
From: Jim Fox [REDACTED]
Sent: Monday, August 23, 2021 1:58 PM
To: Regional Housing Need Allocation
Subject: Oppose Palo Alto's Appeal of the RHNA Allocation Numbers

External Email

I have lived in Palo Alto for more than 30 years, and raised and educated my children here. The city's opportunities and diversity have been wonderful for me and my family. However, lack of housing, and in particular, affordable housing, has negatively impacted our city.

I believe that the city's continued vibrancy depends on its adopting policies which result in housing for people of modest means, not just the very poor or the very rich. Palo Alto's appeal of its RHNA allocation numbers (which are intended to help remedy the shortfall of housing for all income levels) should be denied.

Palo Alto argues that the RHNA numbers should be reduced because the allocation fails to recognize the city's office cap as a method of meeting its housing goals. Not only does the office cap fail to provide any new affordable housing, it has the effect of reducing local development funds for affordable housing, making it extremely difficult for local affordable projects to get needed local funds. The appeal also fails to recognize that the majority of the city's allocation is due to factors other than projected growth, including reducing overcrowding elsewhere and increasing housing in high-opportunity neighborhoods.

Palo Alto has never applied its affordable/workforce housing overlay zone or Planned Housing Zone to single-family (R-1) neighborhoods, such as College Terrace, which already sustains a healthy number of multi-family residences from years prior to the 1950s when R-1 zoning was adopted. This neighborhood, close to transit and shopping, shows that single family homes and more affordable multi-family homes can coexist happily in our city. Affordable homes can also be planned for and built on Stanford Shopping Center land. Finally, the city could make it easier for faith-based landowners to develop affordable/workforce homes which blend into single-family neighborhoods.

For at least these reasons, I believe that the claim that the RHNA goals are unrealistically high is incorrect, and that the Appeal should be denied.

Jim Fox
[REDACTED]

From: Jonathan Lewis [REDACTED]
Sent: Monday, July 26, 2021 1:05 PM
To: Regional Housing Need Allocation
Subject: Comment on City of Palo Alto's RHNA Appeal

External Email

Dear ABAG,

I am writing to you as a Palo Alto resident to convey my dismay at their decision to appeal their RHNA number. The basis of their appeal is not unique to Palo Alto, in fact it's essentially a carbon copy of appeals other wealthy small cities that wish they were just suburbs have submitted. I urge you to reject my city's misguided efforts to skirt their responsibility to house their fair share of the area's residents as they have done for far too long already. It's lamentable that Palo Alto, like so many other neighboring cities, has to be dragged kicking and screaming into the reality of the minimum we need to do to start to correct the housing emergency that exists statewide. Please hold their feet to the fire.

Sincerely,

Jonathan Lewis
[REDACTED]

From: Elizabeth Ratner [REDACTED]
Sent: Monday, August 23, 2021 1:44 PM
To: Regional Housing Need Allocation
Subject: City of Palo Alto's RHNA appeal

External Email

My family moved to Palo Alto when the city was still affordable to people of modest incomes. I believe that the city's continued vibrancy depends on its adopting policies which result in housing for people of modest means, not just the very poor or the very rich. Palo Alto's appeal of its RHNA allocation numbers (which are intended to help remedy the shortfall of housing for all income levels) should be denied.

Palo Alto argues that the RHNA numbers should be reduced because the allocation fails to recognize the city's office cap as a method of meeting its housing goals. Not only does the office cap fail to provide any new affordable housing, it has the effect of reducing local development funds for affordable housing, making it extremely difficult for local affordable projects to get needed local funds. The appeal also fails to recognize that the majority of the city's allocation is due to factors other than projected growth, including reducing overcrowding elsewhere and increasing housing in high-opportunity neighborhoods.

Palo Alto has never applied its affordable/workforce housing overlay zone or Planned Housing Zone to single-family (R-1) neighborhoods, such as College Terrace, which already sustains a healthy number of multi-family residences from years prior to the 1950s when R-1 zoning was adopted. This neighborhood, close to transit and shopping, shows that single family homes and more affordable multi-family homes can coexist happily in our city. Affordable homes can also be planned for and built on Stanford Shopping Center land. Finally, the city could make it easier for faith-based landowners to develop affordable/workforce homes which blend into single-family neighborhoods. The claim that the RHNA goals are unrealistically high should be denied.

