

City of Piedmont
COUNCIL AGENDA REPORT

DATE: June 21, 2021

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Informational Update on Regional Housing Needs Allocation (RHNA) for the Period 2023 to 2031 and Possible Direction to City Staff

EXECUTIVE SUMMARY

Piedmont's current Housing Element is for the term 2015-2023 and Piedmont's Regional Housing Needs Allocation (RHNA) for the same period is 60 new homes and apartments. On May 20, 2021, the ABAG Executive Board approved the final RHNA methodology and draft allocations for the next Housing Element for 2023 to 2031. Throughout the development of that methodology, Piedmont staff submitted multiple letters detailing concerns with the approaches being used to determine the RHNA for Bay Area jurisdictions. Approval of the final RHNA methodology followed an April 12, 2021 finding by the California Department of Housing and Community Development (CA HCD) that ABAG's RHNA methodology furthered the RHNA objectives. The final ABAG-approved RHNA requirement for Piedmont is 587 new housing units.

The purpose of this informational report is to update the City Council on the RHNA process, City staff's participation in that process, and staff's conclusion, in consultation with the City Attorney, that an appeal of Piedmont's RHNA would not be fruitful nor in the City's best interest. Unless otherwise directed by the City Council, City staff recommends that the City of Piedmont continue to work to develop a Housing Element Update for the 2023-2031 term that allows for and removes any barriers to the development of 587 housing units for the reasons outlined in the report below.

BACKGROUND

Current Housing Element

Piedmont's current Housing Element is for the term 2015-2023. The City's current RHNA is 60 housing units. This total is disaggregated by income, and includes 24 very low income units, 14 low income units, 15 moderate income units, and 7 above moderate income units.

On April 19, 2021, City staff presented the annual progress report for implementation of the current Housing Element to City Council. The annual progress report stated that in 2020, the City of Piedmont granted final approval to building permits for six new accessory dwelling units (ADUs) and issued building permits for the construction of 21 ADUs and three single-family homes. The progress report also described changes in state housing law. The permitting activity in 2020

brought the total number of building permits for new housing units issued since 2015 up to 73. In total number, this is 20 percent more than Piedmont's RHNA target of 60 units for the 2015-2023 cycle, although construction of very-low-income units has lagged, while construction of above-moderate-income units has exceeded the target.

2023-2031 RHNA and Housing Element Update Timeline

At the August 17, 2020 and February 1, 2021 City Council meetings, staff provided briefings on the RHNA process. To recap, the process occurs every eight years and involves the assignment of housing quotas or allocations to each city and county in the Bay Area. Cities and counties must update their Housing Elements (part of their General Plans) to demonstrate that each jurisdiction has the capacity to meet its housing quota and it is proactively facilitating housing production for all income groups. The RHNA process has been in place for five decades.

The City is nearing the end of the current fifth RHNA cycle. The sixth RHNA cycle will cover 2023-2031. The City must submit an updated Housing Element to the State Department of Housing and Community Development (CA HCD) by January 2023, as required by State law. State certification of the Housing Element is required to confirm the document's compliance with the California Government Code and federal housing law. Cities without certified Housing Elements are ineligible for many State grants and housing funds and are vulnerable to lawsuits and fines. HCD has released a one-page summary of risks of a Housing Element without HCD certification, entitled "Housing Element Compliance Incentives and Consequences," available at https://abag.ca.gov/sites/default/files/documents/2021-04/HE_Compliance_One-Pager.pdf

The RHNA process starts at the state level. HCD calculates the projected housing need for the State of California as a whole and disaggregates this total to each region. The regional estimates are presented in four income categories (very low, low, moderate, and above moderate). It is then up to the Council of Governments in each region (ABAG, in the Bay Area) to assign RHNA shares to the member cities and counties. For the upcoming sixth cycle, ABAG created a 37-member Housing Methodology Committee (HMC) comprised of staff, elected officials, and housing advocates to guide this process. The HMC completed its work in September 2020.

The total regional housing needs determination (RHND) for the Bay Area for 2023-2031 is 441,176 housing units. This is a 134 percent increase over the 2015-2023 figure (187,990 units). The increase is due to unmet housing needs from 2015-2020 being carried forward, as well as strong economic growth forecasts for the next decade. The assumptions underpinning the State's model for the region's RHND have been challenged by a variety of government and non-profit organizations.

