

REGIONAL HOUSING NEEDS ALLOCATION



Association of Bay Area Governments

2023-2031 Regional Housing Needs Assessment (RHNA) Appeal Request

Submit appeal requests and supporting documentation via DocuSign by 5:00 pm PST on July 9, 2021.

Late submissions will not be accepted. Send questions to rhna@bayareametro.gov

Jurisdiction Whose Allocation is Being Appealed: City of Palo Alto

Filing Party: HCD Jurisdiction: City of Palo Alto

Contact Name: Tim Wong Title: Senior Planner

Phone: 650-329-2943 Email: tim.wong@cityofpaloalto.org

APPEAL AUTHORIZED BY:

Name: Jonathan Lait

Signature: 

Date: 7/8/2021

PLEASE SELECT BELOW:

- Mayor
 Chair, County Board of Supervisors
 City Manager
 Chief Administrative Officer
 Other: Planning & Development Services Director

IDENTIFY ONE OR MORE BASES FOR APPEAL [Government Code Section 65584.5(b)]

- ABAG failed to adequately consider information submitted in the Local Jurisdiction Survey regarding RHNA Factors (Government Code Section 65584.04(e)) and Affirmatively Furthering Fair Housing (See Government Code Section 65584.04(b)(2) and 65584(d)(5)):
- Existing and projected jobs and housing relationship.
 - Sewer or water infrastructure constraints for additional development due to laws, regulatory actions, or decisions made by a provider other than the local jurisdiction.
 - Availability of land suitable for urban development or for conversion to residential use.
 - Lands protected from urban development under existing federal or state programs.
 - County policies to preserve prime agricultural land.
 - Distribution of household growth assumed for Plan Bay Area 2050.
 - County-city agreements to direct growth toward incorporated areas of county.
 - Loss of units contained in assisted housing developments.
 - Households paying more than 30% or 50% of their income in rent.
 - The rate of overcrowding.
 - Housing needs of farmworkers.
 - Housing needs generated by the presence of a university campus within a jurisdiction.
 - Housing needs of individuals and families experiencing homelessness.
 - Loss of units during a declared state of emergency from January 31, 2015 to February 5, 2020.
 - The region's greenhouse gas emissions targets to be met by Plan Bay Area 2050.
 - Affirmatively furthering fair housing.
- 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).
- A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted in the Local Jurisdiction Survey (*appeals based on change of circumstance can only be made by the jurisdiction or jurisdictions where the change occurred*).

Pursuant to Government Code Section 65584.05, appeals shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation, and shall include a statement as to why the revision is necessary to further the intent of the objectives listed in Government Code Section 65584(d). An appeal shall be consistent with, and not to the detriment of, [the development pattern in the sustainable communities strategy \(Plan Bay Area 2050 Final Blueprint\)](#). (Click here)

Number of units requested to be reduced or added to jurisdiction’s Draft RHNA Allocation:

Decrease Number of Units: 1500 Increase Number of Units: _____

Brief description of appeal request and statement on why this revision is necessary to further the intent of the objectives listed in Government Code Section 65584(d) and how the revision is consistent with, and not to the detriment, of the development pattern in Plan Bay Area 2050. Please include supporting documentation for evidence as needed, and attach additional pages if you need more room.

Please see the attached letter from City of Palo Alto to the ABAG Administrative Committee dated July 8, 2021.

The City’s appeal request is consistent with Plan Bay Area 2050 (PBA 2050). The City’s grounds for appeal address technical errors of the PBA 2050 projections, achieving a more sustainable jobs/housing balance and emphasizing a greater role of telecommuting. These are all consistent with the outlined strategies in PBA 2050. In addition, while the City’s proposed changes are locally significant, they are regionally insignificant and would not affect the development pattern in PBA 2050.

List of supporting documentation, by title and number of pages

- 1. City of Palo Alto RHNA Appeal of 6th Cycle Draft RHNA, 5 pages _____
- 2. _____
- 3. _____



The maximum file size is 25MB. To submit larger files, please contact rhna@bayareametro.gov.

Click here to attach files

July 8, 2021

ABAG Executive Board Members & Metropolitan Transportation Commission
Members Submitted Via Email To: info@bayareametro.gov

RE: City of Palo Alto RHNA Appeal of the Sixth Cycle Draft Regional Housing Needs Allocation (RHNA)

Dear Administrative Committee,

On behalf of our residents, and in accordance with California Government Code Section 65584.05, the City of Palo Alto (“City”) hereby submits this appeal to the Association of Bay Area Governments (ABAG) of the Draft Regional Housing Needs Assessment (RHNA) Allocation (“Draft RHNA Allocation”), received May 27, 2021, for the Sixth Housing Element Cycle (2023-31) (referred to herein as the Sixth Cycle).

