

MEMO

Submitted by: Gillian Adams, ABAG Regional Planner

Subject: Regional Housing Need Allocation (RHNA) Appeals and Transfers

Date: May 6, 2013

Executive Summary

Appeals

On July 20, 2012, ABAG released draft housing allocations as part of the Regional Housing Need Allocation (RHNA) process. At this point, each jurisdiction had the opportunity to submit a request to ABAG for a revision to its RHNA. If ABAG denied the request, then the jurisdiction could submit an appeal of ABAG's decision. Out of the fourteen jurisdictions that requested a revision, eight jurisdictions submitted appeals.

At its November 2012 meeting, the Executive Board established an ad hoc committee of the Board to hear the appeals. By statute, ABAG was required to hold a public hearing to hear the appeals. This public hearing took place on April 1, 2013. The Appeal Committee's recommendations are summarized below:

- City of Hayward: *Support appeal for reduction of 116 units.*
- City of Lafayette: *Support appeal for reduction of 27 units.*
- City of Mountain View: *Deny appeal.*
- City of Oakley: *Deny appeal.*
- City of Palo Alto: *Deny appeal.*
- City of San Ramon: *Deny appeal.*
- City of Saratoga: *Deny appeal.*
- City of Sunnyvale: *Support appeal for reduction of 531 units.*

Transfers

The City of Palo Alto and the County of Santa Clara have reached an agreement to transfer 200 moderate-income units from Palo Alto to the County.

Recommended Action

Staff respectfully recommends that the Executive Board:

- Adopt the Appeal Committee's recommendations to support the appeals submitted by the City of Hayward, the City of Lafayette, and the City of Sunnyvale and deny the appeals submitted by the City of Mountain View, City of Oakley, City of Palo Alto, City of San Ramon, and City of Saratoga.
- Approve the transfer of 200 moderate-income units from the City of Palo Alto's RHNA to the County of Santa Clara's RHNA.

Next Steps

ABAG Staff will release the final RHNA numbers on June 3, 2013. The Executive Board is scheduled to adopt the final RHNA on July 18, 2013.

Attachments:

- Memo - Regional Housing Need Allocation (RHNA) Appeal Committee Recommendations
- Letter From the City of Palo Alto Requesting a RHNA Transfer
- Letter from the County of Santa Clara Accepting Palo Alto's Transfer Request

MEMO

TO: ABAG Executive Board
FROM: Gillian Adams, Regional Planner
DATE: May 6, 2013
SUBJECT: Regional Housing Need Allocation (RHNA) Appeal Committee Recommendations

Background

On July 20, 2012, ABAG released draft housing allocations as part of the Regional Housing Need Allocation (RHNA) process. At this point, each jurisdiction had the opportunity to submit a request to ABAG for a revision to its RHNA. If ABAG denied the request, then the jurisdiction could submit an appeal of ABAG's decision. Out of the fourteen jurisdictions that requested a revision, eight jurisdictions submitted appeals. Copies of the appeals submitted by each jurisdiction and ABAG's staff response to each are available on ABAG's website at:
<http://www.abag.ca.gov/planning/housingneeds/pdfs/Appeals.pdf>.

RHNA Appeal Committee Public Hearing

At its November 2012 meeting, the Executive Board established an ad hoc committee of the Board to hear the appeals. The committee was comprised of:

- Palo Alto Mayor Greg Scharff, Chair
- Oakland Councilmember Desley Brooks, Vice Chair
- Novato Mayor Pat Eklund
- Napa County Supervisor Mark Luce
- Clayton Mayor Julie Pierce
- San Francisco Supervisor Eric Mar (alternate)

By statute, ABAG was required to hold a public hearing to hear the appeals. This public hearing took place on April 1, 2013. The Appeal Committee's recommendations are:

- City of Hayward: *Support appeal for reduction of 116 units.*
- City of Lafayette: *Support appeal for reduction of 27 units.*
- City of Mountain View: *Deny appeal.*
- City of Oakley: *Deny appeal.*
- City of Palo Alto: *Deny appeal.*
- City of San Ramon: *Deny appeal.*
- City of Saratoga: *Deny appeal.*
- City of Sunnyvale: *Support appeal for reduction of 531 units.*

The Appeal Committee's decisions are described in more detail below.

Detailed Summary of Appeal Committee Recommendations

City of Hayward

The City of Hayward requested a reduction in its RHNA because incorrect data was used in the RHNA methodology for the Past RHNA Performance factor. Based on annual progress reports submitted to the California Department of Housing and Community Development, Hayward was more successful in building affordable housing than was documented in the ABAG publication titled "A Place to Call Home."