Lisa Ratner
[REDACTED]



August 27, 2021

Re: Palo Alto's RHNA Appeal

Thank you for taking the time to hear from community organizations and residents impacted by our extraordinary housing crisis. Palo Alto Forward (PAF) is a local nonprofit organization that works with residents and city government to make Palo Alto a more affordable, inclusive, and sustainable place for neighbors at all income levels. We are a multi-generational network with young families, grandparents, tech workers, teachers, renters, and homeowners. **We support Palo Alto's RHNA and recommend that you deny the City of Palo Alto's appeal.** With our high jobs-to-housing imbalance, quality public schools, and proximity to transit, Palo Alto is well-suited and capable of meeting regional affordable housing goals. The city has already received a 40% reduction; we do not believe a further reduction is appropriate.

We have reviewed the City of Palo Alto's grounds for appeal and do not find them credible. The claims of underlying mapping errors and unrealistic projections without a defensible alternative methodology or identifying viable options are insufficient; it also suggests that the City believes it does not need to be an engaged and responsible City in the Housing Element process. We are meant to identify feasible sites and policies that **enable** new, affordable housing. The lack of political will to change policies is not the same as housing infeasibility.

The City of Palo Alto cites our office development cap and increased telecommuting as challenges to future growth, but our RHNA allocation is meant to reduce overcrowding and relieve rent burdened residents while increasing our housing capacity. City staff recently presented that 80% of Palo Alto's renters making less than \$75k per year are rent-burdened¹. While the number and impact of informal housing arrangements are difficult to document, we know that Palo Alto has the capacity to relieve rent-burdened and overcrowded households in our community and throughout the region. Palo Alto has consistently held the second highest public transit commutership rates in the region² and has 93% of workers in-commuting from other cities³. We believe that our RHNA allocation is reasonable and achievable, but only if we plan for it.

Attached is a petition supporting Palo Alto's RHNA allocation. The signers share our values and commitment to a more affordable, inclusive, and sustainable Palo Alto.

Thank you,
Gail Price, President

¹<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2021/ptc-4.14-renter-protection.pdf>

² <https://www.caltrain.com/Assets/Stats+and+Reports/2019+Annual+Key+Findings+Report.pdf>

³ <https://onthemap.ces.census.gov/>



Support for Regional Affordable Housing Goals

*The statement below brings together values from Palo Altans
in every neighborhood.*

We, the undersigned, believe that a more inclusive, affordable, and sustainable Palo Alto is possible. Despite the City of Palo Alto's appeal, we believe that our regional affordable housing goals are reasonable and possible.

Palo Alto Forward has followed the Bay Area RHNA development process closely, including ABAG's methodology committee discussions. Palo Alto needs 6,086 new, affordable homes. As Palo Alto's [staff memo on notes on 8/10/2020](#), roughly half of the regional allocation is not related to growth but to statutory state requirements focused on helping existing residents, some of which are new to this cycle. The new factors include reducing the number of overcrowded and cost-burdened households (30% or more of income spent on housing), moving toward a more "normal" vacancy rate, and replacing demolished units as a means to not create a further deficit of housing units.

More notable however, is the allocation methodology. Palo Alto Forward supports the criteria outlined, prioritizing housing in communities that are high opportunity areas and in communities with good public transit and car commuting access to large job centers. While the allocation appears daunting, increasing housing in resource rich cities like ours is a pragmatic and equitable way to allocate new homes. If we do not do our fair share these homes will be allocated to neighborhoods like East Palo Alto, Belle Haven, and North Fair Oaks, further exasperating inequity and the jobs-housing imbalance.

