

MEMO

To: ABAG Executive Board
From: Ezra Rapport, Executive Director
Date: July 10, 2012
Subject: Final Regional Housing Need Allocation Methodology

Background

The Regional Housing Need Allocation (RHNA) Methodology specifies how all cities and counties in the Bay Area work to provide a fair share or proportion of the region's total and affordable housing need, which is a core requirement of the Housing Element Law. At the May 17, 2012 meeting, the ABAG Board approved a Draft RHNA Methodology recommended by the Housing Methodology Committee (HMC) and staff. At that board meeting and thereafter staff received comments on economic feasibility, regional equity implications, and individual local allocations of the proposed draft methodology and distribution. This input was collected from ABAG Executive Board Members, local jurisdictions, community advocates, and the public.

The public comment period for Draft RHNA Methodology has closed and all comments have been reviewed (See Appendix C). Staff has carefully considered the comments and is recommending two adjustments to the RHNA Methodology and reporting on one technical correction to the Jobs-Housing Connection Strategy that will have some impact on the sample RHNA allocations presented at the May 17, 2012 Executive Board meeting. The technical correction and adjustments have been sent to the HMC. The proposed actions and adjustments that incorporate the comments on the Draft RHNA Methodology are described in the following pages.

Action 1: Adoption of the Final RHNA Methodology

Technical Corrections and Proposed Adjustments

Two technical corrections have been completed that effect RHNA and the Jobs-Housing Connection Strategy.

The first technical correction revises the Priority Development Areas (PDAs) in Santa Clara County, which is an input into RHNA. PDA designations require approval by local jurisdictions with land use authority by council resolution. In April of 2012, ABAG and the Santa Clara Valley Transportation Authority (VTA) sought direction from the cities and county on the designation of VTA Cores, Corridors, and Station Areas within their respective jurisdictions as Priority Development Areas. This was done to verify that all Priority Development Area designations are supported by the local community in which they are located (See Appendix B for a description of input received). Changes to the PDA are based on this input from the associated local jurisdictions.

The PDA framework reflects the aspirations of local jurisdictions for the development potential of individual PDAs. This framework is an essential component to the growth projections for each PDA in the Jobs-Housing Connection Strategy. These growth projections are the initial inputs into the RHNA methodology. In sum, any corrections made to the PDA framework affect the growth projections which result in changes to both the Jobs-Housing Connection Strategy and RHNA methodology.

The second technical correction modifies the Jobs-Housing Connection Strategy to better account for regional vacancy rates. Calculations were changed to exclude vacation, seasonal, migrant farm worker, or other types of recreational housing from the number of vacant units in the region. These two technical corrections have minor impacts to the Draft RHNA presented in May 2012.

Two adjustments are presented for the Board consideration for adoption of the Final RHNA Methodology. The first adjustment, Growth Concentration, strengthens a fair share distribution between large cities and medium cities with high job growth and transit access. The second adjustment, Income Distribution, is a revision to the RHNA methodology on the median income calculation. These revisions altered the RHNA Methodology.

Adjustment 1: Growth Concentration

Rationale and Process

The draft Jobs-Housing Connection Strategy was first released in March 2012 for public comment, and significant revisions were made to this Strategy in the draft release May 2012. The May version of the Jobs-Housing Connection Strategy substantially increased the number of units forecast for the three largest cities in the Bay Area (San Jose, San Francisco, and Oakland), adding approximately 36,000 units between 2010 and 2040. This more concentrated housing distribution resulted in improved regional sustainability as measured against the SCS performance targets.

Discussions with local jurisdictions and the three large cities have continued regarding how to address the impact of this change for the cities and the region. Discussion at the Executive Board meeting on May 17, 2012 addressed the need to ensure a fair share distribution between large cities and medium cities with high job growth and transit access (See Appendix A).

ABAG staff had conversations with local jurisdictions and further analysis indicated that some core cities require investments in transit infrastructure, utilities, and improvements in public services before they can assume a high level of housing production. Taking this factor into account along with the expected pace of recovery from the current housing and fiscal crisis, ABAG shifted a small share of housing production (1.5 percent) in the Draft RHNA Methodology from Oakland, San Jose, and Newark to the balance of the region. This minor adjustment retains a strong housing production in San Jose and Oakland. On a smaller scale, the share of housing production in Solano and Sonoma Counties was also reduced for the 2014-2022 period due to similar economic constraints. These adjustments do not change the 2010-2040 long-term growth totals in the Jobs-Housing Connection Strategy. It only defers growth to a later period.

Impact on RHNA Methodology

This new distribution results in approximately 3,500 units or 1.5 percent of the regional allocation shifting from jurisdictions mentioned above to cities that may have the capacity for housing production in the RHNA time period. Housing units were shifted primarily to medium sized cities within the employment commute shed of San Jose and Oakland. Cities in the counties of Alameda, Contra Costa, San Mateo, and Santa Clara were affected as represented in the table as shown:

Table 1. Results from Adjustment 1 – Growth Concentration

Jurisdictions with Major Reductions		
Jurisdiction	# of Units	% Reduced
San Jose	2,436	4%
Oakland	623	7%
Newark	79	7%
Sonoma County	367	4%
Solano County	113	2%

Major Recipients of Total Reduction		
Jurisdiction	# of Units	% Increase
Fremont	467	9%
Sunnyvale	392	3%
Santa Clara	279	7%
Pleasanton	158	8%
San Ramon	126	10%
San Carlos	61	11%

Source: See Appendix A for RHNA results.

Adjustment 2: Income Distribution

Rationale and Process

At the meeting on May 17, 2012, the Executive Board requested that ABAG staff analyze an adjustment resulting in a greater equitable distribution of the region’s affordable housing need or where every jurisdiction with median household income above the Bay Area average should take on at least as much of the region’s lower income housing need as it did in the 2007-2014 RHNA planning period.

Based on several meetings and exchanges with equity stakeholders and local jurisdictions, ABAG staff proposes to address this request through an adjustment in the calculation of income groups (very low, low, moderate, and above moderate) by city. This calculation is based on the regional median household income instead of the county median household income. This adjustment provides a better regional alignment of the income distribution formula of 175 percent (See Appendix A).

When using the county median household income as the standard, significant disparities occur within the region. For example, in 2009, the county median income for Marin was \$87,728 while Alameda County was \$68,863. When using the county median household income to calculate the city income shares, Marin would have to produce less affordable housing than Alameda County, even though the regional

need in Marin is greater. Using the median income for the region eliminates this disparity and places all counties on equal footing.

Effect on RHNA Methodology

Changes were made to the RHNA income distribution calculation. This will not change a jurisdiction's total allocation, but shift the distribution across its income categories. Counties with residents that are above the regional median household income (Contra Costa, Marin, San Mateo, and Santa Clara) experienced a shift towards a greater concentration of units in the very-low, low, and moderate income categories. Counties with residents below the regional median household income (Alameda, Napa, San Francisco, Solano, and Sonoma) experienced shifts towards a greater concentration in the above moderate income category (See Appendix A).

Action 2: Approval of Sub-regional Shares

Napa, San Mateo, and Solano counties, and all cities within each county, are the three subregions created in this RHNA cycle. These counties are each considering an alternative housing allocation methodology. The share of the Regional Housing Need Determination (RHND) total for each of these subregions is defined by the ratio between the subregion and the total regional housing growth for the 2014 to 2022 period in the Jobs-Housing Connection Strategy and RHNA. The public comment period for the proposed subregional shares has concluded and ABAG has not received comments on this topic. If both adjustments proposed for Action 1 are approved, the share for each subregion (Napa, Solano, and San Mateo Counties) will change by less than 0.2 percent when compared to the Draft RHNA Methodology approved in May 2012.

Staff Recommendation

ABAG staff recommends that the ABAG Executive Board adopt Resolutions 12-12 and 13-12 authorizing the following actions:

- **Action 1: Adoption of the Final Draft RHNA Methodology**

ABAG staff recommends the Executive Board adopt Resolution 12-12 including the *Growth Concentration* and *Income Distribution* adjustments to the Draft RHNA Methodology for the approval of the Final Draft RHNA Methodology and release of the Final Draft RHNA to local jurisdictions.

- **Action 2: Approval of Subregional Shares**

ABAG staff recommends the Executive Board adopt Resolution 13-12 approving the subregional shares for the Napa, San Mateo and Solano subregions, based on the Final Draft RHNA Methodology under Action 1.

Next Steps

Draft Allocation Released Action to be taken by ABAG Executive Board	July 19, 2012
Public Comment Period: Revisions to Draft Allocation	September 18, 2012
ABAG Responds to Requests for Revisions	By November 15, 2012
Deadline for Subregions to Submit Final Allocation and Resolution	February 1, 2013
ABAG Adoption of Final Allocation at Public Hearing Action to be taken by ABAG Executive Board	May 16, 2013
Local Governments Adopt Housing Element Revision	October 2014

Attachment A: Resolution 12-12

Attachment B: Resolution 13-12

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 12-12

**RESOLUTION ADOPTING A FINAL METHODOLOGY FOR ALLOCATING THE
REGIONAL HOUSING NEED DETERMINATION (2014-2022) AMONG LOCAL
JURISDICTIONS AND RELEASING DRAFT ALLOCATIONS**

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers agency formed pursuant to California Government Code §§ 6500, et seq., and is the council of governments (COG) for the San Francisco Bay Area; and

WHEREAS, pursuant to the Housing Element Law (Act) at California Government Code §§ 65580, et seq., each COG and the California Department of Housing and Community Development (HCD) are required to determine the existing and projected housing needs in the COG's region [Regional Housing Need Determination (RHN)]; and

WHEREAS, under the Act, ABAG determines each city's and county's share of the RHND through the regional housing need allocation process (RHNA); and

WHEREAS, the Executive Board authorized formation of the Housing Methodology Committee (HMC) and charged it, in part, with the responsibility of advising staff on the methodology for allocating the regional housing need among local jurisdictions (RHNA Methodology); and

WHEREAS, effective May 17, 2012, the Executive Board authorized release of the Draft RHNA Methodology for public review and comment and conducted a public hearing on June 6, 2012, to receive additional written and oral comments; and

WHEREAS, staff has reviewed the comments received during the comment period, completed one technical adjustment and devised two (2) proposed adjustments for consideration by the Executive Board, all as described in the staff memorandum dated July 10, 2012.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 12-12**

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby revises the Draft RHNA Methodology issued on May 17, 2012, with the changes, if any, indicated and described in Attachment A to this resolution.

The foregoing adopted by the Executive Board this 19th day of July, 2012.

Mark Luce
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of July, 2012.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 12-12

ATTACHMENT A

Effective July 19, 2012, the Executive Board of the Association of Bay Area Governments adopted as the Final RHNA Methodology, the Draft Methodology issued on May 17, 2012, with the changes marked on this cover sheet and described in the attached staff memorandum dated July 10, 2012.

Adopted	Not Adopted	Description of Adjustment
<input type="checkbox"/>	<input type="checkbox"/>	Adjustment 1 – Growth Concentration
<input type="checkbox"/>	<input type="checkbox"/>	Adjustment 2 – Income Distribution

Mark Luce
President

Ezra Rapport
Secretary-Treasurer

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**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 13-12

**RESOLUTION APPROVING ALLOCATION OF A SHARE OF THE REGIONAL
HOUSING NEED TO EACH OF THE NAPA, SAN MATEO AND SOLANO
SUBREGIONS**

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers agency formed pursuant to the agreement of its members and California Government Code §§ 6500, et seq., and is the council of governments (COG) for the San Francisco Bay Area; and

WHEREAS, pursuant to the Housing Element Law (Act) at California Government Code §§ 65580, et seq., each COG and the California Department of Housing and Community Development (HCD) are required to determine the existing and projected housing needs in the COG's region; and

WHEREAS, under the Act, ABAG determines each city's and county's share of the regional housing need through the regional housing need allocation process (RHNA); and

WHEREAS, local governments have the option of forming a RHNA subregion to allocate a share of the regional housing need among themselves; and

WHEREAS, on March 17, 2011, ABAG acknowledged the formation of three (3) RHNA subregions comprised as follows: the County of Napa and the five (5) cities in the county (Napa Subregion), the County of San Mateo and the twenty (20) cities in the county (San Mateo Subregion) and the County of Solano and the seven (7) cities in the county; and

WHEREAS, by letter dated April 6, 2007, HCD has determined a range for the Regional Housing Need (RHN), including the need for income-based units, and staff has elected to use the lowest numbers in the range; and

WHEREAS, the Act requires ABAG to assign a share of the RHN, including income-based units, to each of the Napa, San Mateo and Solano Subregions; and

WHEREAS, on May 17, 2012, the Executive Board issued proposed shares to each of the Napa, San Mateo and Solano Subregions for public comment; and

WHEREAS, staff has recommended changes to the Draft RHNA Methodology released on May 17, 2012 that affect the proposed shares for each of the Napa, San Mateo and Solano Subregions as described in the staff memorandum dated July 10, 2012.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 13-12**

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby adopts as the final subregional shares for the Napa Subregion, San Mateo Subregion and Solano Subregion as shown in Attachment A.

The foregoing adopted by the Executive Board this 19th day of July, 2012.

Mark Luce
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 19th day of July, 2012.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD
RESOLUTION NO. 13-12
ATTACHMENT A**

No Adjustments	Growth Concentration Only	Income Distribution Only	Growth Concentration and Income Distribution
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Subregional Shares			
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Napa County	0.8%	0.8%	0.8%	0.8%
San Mateo County	8.5%	8.7%	8.5%	8.7%
Solano County	3.8%	3.7%	3.8%	3.7%

Adopt:

Mark Luce, President

Ezra Rapport, Secretary-Treasurer

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Appendix

Appendix A | Preliminary Housing Allocations by Jurisdiction

- I. Alternative Proposals: Draft Regional Housing Need Allocation (2014-2022)
- II. County Share
- III. Draft RHNA Units Change by Using Regional Median Household Income

Appendix B | RHNA Methodology and Process

- I. Background
- II. Overview of RHND/RHNA Methodology
- III. Statutory Factors and Survey Factors
- IV. Housing Methodology Committee (HMC)

Appendix C | Comments on RHNA Draft Methodology

- I. Summary of Input Collected
- II. Matrix of Letters Received
- III. Letters Received

Appendix D | 2014-2022 RHNA Schedule

- I. RHNA Timeline

Appendix A | Preliminary Housing Allocations by Jurisdiction

- I. Alternative Proposals: Draft Regional Housing Need Allocation (2014-2022)
- II. County Share
- III. Draft RHNA Units Change by Using Regional Median Household Income