ABAG Staff recommended that the Appeal Committee deny the City of Hayward's appeal because the Past RHNA Performance factor for all jurisdictions was based on the 2007 ABAG housing report *A Place to Call Home*. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the ABAG report was supplied by the local jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Mayor Eklund moved and Mayor Scharff seconded a motion to support the City of Hayward's appeal to reduce its RHNA by 116 units across all income categories because ABAG's use of incorrect permitting data was considered a significant and unforeseen change in circumstances. The committee voted unanimously to support the appeal.

City of Lafayette

The City of Lafayette requested a reduction in its RHNA based on the assertion that the calculations for the Growth Concentration Adjustment were inconsistent with the direction from ABAG's Executive Board. The methodology was described as "proportional," while the resulting redistribution had disproportionate impacts on different cities. In the City's view, this indicated that the methodology was applied in error. The City requested a revision of its allocation to 399 units, based on its calculation of its proportionate share of the 4,370 units reallocated region-wide as part of the Growth Concentration Adjustment.

ABAG Staff recommended that the Appeal Committee deny the City of Lafayette's appeal because the methodology for the Growth Concentration Adjustment was applied to all affected jurisdictions in a consistent manner. Units were redistributed based on an area's proportion of regional growth, and the differences in the results among jurisdictions are related to the underlying growth pattern for each jurisdiction from the adopted Preferred Scenario of the Sustainable Communities Strategy (SCS).

Mayor Eklund moved and Mayor Pierce seconded a motion to support the City's appeal to reduce its RHNA by 27 units across all income categories based on a misapplication of the RHNA methodology. The committee voted 3-2 to support the appeal. Ayes: Mayor Scharff, Mayor Eklund, and Mayor Pierce. Noes: Councilmember Brooks and Supervisor Luce.

City of Mountain View

The City of Mountain View requested a reduction in its RHNA because the City decided in its General Plan (adopted on July 12, 2012) to remove housing as an allowed use in its North Bayshore Priority Development Area (PDA). ABAG Staff assigned housing growth to the PDA in the Jobs-Housing Connection Strategy, even though City of Mountain View staff indicated that the City was only studying this possibility. In addition, the City Council's decision not to allow housing

represented a significant and unforeseen change in circumstances, which should result in a reduction in the RHNA.

ABAG Staff recommended that the Appeal Committee deny the City of Mountain View's appeal because ABAG staff used the most current information about local plans for growth that was available during development of the Preferred Scenario of the SCS, which was adopted in May 2012. In addition, the decision to remove housing as an allowable use in the North Bayshore area was a deliberate action taken by the City Council, and does not constitute an unforeseen change in circumstances. Housing Element law specifically states that ABAG cannot limit the RHNA based on local land use restrictions [GC 65584.04(d)(2)(b)].

Mayor Eklund moved and Councilmember Brooks seconded a motion to deny the City of Mountain View's appeal. The Committee voted unanimously to deny the appeal.

City of Oakley

The City of Oakley requested a reduction in its RHNA because its PDAs are intended for jobs, not housing; and ABAG should have used RHNA performance data for 2007-2014 since Oakley did not incorporate until 1999 and did not adopt a General Plan until 2005 or Housing Element until 2009.

ABAG Staff recommended that the Appeal Committee deny the City of Oakley's appeal because, in providing feedback about the SCS (which is an input into RHNA), the City requested additional housing growth compared to what ABAG was forecasting. ABAG staff used that feedback along with information from local plans to develop the housing growth distribution for Oakley, consistent with the sustainability goals of the SCS. Although ABAG encourages jurisdictions to plan for RHNA units in PDAs, jurisdictions are under no obligation to do so and the RHNA can be accommodated anywhere in the jurisdiction.

For Past RHNA Performance, data for all jurisdictions was taken from the 2007 ABAG housing report A Place to Call Home. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the report was supplied by the local jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Councilmember Brooks moved and Mayor Scharff seconded a motion to deny the City of Oakley's appeal. The Committee voted unanimously to deny the appeal.

City of Palo Alto

The City of Palo Alto requested that at least 350 units of its RHNA be transferred to Santa Clara County because the RHNA methodology does not appropriately assign responsibility for growth related to Stanford University. The RHNA methodology assigned the City responsibility for any growth within its Sphere of Influence, which includes sites for housing identified in Stanford's General Use Permit that are near transit and would be consistent with the goals of SB 375. However, the City, County, and Stanford have agreed that the City will not annex the land. In addition, these sites and other areas of the county along El Camino Real were excluded from the VTA Cores, Corridors, and Station Areas PDA when sites in Palo Alto were included, even though the City did not support being a part of the PDA.