Achieving these goals will be hard for all communities but the Housing Element requirement is to identify feasible sites, zoning and policies to meet the requirements. Because Palo Alto didn't make appropriate modifications to zoning and policies during our current cycle, we met just 28% of our RHNA allocation. To that end Palo Alto Forward encourages the council and staff to seriously plan for the Housing Element update and the North Ventura Coordinated Area Plan (NVCAP), both of which will require thoughtful and innovative elements no matter what Palo Alto's allocation. NVCAP is uniquely positioned as a great site for new housing and our decisions there will demonstrate how seriously we're working to meet our local and regional housing goals. **We can meet these goals, but only if we plan for it!**

PALO ALTO FORWARD

Signers:

1. Angela Evans
2. Kelsey Banes
3. Tieira Ryder
4. Elliot Warren
5. Thomas Lyon
6. Salim Damerджи
7. Madeline Frechette
8. Aaron Horvath
9. Pamela Federman
10. Rohin Ghosh
11. Anoeil Odisho
12. Kevin Ma
13. Caleb Balbera
14. Thomas Firpo
15. Owen Byrd
16. Zac Bowling
17. Alex Sooy
18. Thomas Lee
19. Marianna Zhang
20. Eyal Cidon
21. Michael Quinn
22. Julie Lythcott-Haims
23. Lauren Janas
24. Julie Lythcott-Haims
25. Robert Chun
26. Briana Mullen
27. Ziad Ali
28. Riley Mulcahy
29. Maggie Trinh

30. Gail Price
31. Ethan Solomon
32. Bertha Chipayo
33. Adrian M. Fine
34. Laura Fingal-Surma
35. Christopher Kan
36. Scott Oneil
37. Ross Mayfield
38. Bill Fitch
39. Elizabeth Jacob
40. Alexander Klein
41. Fred Glick
42. Alessandro Pianetta
43. Matthew Forrester
44. Alex Antebi
45. Jennifer Siddeek
46. Naphtali Knox
47. Patricia Saffir
48. Olya Krasnykh
49. Sarah Longstreth
50. Casey McGannon
51. Mary Gallagher
52. Samuel Jackson
53. Elizabeth Trumbull
54. Katherine Dumont
55. Kate Crane
56. Reverend Debra Murray

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57. Charlie Cheever
58. Sandy Songy
59. Tim Persyn
60. Jennifer Gonsalves
61. Katey Webber
62. Linda Smith
63. Mark Mollineaux
64. Ruth Robertson
65. Milo Trauss
66. Emily Young
67. Marc Ross
68. Ron Hall
69. Grant Dasher
70. Caitlin Wolf
71. Paf Contributor
72. Howard Kushlan
73. Alex Walker
74. Bruce Reyes-Chow
75. Temina Madon
76. Hillary Thagard
77. Trish Mulvey
78. Peter Cook
79. Gabriel Manjarrez
80. Analise Pugh
81. Laura Sieh
82. Brittney Kerby
83. Courtney Ferro
84. Chris Saccheri
85. Nidia Abtego
86. Ralph Toussieh

87. Patricia McBrayer
88. Griselda Mendez
89. Aleksandar Totic
90. Brian Barth
91. Adrienne Lee
92. Sean Holman
93. Penelope Barrett
94. Carol Steinfeld
95. Meri Gruber
96. James Taylor
97. Robert Neff
98. Josh Star-Lack
99. Bonnie Packer
100. Nancy Ng
101. Jan Fenwick
102. Daniel Savu
103. Kenny Ott
104. Monica Smith
105. Elaine Uang
106. Karen Grove
107. Kevin Kiningham
108. Reid Kleckner
109. Heather Hadlock
110. Madeleine Dawson
111. Karen Kalinsky
112. Robert Ohlmann
113. Paul Otto
114. Gloria Burd
115. Liz Gardner
116. Christopher Colohan

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117.	Barbara Kingsley
118.	Jeffrey Lu
119.	Aram James
120.	Nicole Buccalo
121.	Fawaz Ahmed
122.	Annette Isaacson
123.	Gina Dalma
124.	Steve Pierce
125.	Susan Van Riesen
126.	Randy Mont-Reynaud
127.	Sharon L. Liu
128.	Amari Cobb
129.	Lupita Lara
130.	Jack Fuller
131.	Debbie Mytels
132.	Stephen Levy
133.	Rob Nielsen
134.	Heidi Emberling
135.	Patricia Kinney
136.	Kathryn Schmidt
137.	Meseret Gebresialassie
138.	Esther Chung
139.	Kristal Caidoy
140.	Robin Pugh
141.	Patty Irish
142.	Amy Kiefer
143.	Petya Georgieva
144.	Donald Barr
145.	Katherine Weller
146.	Paula Collins