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	No Adjustments					Growth Concentration Only					Income Distribution Only					Growth Concentration and Income Distribution				
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Alameda County																				
Alameda	469	267	288	664	1,688	475	270	293	678	1,716	436	244	278	730	1,688	442	247	282	745	1,716
Albany	86	57	59	131	333	86	57	59	132	334	80	53	56	144	333	80	53	57	144	334
Berkeley	580	445	578	1,273	2,876	592	455	591	1,308	2,946	519	431	568	1,358	2,876	530	440	581	1,395	2,946
Dublin	783	454	441	498	2,176	817	474	461	523	2,275	761	426	405	584	2,176	793	444	423	615	2,275
Emeryville	296	228	240	682	1,446	304	235	248	705	1,492	268	203	250	725	1,446	275	210	258	749	1,492
Fremont	1,641	902	950	1,472	4,965	1,790	985	1,039	1,618	5,432	1,564	844	891	1,666	4,965	1,707	922	974	1,829	5,432
Hayward	949	532	625	1,852	3,958	960	539	634	1,888	4,021	852	483	616	2,007	3,958	862	490	625	2,044	4,021
Livermore	866	496	521	800	2,683	875	501	527	814	2,717	827	466	488	902	2,683	835	472	494	916	2,717
Newark	372	198	186	396	1,152	346	184	173	370	1,073	353	179	169	451	1,152	328	166	157	422	1,073
Oakland	2,518	2,232	2,951	7,633	15,334	2,401	2,135	2,827	7,338	14,701	2,150	2,159	2,925	8,100	15,334	2,050	2,066	2,803	7,782	14,701
Piedmont	24	14	15	7	60	24	14	15	7	60	24	13	15	8	60	24	14	15	7	60
Pleasanton	681	385	391	443	1,900	735	416	423	484	2,058	660	360	374	506	1,900	713	389	405	551	2,058
San Leandro	545	282	351	1,028	2,206	560	291	362	1,064	2,277	488	261	340	1,117	2,206	502	269	350	1,156	2,277
Union City	334	193	202	371	1,100	333	193	202	373	1,101	316	179	191	414	1,100	316	179	191	415	1,101
Alameda County Unincorporated	445	232	282	707	1,666	469	244	297	752	1,762	406	214	278	768	1,666	428	226	294	814	1,762
	10,589	6,917	8,080	17,957	43,543	10,767	6,993	8,151	18,054	43,965	9,704	6,515	7,844	19,480	43,543	9,885	6,587	7,909	19,584	43,965
Contra Costa County																				
Antioch	337	198	207	675	1,417	341	201	211	689	1,442	343	200	210	664	1,417	348	204	213	677	1,442
Brentwood	231	120	121	283	755	230	121	121	284	756	233	123	122	277	755	233	123	122	278	756
Clayton	50	25	31	34	140	50	25	31	35	141	51	25	31	33	140	51	25	31	34	141
Concord	767	431	551	1,664	3,413	775	436	559	1,692	3,462	786	437	549	1,641	3,413	794	442	556	1,670	3,462
Danville	194	111	124	125	554	194	111	124	126	555	195	111	124	124	554	195	111	124	125	555
El Cerrito	95	61	67	162	385	98	62	69	168	397	97	61	67	160	385	100	63	69	165	397
Hercules	218	114	99	249	680	217	113	99	250	679	219	117	100	244	680	219	117	100	243	679
Lafayette	127	72	79	94	372	145	83	90	108	426	128	73	79	92	372	146	83	90	107	426
Martinez	121	71	78	196	466	121	71	78	197	467	123	72	78	193	466	123	72	78	194	467
Moraga	68	39	46	57	210	74	43	50	61	228	69	39	46	56	210	75	43	50	60	228
Oakley	311	171	172	509	1,163	310	170	171	512	1,163	317	173	174	499	1,163	316	173	174	500	1,163
Orinda	84	47	53	41	225	84	47	53	42	226	85	47	53	40	225	84	47	53	42	226
Pinole	78	46	39	126	289	79	47	41	129	296	79	46	41	123	289	80	48	42	126	296
Pittsburg	368	245	305	1,042	1,960	377	251	314	1,074	2,016	381	246	306	1,027	1,960	390	253	315	1,058	2,016
Pleasant Hill	115	68	84	178	445	114	68	84	180	446	117	69	83	176	445	117	69	84	176	446
Richmond	413	299	397	1,260	2,369	421	305	406	1,292	2,424	428	298	399	1,244	2,369	436	304	408	1,276	2,424
San Pablo	52	53	75	267	447	52	53	75	267	447	55	53	75	264	447	55	53	75	264	447
San Ramon	466	251	253	315	1,285	511	276	277	347	1,411	469	253	256	307	1,285	514	278	281	338	1,411
Walnut Creek	588	345	374	896	2,203	592	347	377	909	2,225	596	350	376	881	2,203	601	353	379	892	2,225
Contra Costa County Unincorporated	352	206	231	514	1,303	366	215	241	539	1,361	357	208	232	506	1,303	372	217	242	530	1,361
	5,035	2,973	3,386	8,687	20,081	5,151	3,045	3,471	8,901	20,568	5,128	3,001	3,401	8,551	20,081	5,249	3,078	3,486	8,755	20,568

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	No Adjustments					Growth Concentration Only					Income Distribution Only					Growth Concentration and Income Distribution				
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Marin County																				
Belvedere	4	3	4	5	16	4	3	4	5	16	4	3	4	5	16	4	3	4	5	16
Corte Madera	20	11	12	28	71	20	11	12	29	72	22	12	13	24	71	22	13	13	24	72
Fairfax	16	9	11	25	61	15	9	11	26	61	16	11	11	23	61	16	11	11	23	61
Larkspur	36	17	20	58	131	36	17	20	59	132	40	20	21	50	131	40	20	21	51	132
Mill Valley	38	23	25	43	129	38	23	24	44	129	41	24	26	38	129	41	24	26	38	129
Novato	99	60	68	186	413	99	60	68	187	414	111	65	72	165	413	111	65	72	166	414
Ross	6	3	4	5	18	6	3	4	5	18	6	4	4	4	18	6	4	4	4	18
San Anselmo	30	16	18	42	106	30	15	18	43	106	33	17	19	37	106	33	17	19	37	106
San Rafael	212	145	183	498	1,038	203	140	177	483	1,003	248	153	186	451	1,038	239	147	180	437	1,003
Sausalito	24	13	15	28	80	24	13	15	27	79	26	14	16	24	80	26	14	16	23	79
Tiburon	23	16	18	21	78	23	16	18	21	78	24	16	19	19	78	24	16	19	19	78
Marin County Unincorporated	53	32	38	71	194	50	30	36	68	184	58	34	39	63	194	55	32	37	60	184
	561	348	416	1,010	2,335	548	340	407	997	2,292	629	373	430	903	2,335	617	366	422	887	2,292
Napa County																				
American Canyon	127	61	64	148	400	124	60	62	146	392	119	55	59	167	400	116	54	58	164	392
Calistoga	7	2	4	14	27	7	2	4	14	27	6	2	4	15	27	6	2	4	15	27
Napa	214	117	151	381	863	207	112	146	370	835	191	110	146	416	863	185	106	141	403	835
St. Helena	8	6	5	12	31	8	5	5	13	31	8	5	5	13	31	8	5	5	13	31
Yountville	5	2	3	7	17	5	2	3	7	17	4	2	3	8	17	4	2	3	8	17
Napa County Unincorporated	54	33	34	59	180	54	33	34	59	180	52	30	32	66	180	51	30	32	67	180
	415	221	261	621	1,518	405	214	254	609	1,482	380	204	249	685	1,518	370	199	243	670	1,482
San Francisco County																				
San Francisco	6,529	4,738	5,475	11,389	28,131	6,646	4,833	5,590	11,676	28,745	6,096	4,530	5,323	12,182	28,131	6,207	4,619	5,437	12,482	28,745
	6,529	4,738	5,475	11,389	28,131	6,646	4,833	5,590	11,676	28,745	6,096	4,530	5,323	12,182	28,131	6,207	4,619	5,437	12,482	28,745

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	No Adjustments					Growth Concentration Only					Income Distribution Only					Growth Concentration and Income Distribution				
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
San Mateo County																				
Atherton	36	26	28	15	105	36	26	28	16	106	36	26	29	14	105	36	27	29	14	106
Belmont	110	58	65	133	366	110	58	66	133	367	116	63	67	120	366	116	63	67	121	367
Brisbane	20	10	13	28	71	23	12	15	33	83	21	12	13	25	71	25	13	15	30	83
Burlingame	261	137	150	427	975	260	137	150	428	975	281	150	158	386	975	280	149	158	388	975
Colma	17	7	8	31	63	18	8	8	33	67	19	8	8	28	63	20	8	9	30	67
Daly City	369	175	219	743	1,506	368	174	219	747	1,508	409	194	225	678	1,506	408	194	225	681	1,508
East Palo Alto	50	51	88	277	466	50	51	88	278	467	65	54	83	264	466	64	54	83	266	467
Foster City	144	81	65	139	429	144	81	65	140	430	148	86	76	119	429	148	87	76	119	430
Half Moon Bay	48	31	32	74	185	48	31	32	75	186	52	31	36	66	185	52	31	36	67	186
Hillsborough	49	28	34	18	129	49	28	34	18	129	50	29	34	16	129	50	29	34	16	129
Menlo Park	217	130	125	238	710	223	134	130	247	734	230	129	140	211	710	237	133	145	219	734
Millbrae	179	94	107	298	678	178	93	107	300	678	194	102	112	270	678	193	101	112	272	678
Pacifica	114	61	69	169	413	114	61	68	170	413	121	69	70	153	413	121	68	70	154	413
Portola Valley	21	14	13	16	64	21	14	14	15	64	21	15	14	14	64	21	15	15	13	64
Redwood City	646	406	490	1,242	2,784	644	405	490	1,245	2,784	708	429	502	1,145	2,784	706	429	502	1,147	2,784
San Bruno	307	144	190	564	1,205	329	154	204	607	1,294	341	155	194	515	1,205	365	166	208	555	1,294
San Carlos	168	90	95	182	535	186	100	106	204	596	176	96	100	163	535	195	107	111	183	596
San Mateo	777	424	503	1,248	2,952	795	434	515	1,286	3,030	839	458	516	1,139	2,952	859	469	530	1,172	3,030
South San Francisco	515	242	313	972	2,042	529	249	322	1,006	2,106	560	282	308	892	2,042	576	290	318	922	2,106
Woodside	22	13	15	12	62	22	13	15	12	62	23	13	15	11	62	23	13	15	11	62
San Mateo County Unincorporated	86	55	64	105	310	94	60	70	115	339	91	56	66	97	310	100	61	72	106	339
	4,156	2,277	2,686	6,931	16,050	4,241	2,323	2,746	7,108	16,418	4,501	2,457	2,766	6,326	16,050	4,595	2,507	2,830	6,486	16,418
Santa Clara County																				
Campbell	224	122	142	420	908	229	124	145	431	929	247	134	147	380	908	252	137	150	390	929
Cupertino	335	203	213	303	1,054	336	203	214	306	1,059	353	205	230	266	1,054	354	206	230	269	1,059
Gilroy	204	157	215	505	1,081	203	157	216	507	1,083	236	159	215	471	1,081	235	159	216	473	1,083
Los Altos	162	99	107	108	476	161	98	107	109	475	168	100	112	96	476	168	99	112	96	475
Los Altos Hills	45	28	31	18	122	45	28	31	17	121	46	28	32	16	122	46	28	32	15	121
Los Gatos	189	107	130	190	616	188	107	131	191	617	200	112	132	172	616	200	112	132	173	617
Milpitas	911	492	508	1,241	3,152	944	511	527	1,294	3,276	964	548	542	1,098	3,152	1,000	568	563	1,145	3,276
Monte Sereno	23	12	13	14	62	23	12	13	13	61	23	13	13	13	62	23	13	13	12	61
Morgan Hill	233	139	167	322	861	250	148	179	347	924	254	143	172	292	861	272	153	184	315	924
Mountain View	717	428	484	1,142	2,771	751	449	508	1,205	2,913	773	467	499	1,032	2,771	810	490	525	1,088	2,913
Palo Alto	637	405	441	634	2,117	653	417	454	655	2,179	670	419	462	566	2,117	688	430	476	585	2,179
San Jose	8,948	5,396	6,383	16,638	37,365	8,334	5,031	5,964	15,600	34,929	9,862	5,793	6,595	15,115	37,365	9,193	5,405	6,161	14,170	34,929
Santa Clara	898	606	660	1,632	3,796	961	649	708	1,757	4,075	977	646	701	1,472	3,796	1,045	692	752	1,586	4,075
Saratoga	143	91	102	102	438	143	90	102	103	438	147	95	104	92	438	147	95	104	92	438
Sunnyvale	1,544	873	872	2,297	5,586	1,647	933	932	2,466	5,978	1,667	929	961	2,029	5,586	1,780	992	1,027	2,179	5,978
Santa Clara County Unincorporated	16	9	11	25	61	20	12	14	31	77	17	10	11	23	61	22	13	14	28	77
	15,229	9,167	10,479	25,591	60,466	14,888	8,969	10,245	25,032	59,134	16,604	9,801	10,928	23,133	60,466	16,235	9,592	10,691	22,616	59,134

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	No Adjustments					Growth Concentration Only					Income Distribution Only					Growth Concentration and Income Distribution				
	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Solano County																				
Benicia	106	62	66	113	347	100	58	62	107	327	100	58	60	129	347	94	54	56	123	327
Dixon	56	24	35	82	197	56	24	35	82	197	50	24	30	93	197	50	24	30	93	197
Fairfield	974	507	575	1,510	3,566	950	495	562	1,483	3,490	882	462	525	1,697	3,566	861	451	514	1,664	3,490
Rio Vista	19	13	17	55	104	18	13	16	52	99	16	12	17	59	104	15	12	16	56	99
Suisun City	119	47	51	151	368	114	45	50	146	355	109	42	44	173	368	105	40	41	169	355
Vacaville	315	149	178	441	1,083	315	148	178	443	1,084	287	135	173	488	1,083	287	134	173	490	1,084
Vallejo	319	197	219	625	1,360	318	197	219	628	1,362	284	178	210	688	1,360	283	178	211	690	1,362
Solano County Unincorporated	18	10	12	25	65	18	10	11	24	63	17	9	12	27	65	16	9	12	26	63
	1,926	1,009	1,153	3,002	7,090	1,889	990	1,133	2,965	6,977	1,745	920	1,071	3,354	7,090	1,711	902	1,053	3,311	6,977
Sonoma County																				
Cloverdale	48	34	37	98	217	47	33	36	94	210	41	30	32	114	217	39	29	31	111	210
Cotati	40	25	18	59	142	39	24	17	57	137	36	19	19	68	142	35	18	18	66	137
Healdsburg	37	27	27	65	156	37	27	27	65	156	31	24	26	75	156	31	24	26	75	156
Petaluma	220	119	119	271	729	224	121	121	275	741	196	100	118	315	729	198	102	120	321	741
Rohnert Park	233	137	143	446	959	217	127	133	418	895	193	115	135	516	959	180	107	126	482	895
Santa Rosa	1,197	683	840	2,163	4,883	1,134	647	798	2,063	4,642	996	611	796	2,480	4,883	943	579	756	2,364	4,642
Sebastopol	29	18	24	55	126	27	17	24	52	120	23	18	20	65	126	22	17	19	62	120
Sonoma	30	22	30	55	137	30	22	30	55	137	24	23	27	63	137	24	23	27	63	137
Windsor	140	80	75	165	460	134	76	72	157	439	125	68	70	197	460	120	65	67	187	439
Sonoma County Unincorporated	266	145	171	385	967	256	139	165	372	932	228	131	165	443	967	219	126	159	428	932
	2,240	1,290	1,484	3,762	8,776	2,145	1,233	1,423	3,608	8,409	1,893	1,139	1,408	4,336	8,776	1,811	1,090	1,349	4,159	8,409
REGION	46,680	28,940	33,420	78,950	187,990	46,680	28,940	33,420	78,950	187,990	46,680	28,940	33,420	78,950	187,990	46,680	28,940	33,420	78,950	187,990

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	No Adjustments	Growth Concentration Only	Income Distribution Only	Growth Concentration and Income Distribution
County Share				
Alameda County	23.2%	23.4%	23.2%	23.4%
Contra Costa County	10.7%	10.9%	10.7%	10.9%
Marin County	1.2%	1.2%	1.2%	1.2%
Napa County	0.8%	0.8%	0.8%	0.8%
San Francisco County	15.0%	15.3%	15.0%	15.3%
San Mateo County	8.5%	8.7%	8.5%	8.7%
Santa Clara County	32.2%	31.5%	32.2%	31.5%
Solano County	3.8%	3.7%	3.8%	3.7%
Sonoma County	4.7%	4.5%	4.7%	4.5%

Draft RHNA Units Change by Using Regional Median Household Income Instead of County Median Household Income

	Median Household Income			Draft RHNA Units Change			
	County Median Household Income	Amount Below Region	Amount Above Region	Very Low	Low	Moderate	Above Moderate
Alameda	\$68,863	\$7,058		-885	-402	-236	1,523
Contra Costa	\$77,838		\$1,917	93	28	15	-136
Marin	\$87,728		\$11,807	68	25	14	-107
Napa	\$68,416	\$7,505		-35	-17	-12	64
San Francisco	\$70,040	\$5,881		-433	-208	-152	793
San Mateo	\$84,426		\$8,505	345	180	80	-605
Santa Clara	\$85,569		\$9,648	1,375	634	449	-2,458
Solano	\$67,920	\$8,001		-181	-89	-82	352
Sonoma	\$63,848	\$12,073		-347	-151	-76	574
Region	\$75,921						

Note: The calculations show the changes from **Income Distribution Only** (purple) minus **No Adjustments** (green)

Source: Median Household Income data from U.S. Census Bureau, 2005-2009 American Community Survey, via DOF and HCD

Appendix B | RHNA Methodology and Process

- I. Background
- II. Overview RHND/RHNA Methodology
- III. Statutory Factors & Survey of Factors
- IV. Housing Methodology Committee (HMC)

I. Background: Legislation, Goals, and Regional Policy

The State of California, since 1980 has required each town, city, and unincorporated area to plan for its share of the state’s housing need for people of all income levels. This requirement is the Housing Element Law (Chapter 1143, Statutes of 1980; AB 2853) that created the Regional Housing Need Allocation. The statutory objective regarding RHNA requires that two major steps be completed before a city receives its RHNA allocation. First, the California Department of Housing and Community Development (HCD) determine Regional Housing Need Determination (RHND) or total housing need for the state and each region. The total determination is then divided into shares defined by income categories. This allocation process is based on eight-year zoning capacity and does not consider local government constraints.