ABAG Staff recommended that the Appeal Committee deny the City of Palo Alto's appeal because the rules regarding assigning responsibility for growth in the Sphere of Influence were adopted as part of the RHNA methodology by the ABAG Executive Board on July 19, 2012. The RHNA is not site specific, so the availability of sites for housing in Santa Clara County that would be consistent with the goals of the SCS does not indicate a misapplication of the RHNA methodology. Finally, The Palo Alto portion of the VTA Cores and Corridors PDA was not treated as a PDA for the purposes of RHNA because the City did not agree to designation of the areas as a PDA.

Supervisor Luce moved and Mayor Pierce seconded a motion to deny the City of Palo Alto's appeal. The committee voted 4-1 to deny the appeal. Ayes: Councilmember Brooks, Supervisor Luce, Mayor Pierce, Supervisor Mar. No: Mayor Eklund.

City of San Ramon

The City of San Ramon requested that its RHNA be reduced by 126 based on removing the impact of the Growth Concentration Adjustment, which the City asserts was misapplied to San Ramon. The City argued that all major recipients of the Growth Concentration Adjustment have light and/or heavy rail stations except San Ramon, which received a larger increase than other transit-rich cities with similar growth rates. San Ramon's increase does not meet the stated goal of directing growth to "medium cities with high job growth and transit access."

ABAG Staff recommended that the Appeal Committee deny the City of San Ramon's appeal because the methodology for the Growth Concentration Adjustment was applied to all affected jurisdictions in a consistent manner. Units were redistributed based on an area's proportion of regional growth, and the differences in the results among jurisdictions are related to the underlying growth pattern for each jurisdiction from the adopted Preferred Scenario of the Sustainable Communities Strategy (SCS).

Mayor Scharff moved and Councilmember Brooks seconded a motion to deny the City's appeal. The committee voted 4-1 to deny the appeal. Ayes: Mayor Scharff, Councilmember Brooks, Supervisor Luce, Mayor Pierce. No: Mayor Eklund.

City of Saratoga

The City of Saratoga requested its RHNA be reduced to 204 units based on the assertion that the 40% Minimum Housing Floor is inconsistent with the overall objective of RHNA and SB 375 and is inconsistent with the requirement that allocations consider a jurisdiction's jobs/housing relationship and access to transit. The City argued its allocation should have been lower because there are no significant existing or planned public transit or employment opportunities in the city.

The 40% Minimum Housing Floor was adopted as part of the RHNA methodology by the ABAG Executive Board on July 19, 2012. The adopted RHNA methodology emphasizes better integration of land use and transportation while also meeting the statutory objectives of RHNA, which include "increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner" [GC 65584(d)]. The minimum housing floor ensures that every jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction. However, the RHNA methodology also caps a jurisdiction's allocation at no more than 150% of its RHNA from 2007-2014 as a way to ensure that a jurisdiction is not overburdened.

Mayor Pierce moved and Councilmember Brooks seconded a motion to deny the City's appeal. The committee voted 3-2 to deny the appeal. Ayes: Councilmember Brooks, Mayor Eklund, Mayor Pierce. Noes: Mayor Scharff and Supervisor Luce.

City of Sunnyvale

The City of Sunnyvale requested a reduction in its RHNA because incorrect data was used in the RHNA methodology for the Past RHNA Performance factor. Based on data included in the City's Housing Element that was certified by the California Department of Housing and Community Development, Sunnyvale was more successful in building affordable housing than was documented in the ABAG publication titled "A Place to Call Home."

ABAG Staff recommended that the Appeal Committee deny the City of Sunnyvale's appeal because the Past RHNA Performance factor for all jurisdictions was based on the 2007 ABAG housing report *A Place to Call Home*. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the ABAG report was supplied by the local jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Supervisor Luce moved and Councilmember Brooks seconded a motion to support the City of Sunnyvale's appeal to reduce its RHNA by 531 units across all income categories because ABAG's use of incorrect permitting data was considered a significant and unforeseen change in circumstances. The committee voted unanimously to support the appeal.

Recommended Action

Staff respectfully recommends that the Executive Board:

- Adopt the Appeal Committee's recommendations to support the appeals submitted by the City of Hayward, the City of Lafayette, and the City of Sunnyvale and deny the appeals submitted by the City of Mountain View, City of Oakley, City of Palo Alto, City of San Ramon, and City of Saratoga.

Next Steps

ABAG Staff will release the final RHNA number on June 3, 2013. The Executive Board is scheduled to adopt the final RHNA on July 18, 2013.

