywide HU</b>			879
<b>Non PDAs Total</b>			<b>1,079 25%</b>
<b>TOTAL CITYWIDE</b>			<b>4,339</b>

Due to the timeframe for adoption of the RHNA we are concerned that Sunnyvale will be burdened with an unusually high requirement for housing. At this time we are requesting an adjustment to Sunnyvale's RHNA allocation and respectfully petition for the ability to meet with you as soon as possible to discuss Sunnyvale staff's recommended changes.

Sincerely,



Hanson Hom  
 Director of Community Development

cc: City of Sunnyvale: Honorable Mayor Spitaleri and City Councilmembers  
 Gary Luebbbers, City Manager