Over the summer of 2020, ABAG presented several methodologies to the HMC, considering different weighting factors, such as equity, transit proximity, and job growth. In the past, the key determinants for allocating the RHNA were a community's land capacity, physical constraints (steep slopes, narrow roads, etc.), and projected level of growth. In Piedmont's case, this prior methodology resulted in prior RHNA allocations (40 to 60 housing units) that reflected Piedmont's small size and development limitations.

Beginning in the summer of 2020 and at critical decision-making points throughout the process of determining the methodology and resulting RHNA for the ABAG region, the City of Piedmont submitted seven comment letters, detailing concerns about the methodology and data used for the draft RHNA. Each of these letters explicitly affirmed the City's commitment to supporting the production of affordable housing as well as building a substantially larger number of units than has been produced in the past. These affirmations were made in recognition of the region's housing crisis and the desire to do our part, while also asking associated questions and raising concerns.

The dates of these comment letters are listed below and a copy of each of the letters is attached to this report (Attachment A).

1. Letter to ABAG Executive Board, dated August 10, 2021
2. Letter to ABAG Housing Methodology Committee, dated August 27, 2020
3. Letter to ABAG Regional Planning Committee, dated October 1, 2020
4. Letter to ABAG, dated October 14, 2020
5. Letter to ABAG, dated November 24, 2020
6. Letter to ABAG Executive Board, dated January 20, 2021
7. Letter to California HCD, dated April 2, 2021

As detailed in the attached comment letters, the issues addressed include a lack of transparency in the process, conflicts between regional forecasts for Piedmont and the RHNA assignments that do not consider land capacity and infrastructure constraints, inconsistencies between the RHNA and regional climate goals, the shifting of the RHNA from job-rich communities in the South Bay to residential communities in the East Bay and North Bay, and the increased allocation of luxury (above-moderate income) housing units to Piedmont.

On April 12, 2021, the California Department of Housing and Community Development (CA HCD) sent its findings in a letter to Therese McMillan, Executive Director of ABAG. CA HCD found that ABAG's draft RHNA methodology furthered the State of California legal RHNA objectives, and CA HCD made no changes or adjustments to the methodology or allocations.

On May 20, 2021, the ABAG Executive Board approved the final RHNA methodology and draft allocations. Each jurisdiction's draft RHNA allocation is shown in ABAG's Draft RHNA Plan: San Francisco Bay Area, 2023-2031 (https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_Draft_RHNA_Plan.pdf)

The City of Piedmont's allocation remains 587 new housing units for the 6th Cycle planning period of 2023 to 2031. This represents a quota of approximately 74 new housing units per year. The allocation is further disaggregated to the following income categories:

163	very low
94	low
92	moderate
<u>238</u>	<u>above moderate</u>
587	total

RHNA Appeal Process

Release of the draft RHNA allocations initiates the period in which a local jurisdiction or HCD can submit an appeal to ABAG requesting a change to any Bay Area jurisdiction's allocation. Key dates in the appeals process are:

- May 25, 2021: official release of draft RHNA allocations.
- July 9, 2021: deadline for a jurisdiction or HCD to submit an appeal of a jurisdiction's draft allocation.
- August 30, 2021: deadline for comments on appeals submitted.
- September and/or October 2021: ABAG conducts public hearings to consider appeals and comments received.
- October or November 2021: ABAG ratifies written final determination on each appeal and issues final RHNA allocations that adjust allocations as a result of any successful appeals.
- November or December 2021: ABAG Executive Board conducts public hearing to adopt Final RHNA Plan.

The ABAG website provides more information about the appeals process. The ABAG 2023-2031 RHNA Appeals Procedures includes details about the statutory requirements for the appeals process and how ABAG will conduct the public hearing to consider appeals. In the event an appeal is approved and a jurisdiction's RHNA is lowered, the net difference in units are allocated proportionally to other jurisdictions across the region. Thus, a jurisdiction may see its RHNA increase as a result of other appeals (if they are successful).

RECOMMENDATION TO ACCEPT RHNA

As noted in the Executive Summary, City staff recommends that no appeal of the RHNA should be filed and that the City accept the RHNA assigned to Piedmont. Although City staff raised concerns during the development of the RHNA methodology, these concerns do not form the legal basis to appeal Piedmont's RHNA. As explained in this report, an appeal would only be considered on the three possible grounds per Government Code Section 65584.05. In staff's assessment, the case for an appeal is unlikely to be meritorious, including because ABAG possesses fairly significant discretion in deciding appeals under the law.