City of Palo Alto

*Department of Planning and
Community Environment*

April 9, 2013

Ezra Rapport, Executive Director
Association of Bay Area Government
Joseph P. Bort Metro Center
P.O. Box 2050
Oakland, CA 94607-4756

Re: Transfer of RHNA Allocation from City of Palo Alto to Santa Clara County

Dear Mr. Rapport:

The City of Palo Alto requests that the Association of Bay Area Governments (ABAG) accept the transfer of 200 "moderate-income" housing units from the City's RHNA allocation to Santa Clara County for the 2014-2022 planning period, in agreement with the County's concurrence to ABAG. The City sincerely appreciates the cooperation and accommodation of Santa Clara County staff, Supervisor Joe Simitian, and Stanford University in reaching this agreement. We also thank ABAG staff, particularly Gillian Adams and Hing Wong, for their help and support.

The City looks forward to ABAG's Executive Board adoption of the final RHNA allocations in May, reflecting the City-County adjustment.

If you have questions or need additional information, please contact Curtis Williams, the City's Director of Planning and Community Environment, at (650) 329-2321 or curtis.williams@cityofpaloalto.org.

Sincerely,



H. Gregory Scharff
Mayor

cc: Joe Simitian, Supervisor, County of Santa Clara
Kirk Girard, Planning Manager, County of Santa Clara
Palo Alto City Council
James Keene, City Manager, City of Palo Alto

Planning
250 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94303
650.329.2441
650.329.2154

Transportation
250 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94303
650.329.2520
650.329.2154

Building
285 Hamilton Avenue
P.O. Box 10250
Palo Alto, CA 94303
650.329.2496
650.329.2240

County of Santa Clara
Department of Planning and Development
Planning Office



County Government Center, E. Wing, 7th Floor
70 West Hedding Street,
San Jose, California 95110-1705
(408) 299-5770 FAX (408) 288-9198
www.sccplanning.org

April 17, 2013

Curtis S. Williams
Director of Planning and Community Environment
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

Subject: Regional Housing Needs Allocation

Dear Mr. Williams:

To accommodate Palo Alto's interests in an equitable Regional Housing Needs Allocation (RHNA), we do not object to an increase in the County of Santa Clara RHNA for the 2014 to 2022 Housing Element planning period of 200 moderate income units.

This is the number of moderate income RHNA qualified housing units that can be reasonably expected to be constructed on unincorporated Stanford lands during the Housing Element planning period. The estimate is based on a rough extrapolation to the year 2022 of the 76 RHNA housing units currently planned within Stanford's three to five year capital improvement time frame.

As you know, the projected 200 RHNA qualified units will be a small fraction of the total number of housing units likely to be constructed during the planning period on the Stanford campus. The majority of housing production will be dorm units, which do not qualify as housing units for RHNA purposes.

We do not object to a transfer of moderate income units but we cannot accept a transfer of very-low or low income units. As you know, the Stanford General Use Permit (GUP) allows Stanford to provide affordable housing unit on the Stanford campus or make an appropriate cash payment in-lieu of providing the housing unit. In-lieu cash payments provide funding for affordable housing within a six-mile radius of the Stanford campus in surrounding local government jurisdictions. Without developing specific transfer mechanisms, affordable units constructed in other jurisdictions do not meet our RHNA obligations. The Affordable Housing In-lieu Program has been very successful in creating affordable housing but not within the unincorporated areas of Santa Clara County.

Curtis S. Williams
April 17, 2013
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We also have discussed our interest in avoiding specifying the location of the construction of any housing units accepted with a RHNA transfer. We understand Palo Alto based their original 350 unit transfer request to the Association of Bay Area Governments on units planned for the Quarry/Arboretum (200 units) and Quarry/El Camino (150 units) sites. While housing development may occur at these locations during the planning period, the Stanford GUP allows flexibility for locating new housing construction on the campus. We do not want to inadvertently impose limitations on the future uses of these sites or restrict the flexibility the GUP provides for locating new housing on the campus.

Given these understandings, we do not object to the Association of Bay Area Governments re-allocating 200 moderate income units from the City of Palo Alto to the County of Santa Clara for the 2014 to 2022 Housing Element planning period.

We've appreciated the cooperative approach taken by you and your staff in working on this transfer. Please let us know if you need any further assistance.

Sincerely,



Nash Gonzalez
Director

Cc: Charles Carter, Stanford University
Whitney McNair, Stanford University
Bill Shoe, County of Santa Clara
Sylvia Gallegos, County of Santa Clara
Jeff Smith, County of Santa Clara
Supervisor Joe Simitian, County of Santa Clara