In addition to AB 2853, the adoption of Senate Bill 375 (Chapter, Statutes of 2008) amends the RHNA schedule. SB 375 aims to integrate land use and transportation planning to reduce transportation-related GHG emissions. The bill requires that all Regional Transportation Plans (RTPs) incorporate a Sustainable Communities Strategy that guides growth into locations that promote alternatives to automobile travel. The chart below shows the integration of RHNA State goals and Regional Policies.

Integration of RHNA State Goals & Regional Policies

RHNA Objectives	Regional Policies
<ul style="list-style-type: none"> • Increase the housing supply and mix of housing types, tenure and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households. • Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns. • Promote improved interregional relationships. • Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census. 	<ul style="list-style-type: none"> • Support existing communities. • Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents. • Increase transportation efficiency and choices. • Increase housing affordability, supply and choices. • Protect and steward natural habitat, open space and agricultural land. • Improve social and economic equity. • Promote economic and fiscal health • Conserve resources, promote sustainability and improve environmental quality. • Protect public health and safety.

II. Overview of 2014-2022 RHND/RHNA Methodology

HCD: Regional Housing Need Determination

For the 8.8 year period from January 2014 through October 2022, HCD determined that the Bay Area would require 187,990 new housing units. This determination is based on population projections produced by the California Department of Finance (DOF), which also took into account the uncertainty regarding the national economy and regional housing markets. The Housing Element Law requires HCD to help regions increase the mix of housing types among cities and counties equitably by providing growth distributions based on income categories. The income allocation for the region is as follows:

	2014 – 2022 RHNA
Very Low Up to 50 Percent of Median Income	24.8%
Low Between 51 and 80 Percent of Median Income	15.4%
Moderate Between 81 and 120 Percent of Median Income	17.8%
Above Moderate Above 120 Percent of Median Income	42.0%

For this cycle only, HCD made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.

ABAG: Regional Housing Need Allocation Methodology

1. Sustainability Component

Objective: To advance the goals of SB 375, the Sustainability Component is based on the Jobs-Housing Connection Strategy, which allocates new housing development into Priority Development Areas (PDAs) and non-PDAs. By concentrating new development in PDAs, the Strategy helps protect the region’s natural resources, water supply, and open space by reducing development pressure on rural areas. This allows the region to consume less energy, reducing household costs and the emission of greenhouse gases.

Process and Factors: Following the land use distribution specified in the Jobs-Housing Connection Strategy, 70% (131,593) of the 187,990 units determined by HCD will be allocated to PDAs and the remaining 30% (56,397) will be directed to non-PDA locations.

2. Fair Share Component

Objective: To achieve the requirements of AB 2853 (the original housing element law) that requires that all cities and counties in California work to provide a fair share or proportion of the region’s total and affordable housing need. In particular cities that had strong transit networks, high employment rates, and performed poorly on the 1999-2006 RHNA cycle received higher allocations.

Process and Factors: Fair Share scoring is addressed through the factors listed below.

- i. **Upper Housing Threshold:** If growth projected by the Jobs-Housing Connection Strategy in PDAs meets or exceeds 110% of the jurisdiction’s household formation growth, it is not

assigned additional growth outside the PDA, which ensures that cities with large PDAs are not overburdened.

- ii. **Minimum Housing Floor:** Jurisdictions are assigned a minimum of 40 percent of their household formation growth but not to exceed 1.5 times its 2007–2014 RHNA. This factor encourages all jurisdictions to produce a fair proportion of total housing need.
- iii. **Past RHNA Performance:** In non PDA areas, the total low- and very-low income units that were permitted in the 1999–2006 RHNA cycle were used as a factor for this cycle. For example, cities that exceeded their RHNA obligation in these two income categories received a lower score.
- iv. **Employment:** In non-PDA areas, the employment was factored using the 2010 job estimates for a jurisdiction. Jurisdictions with higher employment received a higher score.
- v. **Transit:** In non-PDA areas, transit was factored for each jurisdiction. Jurisdictions with higher transit frequency and coverage received a higher score.

3. Income allocation

Objective: This ensures that jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This also promotes the state objective for increasing the mix of housing types among cities and counties equitably. The income allocation requirement is designed to ensure that each jurisdiction in the Bay Area plans for housing people of every income.

Process and Factors: The income distribution of a jurisdiction’s housing need allocation is determined by the difference between the regional proportion of households in an income category and the jurisdiction’s proportion for that same category. Once determined, this difference is then multiplied by 175 percent. The result becomes that jurisdiction’s “adjustment factor.” The jurisdiction’s adjustment factor is added to the jurisdiction’s initial proportion of households in each income category. The result is the total share of the jurisdiction’s housing unit allocation for each income category.

4. Sphere of Influence adjustments

Objective: Every city in the Bay Area has a Sphere of Influence (SOI), which can be either contiguous with or go beyond the city’s boundary. The SOI is considered the probable future boundary of a city and that city is responsible for planning within its SOI. The SOI boundary is designated by the county’s Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts in these areas.

Process and Factors: The allocation of the housing need for a jurisdiction’s SOI where there is projected growth within the spheres varies by county. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI is assigned to the county. In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI is assigned to the city and 37.5 percent is assigned to the county.

5. Subregions Shares of the Regional Housing Needs Determination

Napa, San Mateo and Solano counties with the inclusion of all cities within each county have formed the three subregions for this RHNA cycle. These counties are each considering an alternative housing allocation methodology. The share of the RHND total for each of these subregions is defined by the ratio between the subregion and the total regional housing growth for the 2014 to 2022 period in the Jobs-Housing Connection Strategy, which is the same ratio as in RHNA. Napa will receive 0.8%, San Mateo will receive 8.5%, and Solano will receive 3.8% of the region's total RHND.

III. Statutory Factors & Survey of Factors

Statutory Factors

The RHNA statutes delineate specific factors that had to be considered for inclusion in the methodology, including:

- Water and sewer capacity
- Land suitable for urban development or conversion to residential use
- Protected open space – lands protected by state and federal government
- County policies to protect prime agricultural land
- Distribution of household growth
- Market demand for housing
- City-centered growth policies
- Loss of affordable units contained in assisted housing
- High housing cost burdens
- Housing needs of farm workers
- Impact of universities and colleges on housing needs in a community

With the advice of the HMC, ABAG staff considered how to incorporate the statutory factors into the allocation methodology, how to allocate units by income, and how to address issues such as spheres of influence, the goals of SB 375, and the relationship to subregions. Their goal has been to develop an allocation methodology that is consistent with the RHNA and SB 375 objectives and statutory requirements.

Survey of Factors

On January 24, 2012, ABAG sent a survey form to each planning director of every local jurisdiction in the region. The objective of the survey was to collect information on specific factors or additions to be considered in developing the allocation methodology. ABAG received responses from 40 jurisdictions or roughly a 36% response rate.

The RHNA survey revealed that the proposed RHNA methodology for the upcoming cycle must clarify growth assumptions to the model and should do more to take into account exceptions (e.g. federally owned land) and constraints (e.g. topography of vacant land) to housing development. Findings from individual responses have made it apparent that the dissolution of redevelopment functions across the state is now a sizable deterrent to new housing and job growth. The majority of jurisdictions did not possess the appropriate data or were unclear on the existing and projected relationship between jobs outside their area and housing (see Survey Question 2). Across all respondents, there is a moderate to high level of concern about the feasibility of RHNA allocations in the face of the economic downturn. Respondents would like to see that allocations are commensurate to realistic opportunities and constraints.

I. Results Overview by Survey Category:

A. Relationship between Jobs and Housing

- 35% of respondents recorded at least a 1:1 job to housing ratio. Most of which noted a stable upward growth with concerns about built out rates.

- 51% of respondents reported that at least 20% or more of the distribution of anticipated household growth, as it relates to opportunities to maximize the use of public transit and existing transit infrastructure are near/within Priority Development Areas (PDAs). Alternatively, 24% reported that 100% of the anticipated growth will not be near transit.

B. Opportunities and Constraints

- 59% of respondents identified four or more constraints of the seven categories provided by the survey. Land suitability, sewer, and water capacity were commonly selected as development deterrents.
- The Cities of Brentwood, Campbell, Fairfield, and Healdsburg have an opportunistic capacity on multiple variables provided by the survey to welcome housing development.

C. Demand

- The majority of respondents felt that the market demand for housing is average and projected to remain the same. The demand for jobs was seen as average to significant and anticipated to remain high given the unemployment rate.
- Approximately 84% of respondents felt that there has not been a loss or project that there will be a loss in affordable housing units. However, all of the remaining 16% of respondents identified that there is a loss of affordable units that will continue to worsen due to the dissolution of redevelopment.

II. Key Findings by County (Jurisdictions Surveyed):

A. Alameda

(Dublin, Fremont, Hayward, Livermore, Newark, Piedmont, Pleasanton, and San Leandro)

- City of Livermore will be re-designating industrially zoned land to residential to accommodate TOD development and to address the City's 2007-2014 RHNA. Thus, the ratio of jobs to housing estimated in a build out will decrease. General Plan intends to channel new development within city limits near existing services and create higher density infill housing near services and transit. The City will need to re-designate/rezone additional land to facilitate Transit Oriented Development and affordable housing to meet its RHNA. The City has an Urban Growth Boundary and two Priority Conservation Areas (in North and South Livermore) that support and fulfill community and regional efforts for smart growth near services/transit and protection of agriculture and sensitive habitat and resources.
- City of Pleasanton recently rezoned 70 acres of (mostly previously commercially-zoned) land for future multi-family housing.
- City of Fremont feels that they have capacity and opportunities to receive new housing development.
- City of Fremont and the City of Hayward are concerned about the loss of affordable units. The deed on several projects that contained affordable restrictions has expired.

- The City of Hayward noted a plan that has not been finalized: “Planning directors of Alameda County have been working with the County Transportation Commission on a "Locally Preferred Scenario" which seeks to direct growth to certain areas within each city. This has been presented to ABAG for an SCS strategy.”

B. Contra Costa

(County of Contra Costa, Brentwood, Clayton, Danville, Lafayette, Pleasant Hill, and Walnut Creek)

- Contra Costa has a ULL. Recent LAFCO review points to three-party agreement between Danville, Dan Ramon, and Contra Costa County regarding adjustments to Danville's and San Ramon's respective SOIs along the Camino Tassajara corridor east of Alamo Creek (currently partially in Danville's SOI).
- The City of Brentwood reported that the demand for higher-level jobs is very high. The city has adequate entry level min wage employment. Growth in the employment sector is a priority of the city council.
- Demand for housing across the county remains low except within the City of Lafayette. The city also reports a concern regarding affordable housing: “inventory of federally subsidized low-income rental units at risk of conversion indicated one property with 66 Section 8 units at risk of conversion in next 10 years.”

C. Marin

(Town of Corte Madera, Larkspur, Town of Ross, and Sausalito)

- City of Sausalito reported that the vacancy rate among the city's owner housing is 2.3%; 6.4% among the city's rental housing. The market demand for housing is relatively high. City also indicated that there is a growing need for workers in the marine and fish industry.
- Town of Ross indicated that housing prices are high for single family units and homes continue to sell. There have been no requests to develop sites that are zoned for multiple family housing.

D. Napa

(County of Napa)

- Sewer, water and land suitability are the biggest constraints to potential development.
- 26.20% of households spend more than 30% on their income on housing.
- Feels that affordability is not an issue, as County manages a county-wide Section 8 program.

E. San Mateo

(Daly City, Town of Hillsborough, Millbrae, and San Bruno)

- Daly City is expecting that housing supply and production will exceed job growth. But is expecting that the rate of job growth will decline.

- City of Hillsborough reported that their Site analysis for 2009 Housing Element shows finite availability for 134 new primary units. Although second units may be accommodated, the town's infrastructure and services would likely not be able to accommodate growth beyond the 134 new primary units.
- City of San Bruno expressed additional housing constraints: (1) restriction within 70dB noise contour of SFO (2) small and shallow lots with multiple ownership along transit corridors of El Camino Real and San Bruno (3) Local height limit ordinance (Ord. 1284) limiting building height.

F. Santa Clara

(Campbell, Cupertino, Town of Los Altos Hills, Milpitas, Mountain View, Saratoga, and Sunnyvale)

- Town of Los Altos is zoned almost entirely Residential-Agricultural (R-A) with 1 acre min lot size. There is no commercial, retail, or industrial zoned land, and no PDA or GOA.
- The City of Campbell and Mountain View expressed the capacity to receive increased housing growth.
- The City of Sunnyvale has one 5-acre unincorporated area that is pre-zoned for medium density. There is no specific agreement between Sunnyvale and the county for development of that land.

G. Solano

(County of Solano, Fairfield, and Vacaville)

- The City of Vacaville reported that 34% of residents are employed in Vacaville (2000 Census) The city is currently updating its General Plan and considering the addition of an employment center in a new growth area.
- County as a whole reported a low demand for housing and jobs in the area given the economic climate.
- City of Fairfield's General Plan and County General Plan direct growth to incorporate area. The city also has an agreement with the Solano Irrigation District, which limits annexation

H. Sonoma

(County of Sonoma, Healdsburg, and Petaluma)

- County as a whole reported a low demand for housing and jobs in the area given the economic climate.
- City of Healdsburg reported that there are no formal agreements that aim to direct growth, only policies to provide community separators and urban growth boundaries.