Staff's assessment that an appeal would unlikely prevail are also based on the following considerations:

- the approved RHNA methodology is not related to a jurisdiction's capacity to accommodate growth under its current zoning limits or City Charter;
- the approved RHNA methodology does not adjust a jurisdiction's allocation based on natural hazards such as fire, flood, or landslides;

- the record for appeals filed in other regions, such as the Southern California Association of Governments (SCAG), shows that an appeal is likely to fail. In the SCAG region, which includes Los Angeles, Orange and Riverside Counties, 49 jurisdictions appealed their much larger RHNA assignments. Of the 47 appeals that continued to hearing, only two were partially approved. In the SANDAG region (San Diego) Council of Governments, there were four appeals filed out of the 18 cities in the region. One appeal was partially granted and the other three appeals were denied; and
- the RHNA's for other jurisdictions throughout California, including the San Francisco Bay Area (in the ABAG region), are all significantly higher than in years past, and ABAG member jurisdictions are unlikely to be swayed by any arguments made by a jurisdiction's officials to lower its RHNA and reallocate the units to other jurisdictions.

The City Attorney concurs with staff's assessment regarding the City's likelihood of success in pursuing an appeal, given all of the aforementioned legal and practical factors and reasons outlined herein.

According to ABAG staff, unlike prior cycles, the methodology being used for the sixth cycle RHNA is not based on growth potential. Rather, it is based on what percentage of the region's population is expected by ABAG to reside in each jurisdiction by the Year 2050. This approach pro-rates the 441,176 units assigned to the region based on its projected population in 2050. ABAG has projected that Piedmont will have 0.00098 of the region's households in 2050 (or roughly 1/1000th of the region's households). Thus, Piedmont is assigned 0.00098 of the region's 441,176 RHNA. This equates to 432 housing units as the base allocation.

This base allocation assignment is further adjusted and increased by weighting factors that shift the region's housing responsibilities to "high resource areas" (e.g., areas with strong public schools, available public services, low levels of pollution, amenities, etc.), place-based characteristics linked to critical life outcomes, such as educational attainment, earnings from employment, and economic mobility (cited from the HCD Opportunity Map Methodology, 2021). The base allocation of 432 housing units was increased to 587 housing units according to the HMC weighting factors.

Although the City of Piedmont's comments were appropriate during the development phase of the HMC's RHNA methodology in 2020 and early 2021, these concerns do not form the legal basis required for an appeal. Per Government Code Section 65584.05, a local jurisdiction or CA HCD shall only be entitled to file an appeal based upon the three criteria listed below. Appeals may be brought on one of the following three grounds:

1. Information about Local Planning Factors and Affirmatively Furthering Fair Housing from the Local Jurisdiction Survey – That ABAG failed to consider information submitted relating to certain local factors outlined in state law.
2. Methodology – That ABAG failed to determine the jurisdiction's share of the regional housing needs in accordance with the information described in the Final RHNA Methodology approved by ABAG on May 20, 2021, and in a manner that furthers, and does not undermine the five objectives listed in Government Code Section 65584(d).

3. Changed Circumstances – That a significant and unforeseen change in circumstance has occurred in the jurisdiction after February 5, 2020 (the deadline for jurisdictions to submit surveys to ABAG) and merits a revision of the information previously submitted by the local jurisdiction. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.

Appeals based on “change of circumstance” can only be filed by the jurisdiction or jurisdictions where the change in circumstance occurred. Pursuant to state law, 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).

Reasons Not To Appeal and to Accept Piedmont’s RHNA

The following are key reasons not to appeal the RHNA assignment of 587 housing units:

- Following ABAG’s appeal period, the RHNA numbers will be finalized. This is currently scheduled to occur by December 2021, by which time Piedmont’s next Housing Element Update will be well underway. An appeal would add confusion to the process of developing the technical reports and public engagement for the Housing Element Update.
- A Piedmont argument in favor of a RHNA appeal is unlikely to be compelling to ABAG member jurisdictions. Piedmont’s concerns are not unique. Collectively, more than half of the cities in the Bay Area registered formal objections to their draft RHNA assignments. Many of the jurisdictions’ objection letters to the RHNA share common themes, including problems with the data and underlying assumptions, and assignments that cannot realistically be achieved in an eight-year timeframe. Multiple cities expressed that they are being “set up to fail” with assignments that do not align with market conditions, land costs, or their capacity to grow. The City of Piedmont is unlikely to be successful in demonstrating that it is uniquely impacted by the RHNA. Staff notes that Piedmont’s RHNA is the smallest in Alameda County, followed by Albany at 1,114 new units, and Emeryville at 1,815 new units.
- An appeal will likely be unsuccessful. As noted earlier in this report, an overwhelming majority of appeals in the SCAG (Los Angeles region) and SANDAG (San Diego region) areas were denied. As one example, the City of Costa Mesa saw its RHNA increase from 5 units in the 5th RHNA cycle to 11,733 units in the 6th RHNA cycle. Costa Mesa filed an appeal and the SCAG appeals board did not grant the appeal.
- Estimating the City’s responsibility for helping solve the housing crisis is highly complex and controversial. The ABAG methodology takes the responsibility for determining Piedmont’s fair share. Unlike prior years, CA HCD or an ABAG member jurisdictions can appeal another jurisdiction’s RHNA. ABAG approval gives Piedmont some certainty that its RHNA will not be challenged.

CONCLUSION

Piedmont's RHNA for the 2023-2031 6th Cycle period is significantly more than past RHNA cycles. Based on the criteria for an appeal and the record of appeals filed by southern California jurisdictions, as well as based on the opinion of the City Attorney, an appeal of Piedmont's RHNA has a very low chance of being successful. The time, effort, and expense of pursuing an appeal would be better directed toward the preparation of a Housing Element Update for the 6th Cycle RHNA. Instead of appealing its RHNA, Piedmont can show leadership by embracing the effort to meet the housing needs of the Bay Area. Unless otherwise directed by the City Council, City staff will not file an appeal and will commit to developing a Housing Element Update for the 2023-2031 term that facilitates the development of 587 housing units.

By: Kevin Jackson, Planning & Building Director
 Pierce Macdonald-Powell, Senior Planner
 Paul Benoit, Special Assistant

ATTACHMENTS:

Pages

- 1 Pages 8 - 33 Seven Comment Letters submitted by Piedmont related to the 6th Cycle RHNA

Supplemental and Referenced Documents

Draft RHNA Plan: San Francisco Bay Area, 2023-2031 is available at:
https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_Draft_RHNA_Plan.pdf

HCD Housing Element Compliance Incentives and Consequences is available at:
https://abag.ca.gov/sites/default/files/documents/2021-04/HE_Compliance_One-Pager.pdf

ABAG 2023-2031 RHNA Appeals Procedures
<https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/2023-2031-rhna-appeals-process>



CITY OF PIEDMONT CALIFORNIA

August 10, 2020

Chair Jesse Arreguin
ASSOCIATION OF BAY AREA GOVERNMENTS
info@planbayarea.org

VIA ELECTRONIC MAIL

SUBJECT: Comments on Plan Bay Area 2050 Draft Blueprint

Dear Chair Arreguin;

The City of Piedmont wants to express gratitude for the exceptional long-range planning work that staff, under the leadership and direction of the Executive Committee, have performed to develop Plan Bay Area 2050, the Draft Blueprint, and other associated reports and documents. The effort aims to ensure that by the year 2050, that the Bay Area is affordable, connected, diverse, healthy, and vibrant for all.

The City of Piedmont has participated whole-heartedly in the ABAG meetings, surveys, and webinars and followed the development of the Plan closely. As partners in realizing this vision, please accept the following comments on the draft Plan Bay Area 2050 Blueprint:

We request a time extension from appropriate regulatory bodies and statutes in order to provide more time to complete Plan Bay Area 2050.

While the COVID-19 pandemic has not eliminated the housing crisis in the State or region, the impacts of COVID-19 on population growth and job growth remain to be seen. Cities are reeling from the impacts of COVID-19, which continue to unfold. Insisting the long-range planning process unfold unabated is out of sync with the demands the global pandemic has placed on residents, elected leaders, and staff. In this context, 30 days to review and respond to Plan Bay Area 2050 is insufficient. The outreach efforts are extensive, but the time frame is insufficient.

Revise the near-term projections and long-term projections to accurately integrate the impacts of COVID-19 into the long-range model.