147.	Robert Schreiber
148.	Pamela Chesavage
149.	Hanon McShea
150.	Jackie Wheeler
151.	Ruby SHifrin
152.	J. Fox
153.	Joy Sleizer
154.	Christopher Kantarjiev
155.	Edward Hillard
156.	Gretchen Hillard
157.	Jeff Rensch
158.	Lynnie Melena
159.	Timothy Clark
160.	Jeffrey Salzman
161.	Lawrence Garwin
162.	Patricia Evans
163.	Kate Conley
164.	Cynthia Harris
165.	Markus Fromherz
166.	Rachel Miller
167.	Mary Train
168.	Betsy Bechtel
169.	Gary Fine
170.	Michal Bortnik
171.	Randy Salim
172.	carolyn pierce
173.	Roy Kornbluh
174.	Thomas Wasow
175.	Andrea Allais
176.	Lizzie DeKraai

PALO ALTO FORWARD

177.	Anita Lusebrink
178.	Nancy Olson
179.	Anna Botelho
180.	Ozzie Aery Fallick
181.	Danielle Mewes
182.	Linda Henigin
183.	Patrick Franks
184.	Sandra Slater
185.	Manmohan Mahal
186.	Patrick Ye
187.	Joyce Beattie
188.	Jennifer Michel
189.	Dianne Jenett
190.	Judy Grahn
191.	Valerie Kack
192.	Hilary Glann
193.	Jan Fenwick
194.	Sunita de Turreil
195.	Linnea Wickstrom
196.	Raiza Singh
197.	Edith Weiser
198.	Kristine Tolbert
199.	Paola Macioca
200.	Rebecca Young
201.	Bradd Silver
202.	Julie Anderson
203.	Farah Brelvi
204.	George Huang
205.	Julie Hyd
206.	Jerry Karmin
207.	Gordon Reade

208.	Ben Shaibe
209.	Peter Bradley
210.	Christine Li

Scott O'Neil

[REDACTED]
29 August 2021

To: ABAG Administrative Committee
RHNA@bayareametro.gov

Request to deny Palo Alto's RHNA Appeal

I am a lifelong Bay Area resident and a current Palo Alto homeowner and resident. As a citizen concerned about the housing crisis I have become interested in the RHNA process. I write urging ABAG to not grant any further reductions in Palo Alto RHNA quotas.

Appeal items 1-3 fail to meet the requirements for appeal.

In its appeal, Palo Alto checked two boxes for the grounds for its appeal. One of those boxes requires the applicant to specify errors in applying the Final RHNA Methodology, or failures to further its goals. (Box 2.) This basis seems intended to apply the first, second, and third points on their appeal, which deal with alleged underlying mapping errors, office cap reductions, and the shape of how ABAG decided to allocate housing units across upcoming RHNA cycles.

It is obvious that point #2 (office caps) and point #3 (unit frontloading) do not meet the criteria for an appeal. They are challenging the methodology itself, not how it was applied to Palo Alto. Nor are they describing a way in which the methodology fails to achieve its goals.

- ABAG failed to determine the jurisdiction's Draft RHNA Allocation in accordance with the Final RHNA Methodology and in a manner that furthers, and does not undermine the RHNA Objectives (see Government Code Section 65584(d) for the RHNA Objectives).

It is less obvious that point one (mapping errors) also fails to meet the Box 2 criteria, but I believe this to be the case. As a private citizen it is difficult to check the numbers being provided by Palo Alto, but it is clear that this table comes from an algorithm that implements the Final RHNA Methodology. The city, if it believes those parcels cannot accommodate such housing, can simply put it someplace else. However, attempting to challenge the algorithm itself, at this late date, is the same thing as challenging the methodology --which is not something this appeal can technically grant based on the "failure in accordance" clause in Box 2 above.

It might be embarrassing that the methodology produced unusually large allocations for some parcels, but it is not an infeasible total allocation. To take a gross estimate: at 120 du/acre, Palo

Alto has capacity for almost 2m dwelling units. Obviously most of that cannot be realized, but this town of 60,000 people can certainly find room to grow by 6k units.