IV. Housing Methodology Committee (HMC)

The HMC was formed in January 2011 for the 5th RHNA 2012-2022 cycle. Over the course of ten meetings, the committee has been responsible for working with and advising staff on the development of the RHNA methodology while ensuring its consistency with the SCS. The HMC is comprised of the following members:

ALAMEDA COUNTY

Alex Amoroso
Principal Planner, City of Berkeley

Scott Haggerty
Supervisor, County of Alameda

Rebecca Kaplan
Councilmember, City of Oakland

Jeffrey Levin
Housing Policy & Programs Manager, City of Oakland

Albert Lopez
Planning Director, County of Alameda

Vernon Smith
Housing Coordinator, City of Union City

CONTRA COSTA COUNTY

Kara Douglas
Principal Planner, County of Contra Costa

Patrick Lynch
Housing Director, City of Richmond

Julie Pierce
Councilmember, City of Clayton

Gayle Uilkema
Supervisor, County of Contra Costa

Tina Wehrmeister
Community Development Director, City of Antioch

MARIN COUNTY

Pat Eklund
Councilmember, City of Novato

Linda Jackson
Principal Planner, City of San Rafael

Stacey Laumann
Planner, County of Marin

NAPA COUNTY

Diane Dillon
Supervisor, County of Napa

Hillary Gitelman
Conservation, Development & Planning Director,
County of Napa

Rick Tooker
Planning Manager, City of Napa

SAN FRANCISCO COUNTY

Sarah Dennis Phillips
Senior Planner, City and County of San Francisco

Ross Mirkarimi
Supervisor, City and County of San Francisco

Doug Shoemaker
Housing Director, City and County of San Francisco

SAN MATEO COUNTY

Duane Bay
Department of Housing Director, County of San Mateo

David Lim
Councilmember, City of San Mateo

Maureen Riordan
Senior Planner, City of Redwood City

SANTA CLARA COUNTY

Mike Kasperzak
Councilmember, City of Mountain View

Steve Piasecki
Community Development Director, City of Morgan Hill

Laurel Prevetti
Assistant Planning Director, City of San Jose

Greg Scharff
Councilmember, City of Palo Alto

Bill Shoe
Principal Planner, County of Santa Clara

SOLANO COUNTY

Barbara Kondylis
Supervisor, County of Solano

Laura Kuhn
City Manager, City of Vacaville

Matt Walsh
Principal Planner, County of Solano

SONOMA COUNTY

Bonne Gaebler
Housing Administrator, City of Petaluma

Jake Mackenzie
Councilmember, City of Rohnert Park

Pete Parkinson
Permit & Resource Management, Department Director, County of Sonoma

BUSINESS COMMUNITY REPRESENTATIVES

Bena Chang
Senior Associate, Housing & Transportation Silicon Valley Leadership Group

Scott Zengel
Vice President, Bay Area Family of Funds Bay Area Council

FOR-PROFIT HOUSING REPRESENTATIVES

Paul Campos
Senior Vice President of Governmental Affairs and General Counsel Building Industry Association Bay Area

Sarah Karlinsky
Deputy Director, SPUR

NON-PROFIT HOUSING REPRESENTATIVES

Katie Lamont
Real Estate Development Associate Director Eden Housing, Inc.

Evelyn Stivers
Field Director, The Non-Profit Housing Association of Northern California

OPEN SPACE/AGRICULTURAL LANDS REPRESENTATIVES

Stephanie Reyes
Policy Director, Greenbelt Alliance

PUBLIC EDUCATION REPRESENTATIVE

Sharifa Wilson
Trustee, Ravenswood School District

PUBLIC HEALTH REPRESENTATIVE

Susan Adams
Supervisor, County of Marin
Regional Planning Committee: Public Health

PUBLIC/ALTERNATIVE TRANSPORTATION REPRESENTATIVE

Val Joseph Menotti
Planning Department Manager, BART

SOCIAL EQUITY REPRESENTATIVES

Margaret Gordon
Co-Director, West Oakland Environmental Indicators Project

Vu-Bang Nguyen
Land Use Program Coordinator, Urban Habitat

Appendix C | Comments on RHNA Draft Methodology

- I. Summary of Input Collected
- II. Matrix of Letters Received
- III. Letters Received

I. Comments on the DRAFT RHNA Methodology

On May 17, 2012, the ABAG Executive Board approved the DRAFT Regional Housing Need Allocation (RHNA) Methodology and Preliminary Subregional Shares for the fifth cycle: 2014 - 2022 for all jurisdictions and subregions by income category in the San Francisco Bay Area.ⁱ The approval kicked-off a 60-day period for jurisdictions and the public to comment on the draft methodology and on the Preliminary Subregional Shares.ⁱⁱ Since then ABAG staff has received comments on behalf of the Executive Board and feedback from local jurisdictions and the general public. The comments have noted below have been grouped by topical concerns that received the most support and contain a brief Staff response (*addressed or not addressed*) that will be detailed in the Subsection, *Proposed to Final RHNA* in this memo.

Executive Board comments

May 17, 2012 | Executive Board Meeting

Members of the Executive Board approved the DRAFT RHNA methodology for each jurisdiction and directed ABAG Staff to respond to the following four comments:

I. Concentration of Growth

Comment: The regional goal to reduce GHG by focusing growth in places currently well served by transit and employment opportunities have appropriately resulted in a concentration of housing units in core areas. The distribution of housing units in RHNA must ensure a fair share distribution between larger and medium sized cities with high job growth and transit access.

ABAG Response: See **Adjustment 1: Growth Concentration** - ABAG Staff met with city staff, elected officials, and stakeholders to discuss the analysis that will address this comment.

II. Income Distribution

Comment: Every jurisdiction with median income above the Bay Area average should take on at least as much of the region's lower income housing need as it did in the 2007-2014 planning period.

ABAG Response: See **Adjustment 2: Income Distribution** - ABAG Staff met with equity stakeholders to explore the analysis that will address this comment.

III. Household Formation Minimum (40% Lower Threshold)

Comment: The 40% Lower Threshold factor of the RHNA methodology should be applied earlier place in the overall calculation. This would result in a different allocation.

ABAG Response: The 40% Lower Threshold has been defined as a minimum housing responsibility for each jurisdiction. This factor has been discussed at length at the HMC. ABAG Staff relies on the HMC input.

Local Jurisdiction Input

May 17, 2012 – July 17, 2012 | Public Comment Period

- 14 Jurisdictions submitted feedback for the 2014-2022 RHNA draft methodology.
- Alameda, Contra Costa, Marin, San Mateo and Santa Clara counties were represented in the letters received.

The feedback letters from the 15 jurisdictions revealed many common issues with the current RHNA draft methodology and the corresponding housing allocations. Many smaller, less urban jurisdictions believe that they have been allocated an unreasonable amount of housing, while larger jurisdictions have received allocation reductions from the previous RHNA cycles. The smaller jurisdictions cite the land-use and transportation goals of the SCS as a basis for allocating more housing to the larger jurisdictions, as there tend to be more jobs and stronger transportation networks in these areas. Lack of developable land, weak transportation networks, limited job opportunities and absence of PDAs are the most common issues faced by the smaller jurisdictions. Larger jurisdictions expressed concerns around the feasibility of constructing the allocated affordable housing units. As State and Federal funds are limited for affordable housing subsidization, it is difficult for jurisdictions to gather the funds necessary for affordable housing construction.

I. Key Findings

- 47% of respondents mentioned weak public transit networks limited their sustainable growth potential
- 27% of respondents are concerned that a lack of developable land would hinder their ability to meet housing allocation goals
- 33% of respondents said that job loss or general lack of employment within the jurisdiction limit potential growth
- 20% of respondents cited a lack of State and Federal funds for affordable housing subsidization as a major limiting factor for affordable housing growth

II. Methodological Concerns

- 1 jurisdiction believes the Income Adjustment Factor is “overly-aggressive” and makes it difficult to reach allocation goals
- 33% of respondents believe the Minimum Housing Floor factor of 40% of household growth is excessive as it burdens smaller, more suburban jurisdictions with larger allocations
- 27% of respondents feel the current method for judging affordable housing construction performance is flawed
- Palo Alto has requested that any SOI corrections due to Stanford University be allocated to the county and that the RHNA allocation for the county reflect the planned housing construction on Stanford University campus

III. PDA Revisions in Santa Clara County

ABAG Staff requested local input on the PDA originally proposed by the Santa Clara Valley Transportation Authority (VTA). This is to bring all PDAs into conformity with the requirement of local council approval for each PDA.

Public Input

Public input was received at the Executive Board Meeting on May 17, 2012 and the Regional Planning Committee on June 6, 2012.

I. Concentration of Growth & Income Distribution

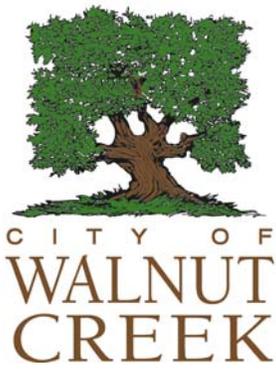
Concern: The 6 Wins Coalition supported by Greenbelt Alliance submitted a written proposal to modify the Draft RHNA Methodology. Their motion proposed that every jurisdiction with a median income above the Bay Area average should take-on at least as much of the region's lower-income housing need as it did in the 2007-2014 Housing Element period. They argue that the current process concentrates more housing growth in lower-income cities in the urban core in order to reduce Green House Gas (GHG) emissions. They have urged ABAG staff to recognize that some affluent cities that desperately need more affordable housing are seeing sharp declines in their share RHNA for low and very-low income units.

ⁱ By a vote of the ABAG Executive Board on the original motion, the original motion passed by consensus, with two nay votes

ⁱⁱ Government Code Section 65584.04

Matrix of RHNA Comment Letters Received

Jurisdiction/Agency	County	Date Received	Contact
Newark	Alameda	25-Jun-12	Terrance Grindall, Community Development Director
San Ramon	Contra Costa	26-Jun-12	Phil Wong, Community Development Director
Walnut Creek	Contra Costa	6-Jul-12	Andrew Smith, Senior Planner
Fairfax	Marin	29-Jun-12	James More, Planning Director
Novato	Marin	29-Jun-12	Denise Athas, Mayor
Sausalito	Marin	28-Jun-12	Micheal Kelly, Mayor
Atherton	San Mateo	22-Jun-12	William Widmer, Mayor
Cupertino	Santa Clara	26-Jun-12	Amy Chan, City Manager
Los Altos	Santa Clara	26-Jun-12	Valerie Cook Carpenter, Mayor
Los Gatos	Santa Clara	21-Jun-12	Greg Larson, Town Manager
Monte Sereno	Santa Clara	27-Jun-12	Russ Stanley
Palo Alto	Santa Clara	29-Jun-12	James Keene, City Manager
Santa Clara	Santa Clara	28-Jun-12	Kevin Riley, Director of Planning
Saratoga	Santa Clara	5-Jun-12	Chuck Page, Mayor
Sunnyvale	Santa Clara	29-Jun-12	Hanson Hom, Community Development Director



July 6, 2012

Ken Kirkey
Director of Planning and Research
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604-2050

Delivered via e-mail to kennethk@abag.ca.gov and RHNA_Feedback@abag.ca.gov

Re: Adoption of draft Regional Housing Need Allocation (RHNA) methodology

Dear Mr. Kirkey:

On July 3, 2012, the Walnut Creek City Council reviewed the recently released draft Regional Housing Need Allocation (RHNA) Methodology for the upcoming 2014 – 2022 cycle. The following comments are based upon direction given by the Council:

Due to the timelines contained in State Law, the RHNA methodology is being prepared prior to the adoption of the Sustainable Communities Strategy (SCS), despite the fact that State Law also requires the RHNA methodology to be consistent with the SCS. The final SCS will not be adopted until April 2013, by which time the final RHNA allocations will have already been issued. Given this situation, the RHNA methodology should include a mechanism that allows for the reduction of an individual jurisdiction's RHNA allocation, should that jurisdiction's growth projections contained within the final SCS be significantly lower than those contained in the recently approved Preferred Land Use and Transportation Investment Strategy (the preferred scenario for the SCS).

Thank you for the opportunity to comment. If you have any questions regarding this letter, please feel free to contact me at (925) 943-5899 x2213 or asmith@walnut-creek.org.

Sincerely,

Andrew M. Smith
Senior Planner

Cc: Walnut Creek City Council
Ken Nordhoff, City Manager
Sandra Meyer, Community Development Director
Steve Buckley, Planning Manager
Laura Simpson, Housing Program Manager



THE CITY OF
NOVATO
CALIFORNIA

75 Rowland Way #200
Novato, CA 94945-3232
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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

June 29, 2012

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

RECEIVED

JUL 02 2012

EXECUTIVE DIRECTOR'S OFFICE

Re: City of Novato Comments on Draft Methodology
Regional Housing Need Assessment 2014-2022

Dear Mr. Luce:

The Novato City Council appreciates ABAG's efforts on the draft Regional Housing Need Assessment (RHNA) Methodology 2014-2022, a major undertaking. We thank ABAG staff for their willingness to communicate directly with our staff, and we expect to be able to continue discussing the points below with ABAG RHNA staff.

At its June 26, 2012 meeting, the Novato City Council reviewed and considered materials and testimony concerning the Draft Regional Housing Need Allocation (RHNA) Methodology for 2014-2022 and has the following comments:

1. The Past RHNA Performance factor should be applied AFTER the Minimum Housing Floor factor, so that communities are, in fact, credited for achieving their RHNA allocations. When this factor is applied BEFORE the Minimum Housing Floor factor, the credit for achieving the RHNA allocation disappears. In fact, it results in an increased allocation due to the 40% floor factor. The staff report to the ABAG Executive Board dated May 17, 2012 discusses the Past RHNA Performance factor after the Minimum Housing Floor factor, which is misleading to the general reader as the methodology computation is in reverse order. This manner of computation is a serious defect of the RHNA 2014-2022 draft methodology since it does not encourage jurisdictions to achieve their RHNA allocations. Jurisdictions need and deserve such positive incentives as part of the RHNA methodology as recommended by the ABAG Housing Methodology Committee.

2. The Minimum Housing Floor factor should be re-examined. We understand that there was a strong desire to ensure that every jurisdiction be required to do 'its fair share'. However, there is no explanation or rationale provided on why 40% was selected. We understand that ABAG staff presented the Housing Methodology Committee with three choices - 40%, 50% and 60%. Why were those percentages presented and not others such as 30% or 25%? A reduction of the floor for those few cities in the 9 County Bay Area that

did achieve their Past RHNA allocations should be included. That would give jurisdictions a second incentive to achieve the RHNA allocations which could result in higher RHNA performance in the future.

3. The Employment factor appears to be based on 2010 job estimates rather than actual census data for individual jurisdictions. We remain concerned that the jobs projections of the draft Jobs-Housing Connection Strategy are too high for the region and especially for Marin and the City of Novato. It is unclear whether use of these data accounts for the full continuing effects of the recession on local jobs. A recent article in our local paper stated that "From 2007-10 the county lost 10,317 jobs, or about one in every 10 jobs, according to figures released Tuesday by the U.S. Census Bureau." The article continued to highlight that "It is not clear how Marin industries have fared since 2010 because there is an 18-month lag in the release of detailed census data each year. The latest figures also do not include data for self-employed workers, which will be released separately..." The Employment factor needs to be based on actual census data rather than estimates.

4. The 2014-2022 RHNA Housing Methodology needs to recognize the continuing economic recession for the first cycle for the Sustainable Communities Strategy (SCS). It appears that the RHNA allocations for the 8-year cycle 2016-2022 are higher than its proportional share of the 30 year SCS 2010-2040. Given the struggling economic conditions, it may take several more years for the housing industry to recover, and the 2014-2022 RHNA Housing Methodology should recognize our current employment situation.

Lastly, we want to emphasize that the draft RHNA 2014-2022 Methodology does not account for the amount of affordable housing that was provided in Novato during the 1999-2006 RHNA cycle. Novato provided a significant proportion, beyond the City's share of population in Marin County, of all affordable housing in Marin County during that time period. With the way the Past RHNA Performance factor is applied in the draft RHNA 2014-2022 Methodology, there is no real acknowledgment of that affordable housing achievement in Novato. It appears that about half the jurisdictions that achieved their RHNA allocations during that cycle are not getting full credit for their success.

Again, thank you for the opportunity to comment and for ABAG's work on the State-mandated RHNA process. We look forward to your consideration of our comments and modifications to the draft RHNA 2014-2022 Methodology that reward communities that actually get

Mr. Mark Luce
page 2

June 29, 2012

affordable housing built. Please contact Anne Moore, Interim General
Plan Manager, if you have questions.