A revision to the Draft RHNA Allocation is necessary to further the intent of the statutorily mandated objectives listed in Government Code Section 65584(d), as explained below. Palo Alto is filing its appeal on the following statutory bases:

1. Government Code Section 65584.05(b)(2): ABAG did not determine Palo Alto’s allocation in accordance with the information described in Government Code Section 65584.04, and its adopted methodology, and in a manner that furthers, and does not undermine, the RHNA objectives identified in [Government Code Section 65584\(d\)](#).
2. Government Code Section 65584.05(b)(3): A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted as part of the local jurisdiction survey. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.

Grounds for City of Palo Alto Appeal

1. Inaccuracies and errors in ABAG/MTC’s underlying mapping and modeling result in an allocation for Palo Alto that is inconsistent with the adopted methodology.

Over the past several months, City staff has coordinated with ABAG/MTC staff regarding the mapping and modeling underlying the Plan Bay Area 2050 Final Blueprint (PBA 2050) and, accordingly, the City’s RHNA. In its review of the initial PBA 2050 project data, staff discovered several sites not suitable for development (i.e. federal lands, school parcels, projected units in creek bed parcels, etc.). While MTC staff has corrected these errors on many sites, there remain parcels that are outside the City’s jurisdictional control with projected housing units as provided below.

	Address	Projected Units	Comment
Frank Greene Middle School	750 N. California Ave.	16	School District Property
Herbert Hoover Elementary	445 E. Charleston Rd.	77	School District Property
Total		93	

In addition, City staff have discovered several sites with unrealistic projections based on the size of the parcels. The following sites contain unrealistic projected densities of up to 1,625 units per acre.

Address	Parcel Area (square foot)	2050 Projection	Projected 2050 Density (units / acre)	Realistic Density Yield*	Unit Discrepancy
1725 Alma	7500	62	360	21	-41
2040 Yale	5062	99	690	17	-82
720 California	5750	99	750	16	-83
16 Churchill	6300	99	685	17	-82
2195 Alma	5625	62	480	15	-47
33 Encina	24286	906	1,625	67	-839
Total Units		1514		257	-1,164

- Using a density of 120 units/acre

As shown in the table above, using a more realistic density yields a difference of 1,164 fewer units than projected in PBA 2050. Coupled with the 93 units projected on inappropriate sites, that totals 1,256 units less than projected. Understanding that MTC used PBA 2050 projections for the RHNA baseline, the City requests a reduction to its RHNA by 185 units.

2. ABAG/MTC's treatment of the Palo Alto office development caps does not further the RHNA objectives identified in Government Code Section 65584(d).

Recognizing that spiraling Bay Area housing and transportation woes have been driven by cities running large jobs/housing imbalances, Palo Alto began in 2015 imposing office development caps specifically to decrease those imbalances.

The City's last codified restrictive office growth measure occurred in 2018 and limited office development in its key commercial corridors to an annual average of 50,000 square feet per year. In the two years preceding this ordinance, the City averaged about 65,000 square feet of office per year. In the subsequent two years, the City averaged about 25,000 square feet per year or a net reduction of 40,000 square feet of office space resulting in 136 fewer workers in Palo Alto per year.

Applying these projections to the subject RHNA cycle results in roughly 1,100 fewer jobs or 285 fewer housing units. In addition, the City also maintains other office growth measures that limit maximum overall office and research and development cap, which only has about 550,000 square feet remaining over the next ten years.

This proactive measure to reduce the jobs/housing imbalance should have the effect of lowering Palo Alto's housing allocation. However, Palo Alto was informed by ABAG/MTC staff that the City's office development caps have the opposite effect: increasing the City's allocation because the reduction in office square footage meant that there was additional development potential that could be used for housing. This reasoning represents a false dichotomy. There is not a one to one ratio of office to housing development and the inability to construct new office space does not mean a property owner will necessarily build housing. Instead of recognizing Palo Alto for taking measures to minimize job production in favor of restoring a better jobs/housing balance, the City is assigned a greater number of housing units than it otherwise would have been assigned without these measures.

Palo Alto urges ABAG/MTC to reconsider this counterproductive decision, which eliminates an incentive for cities to proactively balance their jobs/housing growth and is therefore contrary to the RHNA objective to improve the relationship between jobs and housing, as provided in Government Code Section 65584(d)(3). Palo Alto takes such balance so seriously that after much community dialogue, we have taken action to enforce it; even if that means we lose economic growth and revenue to other cities. Rather than adding housing units to Palo Alto, the City requests ABAG/MTC reduce its allocation by 285 units to account for this misguided direction and take efforts to encourage other cities to proactively balance their jobs and housing growth. Assigning more housing units than is appropriate to a jurisdiction actively seeking to improve its jobs/housing balance is patently unfair and sends a terrible message to other cities wrestling, and innovating, over the same dilemma.