The Horizon Initiative “stress tested” Plan Bay Area strategies against a wide range of external forces and we commend the foresight to conduct such a planning exercise, the results of which have informed the Draft Blueprint. The Horizon Initiative, however, falls far short of the type of long-range planning required for a regional response to the pandemic. Failing to specifically integrate the ongoing crisis into the near-term of the forecast is a disservice to the millions of households suffering due to the pandemic. The impact of the current recessionary period will stretch into the next decade, as the Blueprint

rightly notes. It is unclear how ABAG/MTC staff draw the conclusion that the effects of the pandemic essentially wear off by 2030 and the region returns to the forecasted growth trend.

It is unclear what underlying assumptions lead to this conclusion and whether a traditional recessionary analysis is preferable given we are currently experiencing large-scale, and long-term telecommuting. It is not clear if the assumptions include a foreclosure and/or eviction crisis coupled with massive unemployment and the closure of thousands of small business and the associated elimination of both wealth and livelihoods for many throughout the Bay Area. The interest of Piedmont isn't to foretell doom from the pandemic, but rather encourage that long-range regional planning pause to more thoughtfully and collaboratively consider the compound impacts of this crisis--which really is the genesis of several crises. Many Bay Area families and communities may not fully recover from these crises for decades to come.

Update Hazards Planning

The Blueprint should take into account hazards such as landslides, flooding, seismic faults, and fire, in growth projections and provide adjustments to the growth projections on the level of individual cities. A large percentage of the City of Piedmont is in a steep hillside area with narrow roadways and also in a State-designated zone for very high fire severity. These hazards are likely to grow in the coming years due to climate change. There is pending State legislation likely to pass later this year that would require fire risk to be added as a requirement in consideration of regional housing needs allocation. However, ABAG can and should take these risks into consideration now as this is prudent regional policy without waiting for the State to mandate this. More information on pending State legislation is at

https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201920200SB182.

Update telecommuting projections.

The City of Piedmont encourages ABAG and MTC to work with CARB to increase the level of telecommuting above 14%. The City also requests that increased telecommuting be used to forecast shifts in housing demand, decrease in office demand. This adjustment in the model could occur even if 14% needs to be the CARB initiated limit for calculating potential decreases in greenhouse gas emissions. We would like to know how close the Shelter In Place telecommuting levels bring us to meeting the greenhouse gas emission reductions and addressing the regional job/housing imbalance.

Further, the City suggests that increasing telecommuting become a key separate strategy in the Blueprint; it is a strategy the Bay Area can pursue in order to meet our climate action goals and decrease greenhouse gas emissions, which are not currently met by the draft Blueprint.

Revise and refine the definition of transit rich areas and include a more user-centered view of transit use.

Growth Geographies for Piedmont rely on bus service provided by AC Transit. While headways along some of these routes can be fifteen minutes or less during peak times, we challenge the inclusion of these bus routes in the definition of transit rich areas.

First, the off-peak capacity of these lines do not provide sufficient service to potential residents of housing units along these transit lines. In off-peak times, these residents may still need and/or use vehicles, which will lead to greater greenhouse gas emissions and traffic increases. Secondly, changes to the service may occur. Recently, AC Transit changed and decreased service to Piedmont highlighting a concern about the reliability of such service and its ability to meet the needs of future residents.

Confirm the accuracy of underlying data used to map Growth Geographies.

The City of Piedmont seeks confirmation in writing that information provided to ABAG and MTC staff has been received and incorporated into the model and mapping for Growth Geographies. In particular, Piedmont wants to ensure that jobs projections and baseline conditions are accurate.

Explain the distinction and overlap between the methodologies used to create Plan Bay Area 2050 versus the methodologies used by the Department of Finance and the Housing and Community Development Department to generate the regional housing need determination.

Department of Finance (DOF) and Housing and Community Development (HCD) prepared projections for population growth and growth in households. Piedmont staff understand that MTC/ABAG staff also prepared industry/employment, population by age and ethnic characteristics, and household/occupancy/income information for incorporation into the growth forecast for the region and into small area analysis. The Plan Bay Area 2050 Regional Growth Forecast Methodology was presented to the ABAG Executive Board in 2019. At that time the staff memo indicated that further public input would be requested during the 2020 outreach on the Draft Blueprint. However, the latest methodology information was not included in detail at any of three public presentations during the week of July 7, 2020. Toward providing helpful comments on the Draft Blueprint, City staff would appreciate an overview of the aforementioned methodologies used by DOF/HCD and by MTC/ABAG staff and to understand how they are similar or different in their inputs and assumptions.