Sincerely,



Denise Athas, Mayor

cc: City Council
Planning Commission
City Manager
City Attorney
City Interim General Plan Manager
Association of Bay Area Governments, Attn: Ezra Rapport
Metropolitan Transportation Commission, Attn: Steve
Heminger
League of California Cities, Attn: Dan Carrig
Transportation Authority of Marin, Attn: Dianne Steinhauser



June 29, 2012

Ken Kirkey, Director of Planning and Research
Association of Bay Area Governments
PO Box 2050
Oakland, CA 94604-2050

RE: Regional Housing Needs Allocation (RHNA 2014-2022)

Dear Mr. Kirkey:

This letter is in response to the recent ABAG memo regarding the 2014 RHNA methodology and ABAG staff's recommendation on draft allocations. Sunnyvale has reviewed the methodology, and although questions remain, it appears that the RHNA methodology will have a marginal effect on Sunnyvale's final allocation. Instead, we are more concerned with the starting point of 5,685 dwelling units that is used in applying the Draft RHNA methodology. We understand this starting number is set through the Sustainable Communities Strategy (SCS) process. Sunnyvale's primary concerns are the aggressive 8-year growth expectation and the trickledown effect on meeting State affordable housing requirements.

Sunnyvale is concerned at this time about the ultimate allocation results. We understand that the allocation numbers currently presented are considered draft and acknowledge that the allocation is driven by the SCS process. We also point out that the numbers represent an assumption of the division of units citywide and within PDAs; however two of the significant PDAs assumed in Sunnyvale (Lawrence Station, East Sunnyvale) have not been adopted yet. The allocation is also representative of buildout numbers in our current General Plan and Draft Land Use and Transportation Element (again not adopted); however, both documents are long-range plans (2025 and 2035 horizon years, respectively) as opposed to the 8-year horizon of the RHNA.

As you are aware, Sunnyvale has been consistently recognized as a leader in meeting its housing needs. Although Sunnyvale is currently experiencing an unusually high development market for certain types of housing, based on a historic average, we can realistically expect development of 300 net new dwelling units per year. We are concerned that the overall number assigned to Sunnyvale (5,374) is unrealistically high. It requires an average growth rate of 696 dwelling units a year over an 8-year period. While our General Plan

indicates the potential to accommodate these units in the long-term, market forces will play a major role in dictating how quickly those units get built.

In regards to affordable housing, while we generally understand the rationale behind the methodology used to arrive at the total RHNA for Sunnyvale, and for dividing the overall housing demand into the four affordability levels, we are concerned about our ability to meet the need for lower income units the City has been allocated. A nexus study recently commissioned by the City estimated that a subsidy of approximately \$250,000 (in 2011 dollars), is currently required to develop one housing unit for a very low income household, and approximately \$116,000 is required for one low income household unit, as shown below.

Affordable Units	Sunnyvale RHNA	Subsidy Per Unit	Total Subsidy Required
Very Low Income	1,540	\$250,000	\$385,000,000
Low Income	871	\$116,000	\$101,036,000
Total	2,411	n/a	\$486,036,000

Assumptions: Affordable units are 2-bedroom apartments in 3-4 story multi-family building with podium parking, at density of 50 units/acre

Nexus study by EPS, Inc. 12/22/2011

These estimates were derived using very conservative assumptions regarding development cost, and are not adjusted to reflect general inflation that will occur over the 8-year RHNA period, nor typical annual increases in land and construction costs, which, especially in the Silicon Valley, typically increase at far greater annual rates than the general inflation indices used for statewide or national economic projections. Even using these very conservative assumptions and before factoring in inflation, the total cost for the City to meet the RHNA for very low and low income units for the next cycle (2014-2022) would be nearly half a billion dollars in 2011. In addition to the investment of nearly half a billion dollars, this allocation would require at least thirty net developable acres of available land zoned at densities of at least 50 units per acre.

We believe it is highly unrealistic for the state to expect any local jurisdiction to be able to meet these needs for lower income housing given the amount of subsidy required and the recent statewide actions to dissolve redevelopment agencies, and federal and state actions to cut back on affordable housing funding programs. At best, the City may receive approximately one to two

million dollars per year for affordable housing development from federal grants and local housing linkage fees and inclusionary housing in-lieu fees. Over an eight-year period such as the RHNA cycle, that equates to only \$8-16 million, less than 3% of the total amount of subsidy that would be required to meet the RHNA for the lower income housing needs for the next cycle. The City does not object to the allocation methodology per se, nor to the requirement to zone sufficient land in order to provide adequate sites for units at densities at or above 20 units per acre. The City will object to any adverse impacts of a negative review by the State HCD at the end of the next RHNA cycle (in 2022) if it, as expected, is unable to meet the entire RHNA need for affordable units, due to the extraordinary amount of public subsidy and private investment that would be required. Such financial resources are unavailable to any local jurisdiction in this day and age of budget reductions, reduced federal and state funding, and state actions to dissolve and de-fund redevelopment agencies.

Again, Sunnyvale would like to thank ABAG for an opportunity to review the RHNA allocation methodology prior to release of the final allocation. It is our understanding that once the RHNA methodology is adopted in July, cities will have a further opportunity to comment on their respective draft allocations before they are finalized later this year. We look forward to the opportunity to provide more specific comments on Sunnyvale's allocation once the RHNA methodology has been adopted.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hanson Hom', written over a light blue horizontal line.

Hanson Hom
Director of Community Development

cc: City of Sunnyvale Mayor and City Councilmembers
Gary Luebbbers, City Manager
Trudi Ryan, Planning Officer
Suzanne Isé, Housing Officer



June 29, 2012

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

RE: Draft 2014-2022 RHNA Methodology

Dear Mr. Kirkey,

Thank you for providing the opportunity for the Town of Los Altos Hills to comment on the 2014-2022 draft RHNA Methodology. Los Altos Hills is a hillside residential community with naturally scenic and open space areas where topography provides significant constraints to development such as steep slopes, unstable soils, seismic faults, creeks and waterways. Los Altos Hills has no commercial, retail, or industrial zoned lands, and no Priority Development Area (PDA) or Growth Opportunity Area (GOA). There is no public transit available within the Town except for two VTA bus lines serving Foothill College.

In the past three housing element cycles, the Town has continued to meet the State Housing Element law requirements by producing affordable housing units and rezoning land to provide for a variety of housing types. As a community with no proposed PDAs, the Town is already at a tremendous disadvantage as it would not be eligible to compete for over 70% of the funds that are designated for PDAs and PDA serving projects.

Under the current proposal, the Town of Los Altos Hills would be required to produce 1.5 times more units while larger cities with PDAs have receive a reduced allocation of up to 35%. The proposed methodology requiring a minimum 40% household formation is contrary to the region's sustainability goal to plan for housing near jobs and transit and penalizes smaller cities that have a lower number of housing units in the 1999-2006 and 2007-2014 cycles.

The Town of Los Altos Hills respectfully requests that the ABAG Executive Board considers these comments during the review and approval of the final RHNA methodology on July 19, 2012.

Sincerely,

A handwritten signature in blue ink that reads "Carl Cahill".

Carl Cahill, Town Manager
Town of Los Altos Hills

cc: Ezra Rappaport, Executive Director, ABAG



TOWN OF FAIRFAX

142 BOLINAS ROAD, FAIRFAX, CALIFORNIA 94930
(415) 453-1584 / FAX (415) 453-1618

June 29, 2012

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

RE: Town of Fairfax Comments on Draft Methodology
Regional Housing Need Assessment 2014-2044

Dear Mr. Luce:

Thank you for the opportunity to comment on the draft Regional Housing Need Assessment (RHNA) Methodology 2014-2022 as recommended in the letter we received dated May 29, 2012 from Mr. Ken Kirkey, ABAG Director of Planning and Research. At a special meeting this morning, the Fairfax Town Council voted to authorize me to write this letter for consideration at your Executive Board meeting on July 19, 2012.

First, we understand how arduous a process this is for all concerned to come up with equitable allocations for various regions, let alone for subregions like ours here in the physically constrained upper end of the Ross Valley – which is solely dependent upon the Sir Francis Drake Boulevard corridor (a corridor that is operating at extremely low levels of service already). Likewise, we understand and appreciate the need to accommodate housing needs throughout the region – particularly for all income groups within our communities.

However, having reviewed the RHNA allocations, we have some concern on the numbers and methodology of calculation and request that when reviewing the draft RHNA please keep in mind just how our particular Town is nearly built-out with almost all remaining undeveloped land, either very steeply sloped or constrained from development for other reasons. For example, the Town of Fairfax lies at the outer western edge of the “built environment” of Marin in a predominately Wild-lands Urban Interface (WUI) area – at the gateway to west Marin’s protected open space.

Thank you again for your consideration of our unique housing constraints. We invite you to visit our Town’s webpage to view our newly adopted 2010-30 General Plan within which the new Housing Element has strived to address these physical limitations by utilizing the few remaining developable parcels for senior housing, workforce housing, new second units and mixed use infill (TPP) development in the heart of Town near our transit hub.

Sincerely,

James M. Moore, Planning Director
Town of Fairfax

cc: Mayor and Town Council members
Interim Town Manager

Item 6 Appendix



CITY OF SAUSALITO

420 Litho Street • Sausalito, CA 94965
Telephone: (415) 289-4100
www.ci.sausalito.ca.us

June 28, 2012

Ezra Rapport, Executive Director
Association of Bay Area Governments
101 Eight Street
Oakland, CA 94607

RE: Draft 2014-2022 Regional Housing Needs Allocation Methodology

Dear Mr. Rapport:

The Sausalito City Council and staff have reviewed the draft Regional Housing Needs Allocation (RHNA) resulting from the draft 2014-2022 RHNA methodology approved by the Association of Bay Area Governments (ABAG) Board of Directors on May 17, 2012. In general we are pleased to see the RHNA numbers for Marin County, and in particular for Sausalito, have been reduced from draft RHNA numbers resulting from earlier versions of the 2014-2022 RHNA methodology.

However, the Council and members of the community continue to have serious concerns about the draft RHNA methodology that we want to share with you. Sausalito is a built-out community with significant physical and environmental constraints to development. The continued reliance on a methodology that places substantial weight to the provision of housing regardless of realistic development capacity is unsustainable.

Specifically, the use of a minimum housing floor of 40% of household formation growth results in a housing allocation that is clearly inconsistent with the overall objective of Senate Bill 375 to better integrate land-use and transportation planning. Any significant housing growth in smaller communities that are not support by employment centers or public transit would increase regional vehicle miles traveled and greenhouse gas emissions.

The draft proposed methodology 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 is being built in smaller built-out cities and those

FAX NUMBERS:

Administration: (415) 289-4167
Recreation: (415) 289-4189

Community Development: (415) 339-2256

Library: (415) 331-7943
Item 6 Appendix
Public Works: (415) 289-4138

cities should be acknowledged for that effort based on the performance of the local housing market and the total number of permits issued.

We appreciate the opportunity to provide the Sausalito perspective regarding the RHNA methodology. Please forward this letter to the ABAG Executive Board prior to its July 19, 2012 meeting.

Sincerely,



D. Michael Kelly
Mayor of the City of Sausalito

cc: Councilmembers
Adam Politzer, City Manager
Jeremy Graves, Community Development Director
Lilly Schinsing, Associate Planner
Ken Kirkey, ABAG Director of Research and Planning

SANTA CLARA CONFIDENTIAL



June 28, 2012

Ken Kirkey, Director of Planning and Research
Association of Bay Area Governments
PO Box 2050
Oakland, CA 94604-2050

Sent via email: RHNA_Feedback@abag.ca.gov

RE: Regional Housing Needs Allocations (RHNA 2014-2022)

Dear Mr. Kirkey

Thank you for the May 17, 2012 memo regarding the 2014 RHNA methodology and ABAG staff's recommendations on the draft allocations. Although we are concerned with certain aspects of the recommendation at this time, we are preliminarily supportive of the RHNA share for the City of Santa Clara.

During past RHNA cycles, the City of Santa Clara has accepted and been committed to providing our RHNA fair share of housing. The City has demonstrated this commitment by introducing new housing opportunity areas in our City over the course of our 2010-2035 General Plan (adopted in November 2010). The General Plan includes hard fought victories for conversion of industrial lands to significant acreage of new residential and mixed-use neighborhoods, situated near the transit and job centers within the City. In addition, we consider ourselves to be a champion of affordable housing and are always seeking ways to improve our affordable housing policies and programs. The City's commitment to much needed housing remains strong despite not only the California State Legislature's action to terminate redevelopment agencies (2011), but also the State Court's decision in the Palmer v. City of Los Angeles (2009) case.

According to the draft allocations, between 2014 and 2022 the City is expected to plan for and provide 3,812 housing units. If the current economic cycle continues, City staff preliminarily believes this overall figure is realistically achievable by 2022.

However, the RHNA calls for 2,173 (57%) of those units within the City of Santa Clara to be very low- to moderate-income level housing units. This substantial percentage of affordable housing is not feasible to attain given the current development tools at the City's disposal. Simply stated, State level legislative and judicial actions have substantially undermined or eliminated our primary affordable housing development incentives and mechanisms. While we still have the ability to require 10% of all new housing development to be affordable on the ownership side, this will not be enough to achieve 2,173 units by 2022, nor can ownership housing realistically achieve the goal for income levels below 90-100 percent of median income. Based on this, we contend that the 2014 RHNA affordable allocations are not reflective of the inability of local jurisdictions to now regulate or finance the

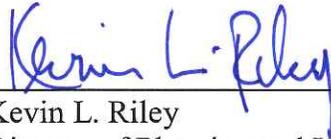
Ken Kirkey, Director of Planning and Research
May 2012 Draft RHNA Allocations
June 27, 2012
Page 2

development of affordable housing, unless the State can make suitable and concurrent regulatory and/or funding commitments to help local agencies support affordable home development.

Santa Clara recognizes the City's obligation to help solve regional problems at the local level, and have actively undertaken programs to proactively address them through the 2010-2035 General Plan. We appreciate the opportunity to comment on the draft RHNA methodology under consideration and respectfully ask that these comments be seriously considered.

Should you have any questions, please do not hesitate to contact Steve Lynch, City Planner, directly at (408) 615-2452 or slynch@santaclaraca.gov. We respectfully submit these comments, and ask that they be seriously considered.

Thank you.



Kevin L. Riley
Director of Planning and Inspections

I:\PLANNING\HOUSING\2014-22 RHNA Process\ABAG - RHNA Letter June 29 2012 (2).doc

cc: Mayor and Council
Jennifer Sparacino, City Manager
Jeff Pederson, Housing Division Manager

Athena Ullah - Fwd: RE: PRA Request - Town of Monte Sereno RHNA

From: Hing Wong
To: Kenneth Moy
Date: 6/27/2012 2:44 PM
Subject: Fwd: RE: PRA Request - Town of Monte Sereno RHNA
CC: Athena Ullah

Ken -

I think it can be handled via Athena who is collecting all of the RHNA comments. ABAG will give a response to all comments in the near future and this can be one of them.

Hing Wong, AICP

Senior Regional Planner, Association of Bay Area Governments (ABAG)
Vice President of Public Information, APA California

P.O. Box 2050, Oakland, CA 94604-2050

☎ 510.464.7966 | 📠 510.433.5566 | ✉ hingw@abag.ca.gov

>>> Kenneth Moy 6/27/2012 2:39 PM >>>

Hing, I am inclined to treat this latest missive from Mr. Stanley as a comment on the Draft RHNA Methodology. The result of which would be for me to tell him so and then turn it over to you. Agreed?

Ken M

This email and any files transmitted with it may contain privileged or otherwise confidential information. If you are not the intended recipient, or believe that you may have received this communication in error, please advise the sender via reply email and delete the email you received.