3. ABAG did not determine Palo Alto's allocation in accordance with information described in Section 65584.04(e)(3); specifically, Palo Alto's allocation for an eight-year period represents approximately half of the total projected growth through 2050.

City staff obtained data from MTC that there were an estimated 24,984 households in Palo Alto in 2015. With a total 2050 PBA household projection of 37,793, that means that the City is projected to increase by 12,809 households over a 35-year period. While the City understands that the PBA process is about projections and RHNA is focused on implementation, there is a disconnect in requiring the City to plan for almost half of its projected 2050 growth within the next eight years. It would be more appropriate for the City's allocation to be approximately one third of its projected growth through 2050, or approximately 4,300 units, resulting in up to 1,700 fewer RHNA units assigned to Palo Alto.

4. Palo Alto's allocation should be reduced as a result of significant and unforeseen changes in circumstances as a result of the COVID-19 and the resultant high telecommuting rates of employers in the City.

Telecommuting may be a long-term social and employment impact of COVID-19. Many businesses

and institutions are, out of necessity, finding ways to shift operations to completely or mostly remote operations. Many large employers have shifted to remote operations. As the Bay Area begins to normalize business operations following the termination of State and County health restrictions, many employers are implementing a hybrid work schedule with employees continuing to work remotely for significant portions of the work week. Telecommuting will likely represent a larger share of jobs than the 17% that is currently projected in PBA 2050 outcomes, and thus a reduction in the number of commuters and a shift in where jobs are located. For example, the City anticipates retention of telecommuting for many employees with jobs attributed to Palo Alto employers and the possibility of associated lower demand for housing within the City and nearby. MTC/ABAG staff indicated that the Final Blueprint strategy EN7 accounts for significantly more telecommuting, as well as more use of transit and active transportation modes. However, the strategy still appears to attribute jobs to headquarters, assuming employees come to the office some days a week. With this appeal, City encourages MTC/ABAG to consider a higher reasonable percentage of telecommute-friendly sector jobs to be reassigned away from job headquarters, as well as to make a stronger push for to model telecommuting in employment dynamics beyond an assumption of 17% of the workforce for some jurisdictions.

In a recent Upwork survey, employers anticipated that almost 23% of the workforce would be working remotely full-time with another 15% partially working remotely five years from now.¹ And in the Silicon Valley, as many of the tech industries are embracing telecommuting, the percentage of workforce telecommuting could be much higher. Based on a modest increase in telecommuting (23%) that is more reflective of current projections, the City of Palo Alto would expect to have approximately 345 fewer assigned RHNA housing units.

5. Palo Alto's allocation should be reduced as a result of significant and unforeseen changes in circumstances as a result of the COVID-19 pandemic and recession.

With the unanticipated intrusion of COVID-19 early this year and all that has come with this pandemic, the seriousness and depth of its implications to the overall RHNA process needs to be fully considered. It is important to understand how ABAG accounted for development feasibility for the current eight-year RHNA cycle under recession conditions. Additionally, it remains unclear when new funding sources described in the Plan Bay Area 2050 Final Blueprint for housing retention and production would arrive in this recession and if they would be in effect in time to assist jurisdictions meet the RHNA allocations for the current eight-year RHNA cycle.

More can be done in the RHNA methodology to account for current and future improvements in the existing jobs/housing imbalances in the region due to the current success of remote work and telecommuting. The fundamental location attribution for the jobs related RHNA methodology factors should be recalibrated for jurisdictions across the region. The pre-pandemic and pre-recession scoring used does not account for outmigration of jobs from the Bay Area and the anticipated increased levels of telecommuting in post-pandemic and post-recession conditions.

¹ <https://www.upwork.com/press/releases/economist-report-future-workforce>

Based on the foregoing analysis, the City of Palo Alto received between 530 and 2,515 additional housing units more than it should have been assigned. Accordingly, the City of Palo Alto, based on the criteria set forth in state law, requests a mid-point reduction of 1500 housing units resulting in an adjusted RHNA of 4,586 housing units.

Thank you for your consideration of our appeal and we respectfully request a downward adjustment in the City's RHNA allocation that better reflects the State's RHNA objectives.

Sincerely,

A handwritten signature in cursive script that reads "Tom DuBois".

Tom DuBois, Mayor

CC: City Council
Ed Shikada, City Manager
Molly Stump, City Attorney
Jonathan Lait, Planning Director