Which brings us to furthering the Final RHNA Methodology's goals. There is nothing in Government Code 65584(d) that places any requirements on the statewide parcel-level distribution of housing need, especially when considered in light of the City's ultimate responsibility to perform the final allocation within its jurisdiction. Indeed, granting this appeal would violate every single provision of 65584(d). Those include "Increasing the housing supply" ((d)(1)), "the encouragement of efficient development patterns" ((d)(2)), "Promoting an improved intraregional relationship between jobs and housing" ((d)(3)), flattening regional income disparities ((d)(4)), and "Affirmatively encouraging fair housing" ((d)(5)).

Critically, Palo Alto does not provide compelling evidence that the bottom-line allocation is unfair to Palo Alto, because they only look at parcels generated for Palo Alto. CPA's claim would have been bolstered by an independent study finding no similar highly-allocated parcels in other jurisdictions, or testimony from staff in other jurisdictions that no similar parcels exist. Absent such a control, ABAG should conclude there is no basis for determining the algorithm arrived at an allocation that was unfair cumulatively, ie: net of artifacts such as those the city is alleging.

Item 4 - Telework is not actionable

This takes us to point 4 of the appeal, which deals with telework after Covid-19 and is presumably founded in Box 3 (unforeseen circumstances.) We should first note that everything CPA is saying is speculative, as can be seen in the applicant's own language, ie: "will likely," "would be," "could be."

In fact, it's still very unclear what local employers will want to do and there are mixed signals. Notably, major tech employers *around Palo Alto* seem reluctant to plan on permanently reducing in-person collaboration. Google and Facebook in particular are maintaining an apparent goal of eventual return to in-office work even as they push the date for this back. [1][2] This illustrates how until the pandemic resolves itself more, we can't have reliable new information about how work will change. Without reliable information ("is" not "could be") we can say that circumstances may change in an unforeseen way, but there's no way to decide what to do about it. This includes granting appeals.

But if we argue the alternative on this, and posit that ABAG takes CPA's claim about nationwide telework trends at face value, then ABAG may reasonably conclude an **increased** allocation is appropriate. Since, as we have seen, Palo Alto's workforce is unusually locally-bound [1][2], Palo Alto should expect less out-migration related to telework than other cities. ABAG could then look at the in-migration question, and determine that Palo Alto's position of having some of the most outstanding schools in the state, and a mild climate makes it particularly likely among ABAG members to draw upper-middle class professionals in telework-eligible fields such as Law and Medicine. This combination of factors: low sensitivity to telework for the existing population,

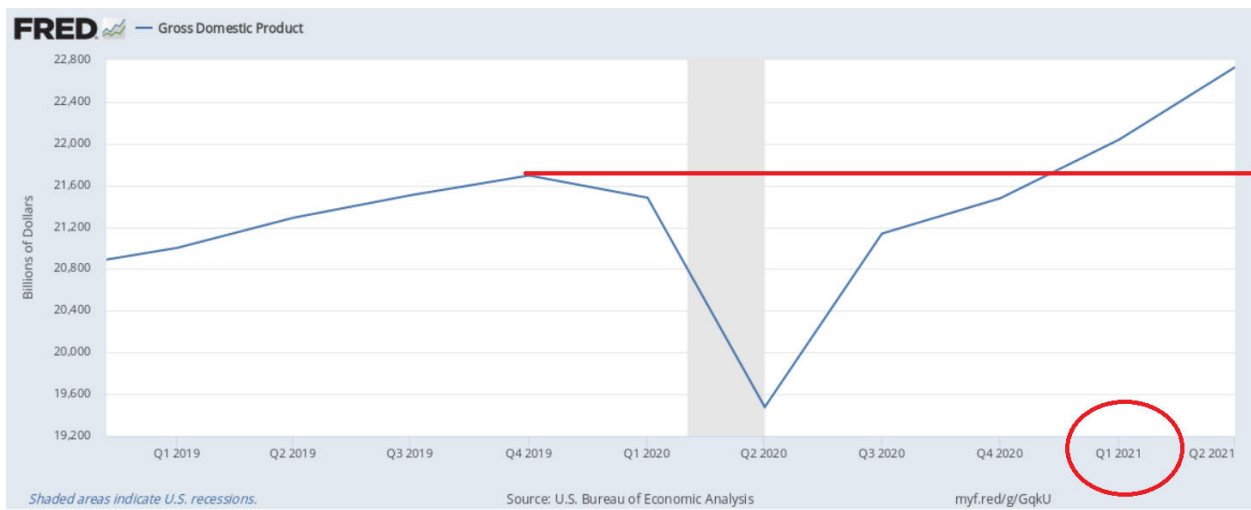
combined with high draw for teleworkers in other areas could reasonably support ABAG increasing CPA's RHNA allocation on the basis of unforeseen circumstances.