***** >>>

On 6/27/2012 at 2:08 PM, in message
<4759EB98EE6B2E4B97E0855BA86CC753012B39B29C@stanprop08.stanprop.com>, Russ Stanley
<Russ@stanprop.com> wrote:

[Mr. Moy, thank you for your help in the past answering questions regarding Monte Sereno.](#)

[A question has arisen that your assistance is required to answer. The attached documents detail the 2014-2022 RHNA requirements for Monte Sereno. If you look at the overview of the SCS_RHNA Methodology attached under Step 3 it discusses "Fair Share Scoring to Growth in Non-PDA Areas". Step 3 indicates that past RHNA Performance \(1999-2006 for very low income and low income\) is a determining factor in calculating final RHNA needs for a jurisdiction.](#)

[Can you please answer the following questions:](#)

[A\) Determination as to whether Monte Sereno was given full credit for RHNA](#)

compliance in the '99-'06 period under step 3;

B) Please provide the complete calculation used by ABAG in scoring;

C) Please indicate whether Monte Sereno is located within a Priority Development Area or Non PDA

Thank you for your time and attention to this matter.

Regards,

Russ Stanley

From: Kenneth Moy [mailto:Kennethm@abag.ca.gov]
Sent: Wednesday, April 11, 2012 10:55 AM
To: Russ Stanley
Subject: Re: PRA Request - Town of Monte Sereno

Mr. Stanley,

I have attached a mass mailing letter that accompanied the report (also attached) re the RHNA for the jurisdictions in the region. Our usual protocol is to send such mass mailings to every jurisdiction, including Monte Sereno. However, we have no further documentation to that effect.

Regards,

Ken Moy

>>> On 4/6/2012 at 3:40 PM, in message <4F7F70DF.5BB : 14 : 40667>, Kenneth Moy wrote:

Mr. Moy, my earlier PRR request I had requested correspondence to Monte Sereno it you were unable to locate any. How did you transmit the RHNA allocation to each city? I would assume it was through a letter to the city?

Thanks for the websit link. Does that link contain the formula/calculation to be applied to Monte Sereno.

Thanks foe the help.

Regards, Russ Stanley

Sent from my iPhone, please excuse the typos.

On Apr 6, 2012, at 11:21 AM, "Kenneth Moy" <Kennethm@abag.ca.gov> wrote:

Mr. Stanley:

The fifth RHNA cycle for the San Francisco Bay region is still a work in progress. The following web page will provide you with access to all public documents produced in connection with this ongoing effort:

http://www.onebayarea.org/plan_bay_area/housing.htm

The draft RHNA methodology and the draft allocations for individual jurisdictions are scheduled for release by ABAG's Executive Board meeting on May 17 at 7 PM at a venue to be determined. After a 60 day public comment period, ABAG will adopt the final methodology and release the final allocations at the July 19 meeting of ABAG's Executive Board. Documentation of the draft and final methodologies and allocations will be distributed at or prior to the meetings at which they will be considered. Any such documentation will also be posted to the web page referenced above.

The proposed draft methodology under development and discussion by the Housing Methodology Committee (see website for information on its role and meetings to date) and ABAG staff is not the same as the methodology used for the fourth RHNA cycle.

Kenneth Moy
Legal Counsel
ABAG

>>> On 4/3/2012 at 3:23 PM, in message <4F7B7869.5E6 : 14 : 40667>, Kenneth Moy wrote:

Mr. Moy, perhaps you can provide us the necessary formula for calculating Monte Sereno's RHNA for the 2014-2022 period based upon HCD's letter to ABAG dated February 24, 2012 (attached) which calculates total demand at 187,900 units for the 8.8 year projection. Assuming that the same formula were utilized going forward as was used in the latest period '07-'14 we would like to know what Monte Sereno's housing requirement would be?

In absence of your ability to calculate Monte Sereno's requirement, please provide the formula used in the '07-'14 period so that we may calculate it.

Thank you, Regards, Russ Stanley

From: Kenneth Moy [<mailto:Kennethm@abag.ca.gov>]

Sent: Monday, March 19, 2012 4:27 PM

To: Russ Stanley

Subject: PRA Request - Town of Monte Sereno

Dear Mr. Stanley:

In response to your request for copies of any correspondence (including mass

mailings) between ABAG and the Town of Monte Sereno from January 1, 2006 to the present regarding the Housing Element Law or the regional housing needs allocation, I have attached the following:

- One file [*Monte Sereno-joined Subregion-Santa Clara County 10-4-06 Brian Bloventhal email.doc*] is an email thread wherein Monte Sereno described its interest in being included in a possible subregion that did not form
- Two files [*09-15-06 Factors Survey - form.pdf* and *2006 RHNA Survey Summary formatted.xls*]: the first is the survey sent to all jurisdictions in the region, including Monte Sereno and the second is a report on the survey results that indicates that Monte Sereno did not respond to the survey.
- Two files [*RHNA Public Comments as of 1-18-07.pdf* and *List of ltrs & emails rec'd.doc*] on all the jurisdictions' and public comments for the RHNA process: these files indicate that Monte Sereno did not write a comment letter.
- One file [*Exec Brd-RHNA 9-21-06.ppt*] on the slideshow presentation to the Executive Board which may have been mass distributed to ABAG members.
- One file [*ABAG Primary Housing Contacts.pdf*] on the local housing contacts that includes a contact for Monte Sereno
- Eight files [*all other files attached*]: all other mass mailings meeting the request parameters.

ABAG has now completed its response to your request.

Regards,
Ken Moy



CITY OF SAN RAMON

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

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

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.

June 26, 2012

Page 3

Sincerely,



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

Athena Ullah - Fwd: RHNA Methodology

From: "Hanson Hom" <hhom@ci.sunnyvale.ca.us>
To: <hingw@abag.ca.gov>
Date: 6/25/2012 9:42 AM
Subject: Fwd: RHNA Methodology

Hanson Hom

Director of Community Development
 City of Sunnyvale
 P.O. Box 3707
 456 W. Olive Avenue
 Sunnyvale, CA 94088-3707
 408-730-7450



Save the environment. Please don't print this email unless you really need to. 

>>> On 6/22/2012 at 5:42 PM, Hanson Hom <hanson_hom@ci.sunnyvale.ca.us> wrote:
 Hing, Justin:

If you are not the person who should receive this request, please forward accordingly. Much thanks.

We were reviewing the draft RHNA methodology and the resulting numbers in Santa Clara cities and are honestly perplexed about the draft numbers. The RHNA number for Sunnyvale has proportionately increased more significantly than for similar adjacent cities. This raises questions about the validity of the methodology and/or the assumed data for Sunnyvale. In order to properly comment on the methodology which is the immediate focus, please provide the calculation on how the draft methodology was applied to Sunnyvale to arrive at 5,574 units, which is an increase of about 20 percent from the previous cycle. This would be most helpful so that we can provide ABAG with meaningful and constructive comments by June 30 as requested. Without this more specific information, we are not clear whether our concerns pertain to the methodology or the data.

Additionally, one of our Councilmembers recently attend an ABAG meeting and was under the impression that nominating a PDA would influence or increase a city's RHNA number. A clarification of how a PDA designation affects, if any, a city's RHNA numbers is also requested. I was under the impression that it does not have an effect and that it primarily affected eligibility for certain priority grant funding that is tied to PDAs such as the OBAG program.

Thanks,

Hanson Hom

Director of Community Development
 City of Sunnyvale
 P.O. Box 3707
 456 W. Olive Avenue
 Sunnyvale, CA 94088-3707
 408-730-7450



Save the environment. Please don't print this email unless you really need to. 



CITY OF NEWARK, CALIFORNIA

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

June 25, 2012

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

RE: Regional Housing Needs Allocation Methodology

Dear Mr. Kirkey,

I am writing to convey Newark's concerns about the proposed Regional Housing Needs Allocation Methodology.

The proposed Regional Housing Needs Allocation (RHNA) methodology would assign massive and disproportionate increases in housing growth to our community. Newark is allocated 1,149 units, a 33% increase in housing units over the previous RHNA cycle -- a 52% increase in our share of regional housing.

This increased allocation is of particular concern because Newark has no fixed transit and minimal bus transit; and Newark's only proposed transit project has been deleted from infrastructure planning. In the "Plan Bay Area" Process, regional agencies removed the voter approved Dumbarton Rail Service from the infrastructure plan. Newark's 2,500 unit Dumbarton Transit Oriented Development (TOD) was to be served by the now deleted service. This disinvestment undermines our TOD and should have resulted in a massive **decrease** in our housing allocations in the SCS, however regional agencies ignored Newark's repeated objections and did not adjust the land use to reflect the infrastructure disinvestment.

As further evidence of the flaw in the SCS process and RHNA methodology, Newark's 33% increase is much higher than adjacent and similar cities that have substantial existing and proposed transit service:

- Fremont, which has an existing BART Station and an additional two stations planned has only a 13% increase in RHNA allocation.
- Milpitas with existing light rail and proposed BART station has its RHNA allocation increased by only 28%.
- Hayward with 2 BART stations RHNA allocation had only a 28% increase.
- Union City with a BART and a proposed Multimodal station has had their RHNA allocation **decreased** by 43%.

Given that SB 375 mandates connection between land use and infrastructure investment, the fact that housing allocations are increasing in Newark at the very time that transit investment is decreasing is clear evidence of a fundamental problem in the process. The reason for this error lies with a defective SCS process that, in direct contravention of SB 375, failed to adjust the land use allocations to reflect infrastructure changes. This issue should be no surprise to ABAG, since in our April 26, 2012 letter commenting on this error in the SCS we stated: "if the Dumbarton Rail Service is not recommended for inclusion in the RTP network, the allocation of housing in Newark **must** be dramatically reduced." ABAG and MTC chose to ignore our objections, and the defective SCS and this distorted RHNA allocation are the inevitable results. Since the proposed RHNA methodology relies upon the defective SCS land use assumptions, the RHNA methodology perpetuates the defective process. Unless modified, the proposed RHNA allocation process would perpetrate the errors of the SCS process and would be in conflict with State law.

Ideally the SCS process should be reevaluated to take the changes in infrastructure into account in the allocation of housing growth. While Newark will diligently pursue the goal of fixing the SCS error, we recognize that corrections are not likely at this stage in the process. Therefore we suggest that the RHNA Proposed Methodology be adjusted to address this issue to at least prevent its perpetuation.

Proposed Modification of RHNA Methodology

The methodology should contain a filter that assures that no community that has been subjected to significant transit disinvestment could have its RHNA allocation increased over the 2007-2014 levels. There is no simply justification for increasing the housing allocations to an area that is simultaneously having its only proposed fixed transit service defunded.

The reliance of your methodology on a defective SCS process has led to the assignment of massive growth to a community without effective transit. This outcome is unreasonable, illogical and is out of step with State legislation. Please make changes to the methodology that will result in a reasonable allocation of housing demand to Newark. I would be happy to meet with you to discuss potential solutions to this issue. We will also avail ourselves of your Revision and Appeals Process to address this issue. Thank you for your attention to this issue. If you wish to discuss this further please contact me by email at Terrence.grindall@newark.org or by telephone at 510-578-4208.

Sincerely,


Terrence Grindall
Community Development Director

cc: John Becker, Newark City Manager, 37101 Newark Boulevard, Newark, CA 94560
Doug Kimsey, Metropolitan Transportation Commission, 101 8th Street, Oakland, CA 94607



TOWN OF LOS GATOS

OFFICE OF THE TOWN MANAGER
(408) 354-6832
Manager@LosGatosCA.gov

CIVIC CENTER
110 E. MAIN STREET
P.O. Box 949
LOS GATOS, CA 95031

June 21, 2012

VIA First Class Mail

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

RE: Draft RHNA Methodology - Town of Los Gatos Comments

Dear Mr. Kirkey:

The Town of Los Gatos appreciates the opportunity to provide comments on the 2014-22 Draft RHNA methodology. The Town understands the challenge of developing a RHNA distribution methodology that the 101 Bay Area municipalities find equitable and acceptable. However, the Town continues to have a concern with the proposed minimum housing floor factor of the fair share component.

In March 2012, the West Valley Cities of Saratoga, Campbell, Cupertino, Monte Sereno, and the Town of Los Gatos sent you a letter outlining our concerns with the fair share distribution component of the ABAG RHNA methodology. The letter stated that the five agencies believe that 40% minimum household formation should be eliminated. The concern was not with the allocation of affordable units to our jurisdictions, but rather assigning a larger share of units in the 2014-22 cycle than in the previous 2007-14 cycle to the smaller Santa Clara County cities. These smaller cities are generally built-out and do not have sufficient vacant or under-developed land to meet the Priority Development Area (PDA) goals.

Although the proposed RHNA for Santa Clara County is approximately only 269 units more than the previous 2007-14 Cycle, there are a number of cities within the County that have identified PDAs, but have an overall lower amount of units allocated in the upcoming cycle. Pursuant to the Plan Bay Area, these PDAs are where new residential and job growth will be focused. For example, the Cities of Mountain View and Palo Alto both have PDAs, but their overall projected units are lower than in the previous cycle. This is compared to an increase in projected units for the Cities of Los Altos, Saratoga, Los Altos Hills, Monte Sereno and the Town of Los Gatos, which do not contain PDAs.



The 40% minimum housing floor factor contributes to this imbalance in the RHNA distribution, and the methodology appears to be inconsistent with the goals of the Sustainable Communities Strategy (SCS) and Plan Bay Area. Consistent with the SCS goals, the projected housing growth should be planned for the communities that are served by transit, are projecting employment growth, and will be eligible for the majority of transportation funding. These smaller bedroom communities do not possess these characteristics.

The Town of Los Gatos respectfully requests forwarding the Town's concerns to the ABAG Executive Board for its consideration during the review and approval of the final RHNA methodology on July 19, 2012.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Larson', with a long horizontal flourish extending to the right.

GREG LARSON
Town Manager

GL:jj

MEMORANDUM

TO: Parisa Fatehi-Weeks, Public Advocates

FROM: Alex Karner and Deb Niemeier, Department of Civil and Environmental Engineering,
UC Davis

DATE: May 24, 2012

RE: Alternative scenarios, affordable housing, and vehicle-miles traveled in the Bay Area

A. Introduction

Under SB 375, California's metropolitan planning organizations (MPOs) must reduce per capita greenhouse gas (GHG) emissions, primarily by coordinating transportation and land use planning in an effort to pair compact growth with high quality transit. This coordination is embodied in the sustainable communities strategy – a new component of the regional transportation plan that provides not only a vision for the future transportation system but also signals the kinds of land uses needed to achieve reductions in vehicle-miles traveled (VMT).

The potential for gentrification and displacement to occur in urban spaces simultaneous with the pursuit of otherwise laudable environmental goals is now well-documented.¹ Recent work has identified ways in which the process of gentrification and the demographic changes it elicits actually work against environmental goals. These studies consistently find evidence of growing affluence in neighborhoods that receive improved transit service, including increasing proportions of college graduates, rising median incomes, higher automobile ownership, and reduced transit mode share.² The research on racial demographic effects is more mixed, with some studies concluding that local transit investments lead to a reduction in proportions of people of color,³ and others finding no evidence of changing racial demographics.⁴ As one example, an analysis of Canada's three largest cities found that while gentrification was associated with increases in non-motorized mode share, it was also associated with decreases in public transit and carpool use. Most problematically, the mode share for "auto as driver" was also associated positively with gentrification.⁵ Taken together, these studies suggest that merely producing dense, mixed use developments well-served by transit is not enough to reach the policy goals of reducing VMT and thus GHG emissions.

¹ Sarah Dooling, "Ecological Gentrification: A Research Agenda Exploring Justice in the City," *International Journal of Urban and Regional Research* 33, no. 3 (2009); Noah Quastel, "Political Ecologies of Gentrification," *Urban Geography* 30, no. 7 (2009).