Provide more specific data regarding how ABAG/MTC determined the jobs growth in the plan. With this information, Piedmont and other jurisdictions can offer more feedback regarding how the job growth projections may be refined.

Explain if or how policies, such as SB 35 Streamlining, were factored into models and methodologies. MTC/ABAG staff included streamlining of housing projects in draft strategy for public consideration in 2019. City staff would like to know how SB35 status or other streamlining was or was not included in methodology assumptions for local jurisdictions.

Strategies & Objectives

The City supports inclusion of strategies that move jobs toward housing rich areas. All jurisdictions need to support Bay Area residents with employment diversity and options. By distributing jobs across the Bay Area, the region can decrease commute times, decrease greenhouse gas emissions, and increase the resiliency of jurisdictions. Such distribution strategies could be achieved through office caps in jobs-rich areas, while other jurisdictions might incentivize office and job center development.

The City supports frontloading those strategies that best respond to COVID-19, including those that advance safe bicycle and pedestrian facilities, advance renter protections, advance strategies for childcare which in turn could help essential workers, and advance protecting much-needed open space. The pandemic has made clear the need to address these issues in the near term in order to support households and put the Bay Area back on track for a growing and expanding economy.

Transportation

The City of Piedmont supports the following transportation strategies:

- Operate and Maintain the Existing System.
- Enable Seamless Mobility with Unified Trip Planning and Fare Payments.
- Reform Regional Transit Fare Policy.
- Build a Complete Streets Network.
- Advance Regional Vision Zero Policy through Street Design and Reduced Speeds.
- Advance Low-Cost Transit Projects.

Economic

The City of Piedmont supports the following economic strategies:

- Expand Childcare Support for Low-Income Families.
- Create Incubator Programs in Economically-Challenged Areas.
- Retain Key Industrial Lands through Establishment of Priority Production Areas.

Housing

Strategies and policies in the Plan should include reclamation of brownfield sites to make more land suitable for housing, particularly in transit-rich and high resource areas as well as mechanisms to overcome the high cost of land in transit-rich and high resource areas.

The City of Piedmont supports the following housing strategies:

- Fund Affordable Housing Protection, Preservation, and Production.
- Require 10 to 20 Percent of New Housing to be Affordable.

Environmental

The City of Piedmont supports the following environmental strategies:

- Adapt to Sea Level Rise.
- Modernize Existing Buildings with Seismic, Wildfire, Drought, and Energy Retrofits.
- Maintain Urban Growth Boundaries.
- Protect High-Value Conservation Lands.
- Expand the Climate Initiatives Program.

Thank you for your time and attention to these suggestions, comments, and requests for further information. To follow up on and/or respond to the content of this correspondence, please reach out to Kevin Jackson, Director of Planning and Building for the City of Piedmont at kjackson@piedmont.ca.gov or (510) 420-3050.

Sincerely,

CITY OF PIEDMONT



Sara Lillevand
City Administrator

cc: City Council
Dave Vautin, Assistant Director, Major Plans, Bay Area Metro via
DVautin@bayareametro.gov
Paul Fassinger, Regional Planning Program, Bay Area Metro, via
pfassinger@bayareametro.gov

August 27, 2020

Housing Methodology Committee Members
ASSOCIATION OF BAY AREA GOVERNMENTS
375 Beale Street, Suite 700
San Francisco, CA 94105

VIA ELECTRONIC MAIL

Re: City of Piedmont Comments on 6th Cycle RHNA Methodology

Dear Mayor Arreguín, Housing Methodology Committee Members, and ABAG Staff:

Thank you for your continued efforts to develop a methodology for equitably allocating the San Francisco Bay Area's housing needs. The City of Piedmont appreciates the contributions of staff and Housing Methodology Committee (HMC) members, and the opportunity to provide these comments.

The City of Piedmont is committed to increasing its supply of housing and expanding the variety of housing types available in our community, including affordable housing. We are writing now because the preliminary allocations shared with the HMC at its August 13th special meeting suggest that further revisions to the allocation model are needed before the numbers are finalized. The proposed approach produces skewed results for many of the region's smaller cities, with 8-year RHNA assignments that vastly exceed 30-year regional growth forecasts for these communities. In general, small communities have a very small share of the region's transit and transportation infrastructure, limited land supply, and severe growth constraints, including high fire hazards.