ABAG might therefore conclude a small net increasing Palo Alto's housing need due to the unforeseen circumstance of telework. If instead of CPA's estimate of +6%, it is -1% for Palo Alto, then that would be a net increase of 57.5 housing units for the city.

Item 5 - Macroeconomic effects of Covid-19

Finally, we come to Point 5. Having considered telecommuting impact due to Covid 19 as a separate item in #4, CPA should not have included it again in item #5..

That aside, #5 isn't making arguments that a city couldn't make after any recession regardless of cause. Thanks to massive federal stimulus the covid recession was short, and the economy has been expanding since April 2020. GDP had already exceeded pre-Covid levels by the time CPA filed its appeal.[3] RHNA is engaged in long-term planning and should not be responding to recessions by granting appeals, and the city offers no compelling reason to think this recession -which is already over- was exceptional, except perhaps as addressed earlier.



Conclusion

Palo Alto makes several claims that are speculative, or have nothing to do with the purpose of RHNA. None meet the criteria for granting an appeal, and granting an appeal would go against the purposes of the RHNA process. The appeal should not be granted.

I have only addressed Palo Alto's, but the interests of Bay Area residents in housing are regional, and I have read some other appeal letters that seem defective in similar ways. I would encourage ABAG to hold firm to its allocations wherever defensible.

Palo Alto is a member of ABAG. It has a voice in how allocations are reached, and must abide by its findings. The most appropriate remedy under the RHNA process for the complaints in this appeal is for Palo Alto to relitigate the issues in Cycle 7. If events unfold in a way that proves Palo Alto did not need 6,086 housing units, then they will come into the next cycle with strong evidence to support a change in methodology in that cycle.

-Scott O'Neil

[1]

<https://www.cnbc.com/2021/07/28/google-postpones-return-to-work-until-october-will-require-vaccinations.html>

[2]

<https://www.cnbc.com/2021/08/12/facebook-delays-return-to-office-until-january-2022-for-us-some-international-employees.html>

[3] <https://fred.stlouisfed.org/series/GDP>

From: [REDACTED]
Sent: Sunday, August 29, 2021 11:49 AM
To: Regional Housing Need Allocation
Subject: Many reasons to deny Palo Alto's RHNA Appeal
Attachments: Many Reasons to Deny Palo Alto's RHNA Appeal.doc

External Email

This is my personal appeal letter but I also support the letter sent by [SV@Home](#) with regard to the Palo alto RHNA appeal.

Stephen Levy

DATE: August 26, 2021
TO: **RHNA Appeal Review**
FROM: Stephen Levy
SUBJECT: Reasons to Deny Palo Alto's RHNA Appeal

Background

My wife and I have been homeowners residing in Palo Alto since 1978 and my office has been in Palo Alto since 1969. I was an online observer at all the Allocation Methodology Committee meetings and read all the relevant material and attended several PBA meetings. I also served on the recent Comp Plan Advisory Committee in Palo Alto.

1. Palo Alto Meets the Allocation Criteria for a High Allocation

Palo Alto is one of, if not the best city, in terms of meeting the criteria for additional allocations. Palo Alto is a high opportunity city with great schools and physical and cultural amenities. Moreover, our tax base allows per capital funding for public services that is among the highest in the region.

In terms of public transit access for low- and moderate-income workers, PA has two Caltrain stations including one with the second highest system ridership and express bus service along El Camino that serves high job locations.

In terms of access for auto commuters, PA has two major highways, 101 and 280 that provide access the research park, shopping center and hospitals and medical services as well as other job sites.