² Matthew E. Kahn, "Gentrification Trends in New Transit-Oriented Communities: Evidence from 14 Cities That Expanded and Built Rail Transit Systems," *Real Estate Economics* 35, no. 2 (2007); Stephanie Pollack, Barry Bluestone, and Chase Billingham, "Maintaining Diversity in America's Transit-Rich Neighborhoods," (Dukakis Center for Urban and Regional Policy, 2010); Kara S. Luckey, "Assessing the Effectiveness of Approaches to the Allocation of Low-Income Housing Tax Credits in Proximity to Rail Transit" (paper presented at the 91st Annual Meeting of the Transportation Research Board, Washington, DC, 2012).

³ ———, "Approaches to the Allocation of LIHTCs".

⁴ Pollack, Bluestone, and Billingham, "Maintaining Diversity."

⁵ Martin Danyluk and David Ley, "Modalities of the New Middle Class: Ideology and Behaviour in the Journey to Work from Gentrified Neighbourhoods in Canada," *Urban Studies* 44, no. 11 (2007).

As part of its equity analysis for the current regional plan update, known as *Plan Bay Area*, the Metropolitan Transportation Commission (MTC) reports that there will be substantial displacement pressures on “communities of concern” in the Bay Area in future years.⁶ Specifically, MTC’s analysis identifies concentrations of overburdened renters in traffic analysis zones (TAZs)⁷ where greater than 15% of housing units are occupied by renters paying more than 50% of their income on housing. TAZs that meet these thresholds and are projected to grow by more than 30% by 2035 are considered at risk of increased displacement pressure. The MTC analysis results show that 30% to 40% of the base year’s overburdened renters in communities of concern are at risk compared to 7% to 10% in the remainder of the region.

MTC has also identified that the proposed transportation investment and land use strategies get only part of the way toward the 2035 GHG emissions reduction goal. There is a five percentage point gap remaining that MTC is proposing to address through a series of transportation policy measures. Despite MTC’s own analysis on displacement risk, discussions around bridging this gap have focused almost exclusively on achieving additional per capita GHG reductions through policy initiatives like the promotion of electric vehicles.⁸ In focusing on vehicle technology, MTC overlooks an important opportunity: affordable housing can be an effective tool for meeting GHG emissions reductions while simultaneously meeting a number of other objectives by reducing other VMT-related externalities including congestion costs, deaths and injuries from collisions, and public health costs like obesity.

The remainder of this memo uses travel modeling data produced by MTC to quantify differences in travel behavior by income categories. We argue that equitable housing distributions that provide options for residents of different income levels can be an effective VMT reduction strategy.

B. Income, automobile ownership and VMT

The Association of Bay Area Governments (ABAG) has noted that residents of affordable housing drive less and own fewer cars than those who do not live in affordable housing.⁹ Precisely how much less they drive can be identified with the travel demand modeling data developed for the alternative *Plan Bay Area* scenarios using low-income status as a proxy for affordable housing residence.¹⁰ Table 1 shows vehicle ownership and VMT per capita at the household level when looking at income effects for both 2005 and future years. Consistent with SB 375, all future scenarios suggest that households, on average, will own fewer vehicles and

⁶ MTC, “Plan Bay Area Equity Analysis Overview and Equity Analysis Scorecard,” <http://www.onebayarea.org/pdf/EquityAnalysisOverview.pdf>.

⁷ A unit of geography used to model travel approximately equivalent to a census tract.

⁸ See discussion at the May 11, 2012 joint meeting of the MTC Planning Committee and the ABAG Administrative Committee. Out of \$685 million budgeted to help MTC reach its 2035 GHG emissions reduction target, 60% is directed at electric vehicle subsidization.

⁹ Association of Bay Area Governments, “Myths & Facts About Affordable and High-Density Housing,” <http://www.abag.ca.gov/services/finance/fan/housingmyths2.htm>.

¹⁰ Five alternative scenarios were designed for Plan Bay Area comprising two transportation investment scenarios paired with two land use scenarios. The first two, Initial vision and Core capacity, assume unlimited resources for housing development in the Bay Area. The latter three are based upon realistic planning assumptions regarding the total amount of housing growth that can be accommodated in the region. Each varies slightly in precisely where growth is located. Further information is available at: <http://www.onebayarea.org/pdf/ScenarioAnalysisOverview.pdf>.

that VMT per capita across all income groups will decline. However, as expected, we find that vehicle ownership and VMT per capita increases as household incomes increase.

Table 1 Comparison of modeled scenarios – Automobile ownership and VMT per capita by income.

	Average vehicles per household				
	Income quintile 1 (< 26,000) ^a	Income quintile 2 (26,000 – 52,000)	Income quintile 3 (52,000 – 80,000)	Income quintile 4 (80,000 – 124,000)	Income quintile 5 (> 124,000)
Base year, 2005	1.010	1.533	1.821	2.10	2.15
Initial vision	0.947	1.447	1.738	2.01	2.09
Core capacity	0.917	1.445	1.742	2.01	2.08
Focused growth	0.948	1.493	1.795	2.06	2.11
Constrained core capacity	0.942	1.487	1.790	2.06	2.11
Outward growth	0.988	1.521	1.815	2.08	2.12
	Average VMT per capita				
Base year, 2005	8.78	13.27	17.13	19.15	19.65
Initial vision	8.09	12.18	15.40	17.30	18.20
Core capacity	7.91	12.22	15.48	17.26	17.99
Focused growth	7.76	11.94	15.07	17.02	17.83
Constrained core capacity	7.69	11.84	14.98	16.95	17.83
Outward growth	8.07	12.24	15.35	17.27	18.00

^aQuintile bounds are calculated for each scenario, so the values that define each category are approximate.

The empirical evidence of gentrification discussed earlier suggests that median income levels and vehicle ownership are likely to rise in areas where transit service improves, and these increases have been linked to increasing risk of gentrification and displacement.¹¹ In future years, MTC has identified that transit service improvements will be focused largely on priority development areas (PDAs) – those areas targeted to receive streamlined environmental review for housing projects with densities conducive to frequent transit service. Using data provided by MTC, we classified 195 TAZs as being part of a PDA and compared the median incomes for PDA and non-PDA areas.¹² Table 2 shows that median income across the PDAs increase faster than in the non-PDAs and faster than the entire region from the base year to each of the future year scenarios. The results are consistent with MTC’s equity analysis: PDAs will likely experience gentrification and increasing displacement risk as *Plan Bay Area* is implemented.

¹¹ Pollack, Bluestone, and Billingham, “Maintaining Diversity.”

¹² A TAZ was considered to be part of a PDA if greater than 50% of its area overlapped part a PDA classified as “planned” and “final” in the GIS layer (according to the attributes PlanStatus and ABAGStatus, respectively).

Table 2 Median income, 2000\$.

	PDA	Non-PDA	Entire region
Base year, 2005	43,800	68,200	65,000
Initial vision	48,000	67,000	64,400
Core capacity	50,000	68,000	65,000
Focused growth	48,310	68,000	65,000
Constrained core capacity	48,600	68,000	65,000
Outward growth	48,200	68,010	65,200

The gentrification literature discussed in the introduction also suggests that new residents in gentrifying areas will be less likely to take transit and more likely to own greater numbers of automobiles than previous residents. We can test this prediction by comparing low-income households to all other households in PDAs and non-PDA TAZs in terms of VMT per capita (Table 3). As we might expect, VMT per capita decreases from the base year when compared to each forecast scenario for both low-income and all other households. That is, households in PDAs have substantially lower VMT per capita than the rest of the region in both the base and forecast years. The critical aspect to this analysis, however, is that the rate at which low-income households reduce VMT per capita is slightly higher than all other households in both PDAs and non-PDAs in all future year scenarios (final row of Table 3). Automobile ownership results show similar, across the board reductions for PDAs, with low-income households owning fewer automobiles than all other households in both PDAs and the remainder of the region. Locating residents in PDAs is clearly an important strategy for achieving SB 375’s GHG targets, but the future year non-low income households generally do not reduce driving or automobile ownership as much as low-income households.

Table 3 Comparison of modeled scenarios – VMT per capita.

	VMT per capita (PDAs)		VMT per capita (other TAZs)	
	Low-income households ^a	All other households	Low-income households ^a	All other households
Base year, 2005	5.51	11.04	9.54	18.72
Initial vision	5.11	10.23	8.70	17.29
Core capacity	4.78	9.87	8.54	17.20
Focused growth	4.88	9.96	8.42	16.85
Constrained core capacity	4.94	9.89	8.40	16.82
Outward growth	5.07	10.26	8.64	17.05

Average reduction relative to 2005 (%)				
	10.0	9.0	10.5	9.0

^aLow-income households classified according to the US Census definition¹³ based on household size and income threshold. Consistent with MTC practice, 200% of the threshold is used.

One caveat is that these results may not fully represent market dynamics that will result from improved transit service, since the allocations of different household types by income are established prior to running the travel model. In addition, representations of travel behavior are

¹³ US Census Bureau, “Poverty Data - Poverty Thresholds,” <http://www.census.gov/hhes/www/poverty/data/threshld/index.html>.

based upon cross-sectional analysis sometimes extending as far back as 1990.¹⁴ The gentrification literature argues that subsequent “waves” of gentrifying individuals bring with them different travel behaviors; these behaviors would tend to transcend classification based upon income alone to include difficult-to-quantify properties such as politics, ideologies and values.¹⁵ Later waves are potentially less inclined to reduce automobile ownership and VMT than are earlier waves. These factors are generally not included in a travel demand model. For this reason, the travel model results might underestimate the VMT per capita and automobile ownership figures expected to result in future years in gentrifying, transit rich areas.

C. Links between affordable housing and VMT

It seems self-evident that affordable housing should not just be placed anywhere. More equitable distributions of housing can be expected to lead to lower VMT per capita based on the land uses likely to surround mixed income communities and also because of the relationships between VMT and income noted above. We can quantify the equitability of a housing distribution using the Gini coefficient. The Gini coefficient is a well-accepted measure of population inequality which varies from a perfectly equal distribution of some good (zero) to a perfect concentration of that good with one individual or group (one).¹⁶ Those TAZs with more equitable housing distributions (where there are equal numbers of each household type by income) will have Gini coefficients closer to zero, while those with inequitable distributions will have Gini coefficients closer to one.

Table 4 summarizes the VMT per capita for each future year scenario and the base year according to quintiles of the Gini coefficient calculated at the household level.¹⁷ Each column represents the average VMT per capita for households representing 20% of the total in each scenario. Housing distributions become increasingly inequitable moving from left to right in the table. The results clearly indicate that TAZs with more equitable housing distributions have lower VMT per capita. Further analysis reveals that the TAZs with the highest Gini coefficients (most inequitable) disproportionately represent households in the highest income groups. For the initial vision scenario, the TAZs with the most inequitable housing distributions (i.e. Gini quintile 5) had an average of 51% of total households in the highest income category and only 10% in the lowest income category. TAZs that had the most equitable housing distributions (i.e. Gini quintile 1) had an average of 23% of households in the highest income category and 20% in the lowest.

To the extent that median incomes rise in PDAs and similarly transit rich areas in the urban core in forecast years, VMT per capita is likely to increase. Maintaining and improving the equitability of the housing distribution is one method that MPOs can use to ensure that per capita VMT remains as low as possible. These results indicate that developing more equitable distributions of affordable housing should be included alongside other methods proposed by MTC to meet its SB 375-mandated GHG reduction target.

¹⁴ MTC, “Travel Model Development: Calibration and Validation (Draft),” (Oakland, CA: Metropolitan Transportation Commission, 2011).

¹⁵ Danyluk and Ley, “Modalities of the New Middle Class: Ideology and Behaviour in the Journey to Work from Gentrified Neighbourhoods in Canada,” 2197-98.

¹⁶ World Bank, “Poverty Analysis - Measuring Inequality,” <http://go.worldbank.org/3SLYUTVY00>.

¹⁷ Quantities of housing types in each of four income categories based on ABAG modeling are used as input into MTC’s travel model for future years. Observed data on income distribution are used for the base year.

Table 4 VMT per capita by scenario and Gini coefficient quintile.

Increasingly inequitable housing distribution →

	Gini quintile 1	Gini quintile 2	Gini quintile 3	Gini quintile 4	Gini quintile 5
Base year, 2005	14.91	15.10	15.10	17.50	19.03
Initial vision	12.98	13.71	14.35	15.40	18.10
Core capacity	13.11	13.34	14.25	15.66	17.88
Focused growth	12.73	13.22	14.30	15.11	17.59
Constrained core capacity	12.66	13.25	13.93	15.12	17.66
Outward growth	12.85	13.65	14.25	15.70	17.77

One could argue that the differences identified in Table 4 are entirely the result of income effects. We would expect the same results if low-income housing units are disproportionately concentrated in TAZs with low Gini coefficients. To check this hypothesis, we estimated a preliminary spatial autoregressive error model of the logarithm of total VMT at the TAZ level. The modeling results are located in the appendix. The independent variables include, among others, the total number of housing units in the lowest two income categories; this allows us to estimate the effect of affordable housing provision on total VMT (and thus GHG emissions). The interpretation of the estimated coefficient on affordable housing shown in the appendix is that a one percent increase in housing units occupied by the lowest income groups is associated with a 0.07 percent decrease in TAZ-level VMT, all else equal. Said another way, the provision of affordable housing within a TAZ has a high probability of being independent of the income level within that same TAZ and the other variables included in the model. This result suggests that an equitable housing distribution results in lower VMT.

D. Conclusion

This memo and MTC’s own analysis indicate that gentrification and displacement of low-income residents are likely outcomes in areas expected to receive transit investments over the course of *Plan Bay Area*. We present evidence correlating inequitable housing distributions with higher VMT, suggesting that investment in affordable housing can help to meet SB 375’s GHG reduction goals while mitigating the risk of gentrification and displacement. Additional transportation policies proposed to achieve GHG targets should not be myopically focused on transportation technology. Strategies such as affordable housing provision can help to meet SB 375’s goals while mitigating other transportation externalities.

E. References

- Association of Bay Area Governments. “Myths & Facts About Affordable and High-Density Housing.” <http://www.abag.ca.gov/services/finance/fan/housingmyths2.htm>.
- Danyluk, Martin, and David Ley. “Modalities of the New Middle Class: Ideology and Behaviour in the Journey to Work from Gentrified Neighbourhoods in Canada.” *Urban Studies* 44, no. 11 (2007): 2195-210.
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- Kahn, Matthew E. “Gentrification Trends in New Transit-Oriented Communities: Evidence from 14 Cities That Expanded and Built Rail Transit Systems.” *Real Estate Economics* 35, no. 2 (2007): 155-82.
- Luckey, Kara S. “Assessing the Effectiveness of Approaches to the Allocation of Low-Income Housing Tax Credits in Proximity to Rail Transit.” Paper presented at the 91st Annual Meeting of the Transportation Research Board, Washington, DC, 2012.
- MTC. “Plan Bay Area Equity Analysis Overview and Equity Analysis Scorecard.” <http://www.onebayarea.org/pdf/EquityAnalysisOverview.pdf>.
- . “Travel Model Development: Calibration and Validation (Draft).” Oakland, CA: Metropolitan Transportation Commission, 2011.
- Pollack, Stephanie, Barry Bluestone, and Chase Billingham. “Maintaining Diversity in America's Transit-Rich Neighborhoods.” Dukakis Center for Urban and Regional Policy, 2010.
- Quastel, Noah. “Political Ecologies of Gentrification.” *Urban Geography* 30, no. 7 (2009): 694-725.
- US Census Bureau. “Poverty Data - Poverty Thresholds.” <http://www.census.gov/hhes/www/poverty/data/threshld/index.html>.
- World Bank. “Poverty Analysis - Measuring Inequality.” <http://go.worldbank.org/3SLYUTVY00>.

Appendix

The travel data used to estimate the model shown in Table A 1 were obtained from MTC. Demographic data were also assembled from the 2005-2009 American Community Survey maintained by the US Census.

Table A 1 Spatial error model on the logarithm of total TAZ-level VMT for the 2005 base year.