We request further information on the methodology for calculating the household growth projections for the City of Piedmont in the draft 2050 Households Blueprint (draft Blueprint), as the data for Piedmont is not consistent with prior forecasts or the City's physical limitations. According to the ABAG bar charts included in the agenda packet for the August 13th HMC meeting, Piedmont's draft RHNA using the "2050 Households Blueprint Baseline" ranges from 530 to 560 units. By comparison, the 30-year growth forecast (2010-2040) for Piedmont expressed in ABAG's Plan Bay Area 2040 was 50 households total.

It appears that one of the reasons for this sharp spike in the number of housing units is because the baseline 8-year growth projection in the draft 2050 Blueprint for Piedmont is 440 units. The Blueprint jurisdictional growth projections were not available for public review until August 11, 2020. As stated in the City's comment letter sent to you and ABAG on August 10, 2020, more time must be provided to cities and the general public to evaluate the accuracy of the data inputs in the draft 2050 Blueprint and the assumptions used in the modeling of future growth.

The City understands that the draft Blueprint for Plan Bay Area 2050 expects high resource areas and transit rich areas to provide more housing than in years past. In order to fully participate in the regional planning process and the discussions surrounding housing equity and social justice, the City of Piedmont continues to request greater transparency in the methodology used by ABAG staff to develop the draft Blueprint growth projections.

Just as ABAG considers jobs, transit, and high opportunity areas as weighting factors in its model, land supply constraints also should be considered. In Piedmont's case, the City is 1.7 square miles and landlocked. Piedmont was developed between 1910 and 1930 and reached buildout in the 1960s. Its developable land supply consists of approximately 60 scattered single-family lots, many located on very steep slopes or on narrow streets. The City has 3.7 acres of commercial/mixed-use zoned land and 3.7 acres zoned multi-family, all of it developed.

If every parcel in the commercial/mixed-use and multi-family zones were to be redeveloped at 20 units per acre, the City could realize an increase of approximately 100 net housing units. Piedmont has worked hard to meet its prior RHNA through innovative programs aimed at accessory dwelling unit (ADU) production, taking advantage of the sites available in the single-family zone. Piedmont was one of the first cities in the Bay Area to provide incentives for rent-restricted ADUs serving very low income residents, through an award winning program. Piedmont was also one of the few Bay Area cities to entirely meet its RHNA requirement for very low-income households during the last (2007-2014) cycle.

The City of Piedmont coordinates other housing programs such as the Measure A1 (2016) housing bond and federal housing programs with Alameda County to address the housing crisis with a county-wide strategy. Piedmont property owners have already voted to assess their properties over \$17 million for the life of the bond in order to build state-of-the-art affordable housing with the social services and access to transit and jobs that are needed to make housing programs successful. The majority of Measure A1's \$580 million made available for affordable housing will be spent in Oakland, Berkeley, Hayward and unincorporated Alameda County, where large parcels of land are available, supported by transportation infrastructure.

The City of Piedmont was allocated \$2.2 million of Measure A1 funding. Using the Measure A1 funds, as well as SB 2 and LEAP grants, we are about to embark on a planning project to explore new ways to increase production during the next RHNA cycle. Due to the relatively small amount of Measure A1 funding and the City's physical constraints, we estimate that the resulting increase in housing will be constrained. The City of Piedmont will continue to search for creative solutions to substantially increase housing production in the future. City staff would like to share these successful strategies and remaining challenges in discussions with ABAG staff as part of the regional planning process.

In addition, a portion of the City of Piedmont is designated as Very High Fire Hazard Severity Zone by the State of California. The remainder of the City is designated as a Wildfire Urban Interface (WUI) Zone and at extreme risk during a wildfire due to the City's topography, which

includes canyons and steep hillsides. Existing roads developed between 1910 and 1930 are very narrow and winding. The marginal and inadequate streets already increase emergency response times above industry standards and are expected to hinder evacuation in the event of a wildfire or other emergency.

Careful planning is required to site new housing to not add to the delay in response by emergency personnel and not negatively impact evacuations, avoiding property damage and casualties in a major disaster.