Cities like Palo Alto along the Caltrain corridor will be housing sites with easy access to tens of thousands of jobs being planned along the corridor ending with large new job opportunities in San Jose. The RHNA overweight allocation criteria will become then even more applicable.

ABAG is aware that on other city along the Caltrain corridor from SF to SJ appealed even though each received a much larger cycle 6 allocation.

Palo Alto did not provide any information to contradict the applicability of these allocation criteria to our city.

2. Palo Alto's Appeal Point 1 is Irrelevant

The appeal cites a number of sites that the City claims are not applicable sites or the density in ABAG mapping is too high.

This reflects a misunderstanding of the obligations of all cities including Palo Alto to identify sites and polices to meet the RHNA allocations. Palo Alto is just beginning the site and policy identification and, therefore, **cannot credibly and has not argued that the City is unable to meet its RHNA allocations.**

3. Palo Alto's argument in point 3 About the Relative Size of the RHNA Allocation in Relation to the 2050 PBA Forecast is Also Irrelevant

Palo Alto's obligation is to identify sites and polices, while meeting its fair housing obligations, that will incentivize non-profit and for-profit developers to bring forth the required number of housing unit proposals, No one knows how successful these efforts will be but the main point is that even if proposals come forth in the 2023–2031-time frame, many of the units will be built in later years. Thus, the alleged inconsistency is false as well as being irrelevant.

I am a consultant for SCAG in their current forecast round and have had these discussions relative to their forecast end point and their RHNA. ABAG and HCD are well aware that actual construction often takes place years after a project is first approved. While it might be a good outcome if much of the 2050 housing goals in terms of units built are met by 2031, it is not a requirement of a good faith Housing Element or likely in practice.

4. Palo Alto's Appeal Points 2, 4 and 5 All Argue that the City's RHNA Allocation Should be Lowered as Fewer Jobs Are Likely

As ABAG staff know, Palo Alto has the highest jobs to housing ratio in the region, often by quite a large margin in relation to comparable cities.

Also, as ABAG knows and Palo Alto may misunderstand, more than half of the City's RHNA allocation does not relate to future growth. It is, under state law, to help existing residents meet the challenges of overcrowding, excessive cost burdens all related to very low recent housing production levels.

Moreover, Palo Alto has already received a 40% reduction in its RHNA allocation as a result of revisiting future growth projections.

There are a number of points relevant here. I will list a few.

- a) City polices are not set in stone and can and often do change with each council election. Even if one council has square footage limits, a future council can change them.
- b) Palo Alto does have job growth potential—in the research park, at hospitals and in an area not related to development limits—in addition to

the ability of organizations to more efficiently use space and add workers to existing space.

- c) The office cap that Palo Alto offers as a reason for their appeal is actually an example of where the City is refusing to utilize a proven policy tool to add low- and moderate-income units. Cities like Redwood City, Menlo Park, Mountain View and San Jose are successfully using negotiations round mixed-use developments with added office space to secure agreements for thousands of low- and moderate-income housing units.

SV@Home, my county's leading proponent of low- and moderate-income housing, advocates for and has successfully used mixed-use project negotiations to secure needed low- and moderate-income housing.

- d) ABAG's argument cited in Palo Alto appeal point 2 is correct. A number of factors should make it easier for any city including Palo Alto to meet its RHNA allocation. Office space and retail space reductions from COVID, high space cost or declining retail store use do not destroy jobs (e.g., people shop online with related job gains) but do offer new opportunities for housing.
- e) No one knows the extent or duration of COVID impacts on short-term job recovery or the extent and impact of remote work. The City's appeal provides no credible evidence that their speculative arguments should impact the City's obligations or ability to meet the RHNA goals.

Palo Alto is a city that meets the criteria for an above average RHNA allocation, has the highest job to housing ratio in the Bay Area, has already received a 40% reduction in its RHNA allocation and has presented no credible evidence as to why more of its allocation should be shifted to other communities to better meet state and regional housing, equity and environmental goals.