Variable	Coefficient estimate	Standard error ^a
log(median income)	0.01700	0.00354***
log(housing units in the lowest two income categories)	-0.0647	0.00815***
log(total people of color)	-0.01859	0.00861*
log(total zero vehicle households)	-0.0240	0.00448***
log(total workers)	0.0985	0.01340***
log(total population)	0.993	0.01870***
log(total acreage)	0.0370	0.00519***
Peak transit accessibility ^b	-0.0371	0.00315***
Peak non-motorized accessibility ^b	-0.0475	0.00351***
Lambda (spatial error term)	0.1258	0.00256***
Number of observations = 1441		
Pseudo R ² (Nagelkerke) = 0.96		

^aSignificance is indicated by the following convention: p < 0.001 ***, p < 0.01 **, p < 0.05 *

^bTransit and non-motorized accessibilities are outputs from the travel demand model and are in relative units. They are included merely as controls.

Athena Ullah - RE: language of the suggestion from my testimony

From: Parisa Fatehi-Weeks <pfatehi@publicadvocates.org>
To: Hing Wong <Hingw@abag.ca.gov>, Miriam Chion <MiriamC@abag.ca.gov>
Date: 6/13/2012 7:33 PM
Subject: RE: language of the suggestion from my testimony
CC: Athena Ullah <AthenaU@abag.ca.gov>, Sam Tepperman-Gelfant <stepperman-ge...>
Attachments: PA_MTC_memo 20120524.pdf

Ok, thanks Hing. FYI, I have also attached the memo that I referenced in the testimony.

Here is a brief summary of the memo which shows that equitable distribution of affordable housing can reduce VMT:

This memo by Alex Karner and Deb Niemeier of UC Davis, as well as an analysis by the Metropolitan Transportation Commission and the Association of Bay Area Governments, indicate that gentrification and displacement of low-income residents are likely outcomes in areas expected to receive transit investments over the course of Plan Bay Area. The memo presents evidence correlating inequitable housing distributions with higher vehicle miles traveled (VMT), suggesting that investment in affordable housing can help to meet SB 375's greenhouse gas (GHG) reduction goals while mitigating the risk of gentrification and displacement. Additional transportation policies proposed to achieve GHG targets should not be myopically focused on transportation technology. Strategies such as affordable housing provision can help to meet SB 375's goals while mitigating other transportation externalities.

If you or other ABAG staff are interested in contacting the analyst at UC Davis that wrote it, just let me know and I can introduce you.

Thank you,
Parisa

Parisa Fatehi-Weeks
Public Advocates Inc.

From: Hing Wong [mailto:Hingw@abag.ca.gov]
Sent: Wednesday, June 06, 2012 4:54 PM
To: Parisa Fatehi-Weeks
Cc: Athena Ullah; Sam Tepperman-Gelfant
Subject: Re: language of the suggestion from my testimony

Parisa -

This is fine. Thanks!

Hing Wong, AICP

Senior Regional Planner, Association of Bay Area Governments (ABAG)
Vice President of Public Information, APA California

P.O. Box 2050, Oakland, CA 94604-2050

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>>> Parisa Fatehi-Weeks <pfatehi@publicadvocates.org> 6/6/2012 3:33 PM >>>
Hing,

Item 6 Appendix

Since you requested, here is the language of the methodology amendment I made in my public comment:

Every jurisdiction with a median income above the Bay Area average should take-on at least as much of the region's lower-income housing need as it did in the 2007-2014 Planning Period. This would mean shifting some lower-income units from lower-income cities to more affluent cities in exchange for higher-income units. The total RHNA number for each jurisdiction would remain the same.

If I can, I will send you the rest of my comments soon, but this was the key part.

Thanks,
Parisa

=====
Parisa Fatehi-Weeks
Staff Attorney
131 Steuart Street | Suite 300 | San Francisco CA 94105
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OFFICE OF THE CITY MANAGER

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June 13, 2012

Mr. Ken Kirkey
ABAG Director, Planning and Research
Association of Bay Area Government (ABAG)
P.O. Box 2050
Oakland, CA 94604-2050

RE: VTA Cores, Corridors and Station Areas PDA Designation within Cupertino
Dear Mr. Kirkey,

In response to your letter dated April 18, 2012 the City of Cupertino will continue to support the Priority Development Area (PDA) designation for the VTA Cores, Corridors and Station Area along Stevens Creek Boulevard between Highway 85 and the eastern City limits and a portion of North De Anza Boulevard in Cupertino. Our understanding is that this Priority Development Area (PDA) has added an additional 60 units to our Regional Housing Need Allocation (RHNA) but will qualify Cupertino for the One Bay Area Grant (OBAG) funding related to PDAs.

We would like to encourage ABAG and the MTC to allow cities to add PDAs after the current OBAG funding cycle so that an additional Employment Investment Area in the Homestead Road and North Wolfe Road area may be added to Cupertino. We believe that the area meets the qualifications given the increase in employees due to the development of the new Apple campus, a potential redevelopment opportunity at the Vallco regional mall and the development of a large residential project (Rosebowl) in the Vallco area.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Chan". The signature is fluid and cursive.

Amy Chan
Interim City Manager

Cc: Timm Borden, Director of Public Works
Aarti Shrivastava, Director of Community Development

Athena Ullah - Income Distribution

From: Anda Draghici <adraghic@hcd.ca.gov>
To: "Hing Wong" <Hingw@abag.ca.gov>
Date: 6/11/2012 4:05 PM
Subject: Income Distribution

Hi, Hing, Here is the citation I was talking about

Government Code 65584 The regional housing needs allocation plan shall be consistent with all of the following objectives:

...(d)(4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

Anda Draghici, Senior Housing Policy Specialist
Division of Housing Policy Development
916.327.2640 / F: 916.327.2643

CA Department of Housing and Community Development
1800 Third Street, Room 430
Sacramento, CA 95811
<http://www.hcd.ca.gov/>

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June 27, 2012

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Steve Heminger, Executive Director
MTC
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101 Eighth Street
Oakland, CA 94607-4770

RECEIVED

JUL 02 2012

EXECUTIVE DIRECTOR'S OFFICE

SUBJECT: City of Oakley Comments and Request for Revisions to the DRAFT Regional Housing Needs Allocation (RHNA) Methodology and Preliminary Subregional Shares for the fifth cycle: 2014-2012

Dear Mr. Heminger and Mr. Rapport:

The City of Oakley is requesting revisions to the DRAFT Regional Housing Needs Allocation (RHNA) and Methodology that was recently approved by the Association of Bay Area Governments (ABAG) on May 17, 2012. Oakley is concerned with the high number of overall units allocated to the City, specifically the high number of low- and very-low income units. The methodology does not take into account several factors that include the intent of the Oakley Priority Development Areas (PDAs) was to create job and employment centers, 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.

When reviewing the draft RHNA and the methodology used to derive the draft allocation, it appears that Oakley has several unique conditions which should necessitate a reduction in the overall number of units that have been preliminarily 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 by the methodology. 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 draft RHNA.

The Oakley City Council would like to offer the following comments:

- 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 is undermining 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 would create 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 preliminarily 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 draft RHNA allocations do 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 satisfy the current RHNA cycle. This shows Oakley's commitment to provide housing for all income levels. As stated by

June 27, 2012

City of Oakley Comments and Request for Revisions to the DRAFT Regional Housing Needs Allocation (RHNA) Methodology and Preliminary Subregional Shares for the fifth cycle: 2014-2012

Page 4 of 4

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 draft RHNA allocation as it relates to the economy 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 draft RHNA for Oakley will be reduced accordingly.

Sincerely,



Bryan Montgomery
City Manager

- C: Oakley City Council
Senator Mark DeSaulnier – 7th District
Assembly Member Joan Buchanan – 15th District



CITY OF SARATOGA

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COUNCIL MEMBERS:

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

Incorporated October 22, 1956

June 05, 2012

Ken Kirkey
ABAG Planning Director
101 Eight Street
Oakland, CA 94607

RE: Comments on the Draft RHNA Methodology

Dear Mr. Kirkey:

Thank you for sending the City of Saratoga the draft Regional Housing Need Allocation (RHNA) Methodology, which we received on May 30, 2012. Based on my review of the proposed methodology, I believe that it does not promote an improved relationship between jobs and housing. I also believe that it would not result in a housing distribution that maximizes the use of public transportation and existing transportation infrastructure.

The projected 60,606 units allocated to Santa Clara County would be very similar to the County's 2007 - 2014 allocation, yet some cities with large employment centers and convenient transit access would be allocated a much smaller number of units in 2014-2022. The draft methodology consequently burdens the smaller and built-out cities that have limited employment and transit opportunities with a much higher housing ratio, up to 1.5 times the 2007 - 2014 allocation.

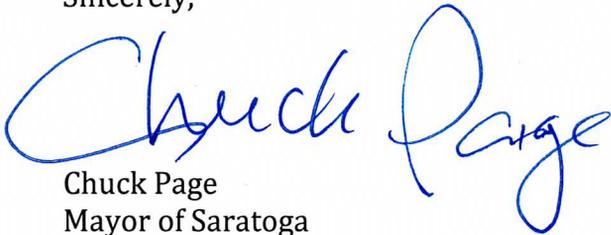
	2014 - 2022 DRAFT RHNA	2007 - 2014 RHNA	Difference (units)
Santa Clara County	60,606	60,338	268
City of Santa Clara	3,812	5,873	(2,061)
Unincorporated	58	1,090	(1,032)
Palo Alto	2,192	2,860	(668)
Los Altos	476	317	159
Saratoga	438	292	146
Los Gatos	616	562	54
Los Altos Hills	122	81	41
Monte Sereno	62	41	21

The use of a minimum housing floor using 40% of household formation growth results in a housing allocation that is clearly inconsistent with the overall objective of Government Code 65584 and Senate Bill 375, 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 draft proposed methodology 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 appreciate the opportunity to provide my perspective regarding the proposed methodology. Please include my comments in the feedback provided to the ABAG Executive Board at its July 19, 2012 meeting.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Page". The signature is written in a cursive style with a large initial "C" and a long, sweeping underline.

Chuck Page
Mayor of Saratoga

1.

Proposal to Modify OneBayArea Grant Proposal

This motion is supported by the 6 Wins Network and Greenbelt Alliance

Proposed Motion Language: MTC directs staff to establish now some core requirements for the next cycle of OBAG funding, FY 2015-16. This will set clear expectations for CMAs and jurisdictions so that they can tailor PDA Growth Strategies and other planning and legislative activities toward meeting these requirements. These include:

1. Distributing funding to reward *local* affordable housing production,
2. Requiring local adoption of policies from a flexible, but clearly articulated, menu of housing and community stabilization policies that correspond to those to be studied and considered in the PDA Growth Strategies

Note: On two occasions, most recently 4/11/12, MTC/ABAG's own advisory groups (Policy Advisory Council, Equity Working Group) passed a motion supporting changes to OBAG. The 4/11/12 motion was as follows:

MTC should adopt guidelines for the CMAs and cities for the next OBAG funding cycle (FY 2015-16) that require:

- *OBAG funding be allocated to the city/jurisdiction level based upon their affordable housing production; and*
- *Cities/jurisdictions have affordable housing and/or anti-displacement policies in place to receive funding. (MTC and ABAG should provide a menu of options and best practice policies for local jurisdictions to choose from.)*

2.

Proposal to Modify the Draft RHNA Methodology

This motion is supported by the 6 Wins Network and Greenbelt Alliance.

Proposed Motion Language: Every jurisdiction with a median income above the Bay Area average should take-on at least as much of the region's lower-income housing need as it did in the 2007-2014 Planning Period. This would mean shifting some lower-income units from lower-income cities to more affluent cities in exchange for higher-income units. The total RHNA number for each jurisdiction would remain the same.

Explanation: The draft RHNA methodology concentrates more housing growth in lower-income cities in the urban core in order to reduce GHG emissions. As a result, some affluent cities that desperately need more affordable housing are seeing sharp declines in their share of the RHNA for low and very-low income units.

With this simple fix, we can achieve both the environmental benefits of focused growth and the equity and economic benefits of planning for enough affordable housing in affluent cities that might not otherwise build it. We can keep the overall focused-growth pattern of the draft RHNA methodology, but also maintain the current, more equitable, distribution of affordable housing in the region.

3.

Proposal to Study Equity Environment and Jobs (EEJ) Scenario

Proposed Motion Language: Study the Equity, Environment, and Jobs (EEJ) Scenario as an alternative in the upcoming environmental impact review (EIR) process. If the EEJ Scenario proves to be the environmentally superior alternative, it should be incorporated into the final RTP/SCS.

Background: ABAG and MTC members supported inclusion of the Equity Environment and Jobs (EEJ) Scenario in the set of SCS alternatives that were evaluated last summer. While the EEJ Scenario did not end up being included in those alternatives, it can and should be added to the set of alternatives to be studied in the Environmental Impact Review process.

4.

Proposal to Study of an Adequate Baseline of Transit Service

Motion: As part of the Preferred Scenario, MTC should study what an adequate baseline of transit service looks like in the Bay Area.

Background: This study would analyze what level of service is needed to connect housing, jobs and other essential destinations to achieve Plan Bay Area's Greenhouse Gas emission and driving reduction goals as well as to ensure basic mobility for all Bay Area residents. This study would build off the research in the Transit Sustainability Project (TSP) and provide needed information to complete Plan Bay Area, such that it plans for the optimal level of transit service and addresses issues of overcrowding, and spatial and temporal service gaps.

Currently, no such study has been done and so we have no sense of: 1) what level of transit service we should be planning for and seeking funding for; and 2) how the recent dramatic cuts to transit service have impacted peoples' mobility, the economy, public health or the amount of VMT or Greenhouse Gas emissions. Our research shows that since 2006 more than 600,000 hours (8%) of bus service have been cut resulting in 20 million fewer transit trips per year. (A Title VI analysis of these cuts does not provide us with information about the bigger picture impact we're proposing be studied.)

Appendix D | 2014-2022 RHNA Schedule

I. RHNA Timeline

Timeline and Next Steps: January 2011 – May 2013

Key Activities

- January 2011 to April 2012 – Housing Methodology Committee
- February 2012 – The State Department of Housing & Community Development (HCD) issued a determination of the Bay Area’s overall housing need for all income levels.
- March 2012 – ABAG Executive Board released preliminary draft Regional Housing Need Allocation (RHNA) Methodology.
- May 2012 – ABAG Executive Board released Draft RHNA Methodology.
- June 2012 – ABAG Regional Planning Committee holds public hearing on Draft RHNA Methodology.
- July 2012 – ABAG adopts Final RHNA Methodology and releases Draft Allocation.
- July 2012 – Revision and Appeals Process begins.
- February-March 2013 – ABAG holds public hearing on appeals by local jurisdictions.
- April 2013 – ABAG issues Final Allocation.
- May 2013 – ABAG adopts Final Allocation.
- June-July 2013 – HCD reviews Final Allocations.

Opportunities for Public Involvement and Local Jurisdiction Input

- In May 2012, ABAG released Draft RHNA Methodology for public comment at a joint meeting of ABAG’s Administrative Committee and MTC’s Planning Committee.
- In June 2012, ABAG holds public hearing on the Draft RHNA Methodology.
- In July 2012, ABAG adopts the Final Methodology and releases the Draft Allocation. Local jurisdictions may request revisions to their Draft Allocations up till September 18, 2012.
- ABAG responds to request for revisions by November 15, 2012. Local jurisdiction may appeal ABAG’s decision on a request for revisions up till January 11, 2013.
- During February-March 2013, ABAG holds public hearing on appeals and responds to comments.
- In May 2013, ABAG adopts the Final Allocation at a public hearing.

Board Action

- Release of draft RHNA methodology (May 2012)
- Adopt RHNA methodology (July 2012)
- Release draft RHNA allocation (July 2012)
- Adopt final RHNA allocation (May 2013)