August 30, 2021

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United Way Bay Area

Gina Dalma, *Vice Chair*
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Foundation*

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Jennifer Loving
Destination: Home

Mary Murtagh
EAH Housing

Chris Neale
The Core Companies

Kelly Snider
Kelly Snider Consulting

Jennifer Van Every
The Van Every Group

STAFF

Leslye Corsiglia
Executive Director

TRANSMITTED VIA EMAIL

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

RE: RHNA Appeal for the City of Palo Alto

Dear President Arreguin and ABAG Administration Committee:

On behalf of SV@Home and our members, we write today to express our disappointment that the City of Palo Alto has chosen to appeal its draft Regional Housing Needs Allocation (RHNA) and urge ABAG to reject the appeal. Palo Alto is one of the most transit rich, jobs heavy, cities in the Bay Area with some of the highest housing costs and lowest levels of residential development. We disagree with the City's bases for appeal and believe that the City should move forward with the process of planning for its portion of the regional housing needs as allocated. Every city in the region must do its part in this critical process amidst our ongoing affordable housing crisis.

The City of Palo Alto has argued that they should not be required to build as much housing because they impose an office development cap that limits the number of new jobs. They claim that they should be permitted to reduce the amount of planned future residential development because they are already addressing their jobs-housing imbalance in this way. There is an explicit lack of recognition in the appeal that under the new RHNA guidelines the allocations are intended to respond to a portion of the current needs and imbalances in the city as well as future growth.

On this front Palo Alto is an outlier even within the ABAG planning area. Despite the City's office development cap, the relatively small city of Palo Alto currently has the second most office space in Silicon Valley,ⁱ and at 3.97, the worst jobs-housing imbalance in the region.ⁱⁱ Not surprisingly, it also has by far the most unbalanced jobs per employed resident ratio in the region at 3.41 jobs per employed resident.ⁱⁱⁱ Because Palo Alto has failed to plan for and build adequate housing it imports most of its workforce shifting the burden of responding to the housing demand created by its jobs to other surrounding cities.

Failure to respond to current housing demand is particularly acute for the thousands of low-wage workers who commute into the city every day to keep the local economy afloat. The most recent comprehensive analysis reports a low-wage job to low-wage worker "fit" of 6.82 - for each affordable home in Palo Alto there are roughly 7 low-wage workers in need of affordable housing. These are the essential and service sector workers, which we saw were far less likely to be impacted by shifts to telecommuting and potential hybrid workplace models.

At the same time, we agree with ABAG's rationale that the potential for future reduction in demand for office space actually opens up additional residential capacity and supports the allocation. The City of Palo Alto will need to take significant steps that will necessarily

diverge from current land use planning and policies to plan for the assigned RHNA obligations. This process will be further complicated by the legal and social imperatives of the new AFFH guidelines. We are in a housing crisis that is regional in scope, but planning and building new homes in response to this crisis requires local action. This local process and discussion must be robust, by law, but it must also produce an updated Housing Element that conforms to state law and can feasibly accommodate the RHNA obligation for lower-income households that Palo Alto has been assigned.

Palo Alto does not have a good track record on this front, although that unfortunately does not distinguish it from most cities in the region. As evidenced from the 2021 Annual Progress Report for the 5th Cycle of the Housing Element below, the City of Palo Alto has failed to make adequate progress on meeting its RHNA goals for any of its lower-income categories. With our housing affordability crisis, the City cannot continue planning only for residential development accessible to higher income households. The City has an obligation to meet the housing needs of all residents.

2015-2023 (5th Cycle) RHNA Permit Progress for the City of Palo Alto

	Permits as of Dec 2020	5th Cycle RHNA	% Attained
Very Low Income	101	691	14.6%
Low Income	60	432	13.9%
Moderate Income	42	278	15.1%
Above Moderate	541	587	92.2%

Source: HCD Housing Element APR, Updated 7/8/2021

The City of Palo Alto has the opportunity to become a more inclusive, sustainable community with the planned addition of 6,086 new homes. We strongly encourage ABAG to reject the City's appeal so it can continue its work to create a compliant housing element to help address the region's affordable housing crisis.

Sincerely,

Mathew Reed, Director of Policy

ⁱ 10,726,615 square feet. Source: Marketbeat Silicon Valley Office Q2 2021 Report

ⁱⁱ ACS 2018 5 Year, Table B25001; 2018 LODES

ⁱⁱⁱ ACS 2018 5 Year, Table S2406, 2018 LODES