In closing, we urge the HMC to continue to refine its model to include an adjustment or weighting factor for smaller cities that have been acknowledged by ABAG (through its prior forecasts) to have limited growth potential. The job of implementing the RHNA will ultimately fall to local elected leaders who must be able to answer constituents' questions and concerns. Our community stands ready to plan for a much higher RHNA than we've seen in the past, but ask that you give due consideration to the physical constraints and natural hazards that inform local land use decisions.

Sincerely,

CITY OF PIEDMONT



Sara Lillevand
City Administrator

CC: City Council

ABAG Regional Housing Needs Allocation Staff, via RHNA@bayareametro.gov

Dave Vautin, AICP, ABAG Assistant Director, Major Plans via dvautin@bayareametro.gov

Gillian Adams, Principal Planner, RHNA via gadams@bayareametro.gov

Ada Chan, ABAG Regional Planner, via achan@bayareametro.gov

Paul Fassinger, Regional Planning Program, Bay Area Metro, via pfassinger@bayareametro.gov

October 1, 2020

Karen Mitchoff, Chair
Regional Planning Committee
ASSOCIATION OF BAY AREA GOVERNMENTS
375 Beale Street, Suite 700
San Francisco, CA 94105

VIA ELECTRONIC MAIL

RE: Comments on Blueprint 2050, City-level Projections, and RHNA Methodology

Dear Chair Mitchoff;

The City of Piedmont wants to express gratitude for the exceptional long-range planning work to develop Plan Bay Area 2050 and its associated reports and analysis. The effort aims to ensure that by the year 2050, the Bay Area is affordable, connected, diverse, healthy, and vibrant for all. The Regional Planning Committee is scheduled to decide today whether or not to recommend the Housing Methodology Committee's RHNA methodology to the ABAG Executive Board, which is scheduled to meet on October 15.

The City of Piedmont continues to engage ABAG decision-makers and ABAG-MTC staff in a spirit of collaboration and mutual understanding. Piedmont staff has participated in the Plan Bay Area 2050 public engagement through repeated surveys, webinars, letters, emails, and meetings with ABAG-MTC senior staff. ABAG's conclusions and proposed policy have been shared, but basic information about the assumptions used to develop the conclusions has not been provided. Many cities, including Piedmont, still have unanswered questions and concerns about Blueprint 2050 and the RHNA methodology.

Please find attached the letters sent August 10, 2020, regarding the draft Blueprint 2050, and August 27, 2020, regarding the RHNA methodology. ABAG-MTC staff indicated an explanation would be forthcoming, but we have not yet received the methodology for the individual city-level projections, drawn from the draft Blueprint 2050 growth geographies, released on August 11, 2020. We cannot confirm the accuracy of the data and underlying assumptions used in the projected growth without this basic information. In addition, the City of Piedmont continues to question timing, process, and forecasts, as outlined in the two letters.

Thank you for your time and attention to our concerns. To follow up and/or respond to the content of this correspondence, please reach out to Kevin Jackson, Director of Planning and Building, at kjackson@piedmont.ca.gov or at (510) 420-3050.

Sincerely,

CITY OF PIEDMONT

A handwritten signature in black ink, appearing to read "Sara", with a stylized, cursive script.

Sara Lillevand
City Administrator

CC: City Councilmembers

Dave Vautin, Assistant Director, Major Plans, via dvautin@bayareametro.gov
Paul Fassinger, Regional Planning Program, via pfassinger@bayareametro.gov
Carlos Romero, Vice Chair, ABAG Regional Planning Committee
Alameda County Board of Supervisors

October 14, 2020

Mayor Jesse Arreguín, President
ASSOCIATION OF BAY AREA GOVERNMENTS
375 Beale Street, Suite 700
San Francisco, CA 94105

VIA ELECTRONIC MAIL

Dear Mayor Arreguín:

Thank you for your continued efforts on behalf of the ABAG Housing Methodology Committee (HMC). As stated in our previous letter to the HMC (August 27, 2020), we appreciate the work that has been done on the 2023-2031 Regional Housing Needs Allocation and we are committed to significantly increase affordable housing production during the next cycle. However, we continue to have concerns about the model's assumptions and the resulting draft assignment for our community.

We concur with the findings expressed by the Contra Costa County Mayors Conference in their letter to you dated October 2, 2020. As we stated in our August 27, 2020 letter, and as 18 cities in our neighboring county have confirmed, the current allocation disproportionately shifts the regional housing need to small communities that have little or no transit infrastructure, high wildfire hazards, and small employment bases. As such, the proposed RHNA methodology and resulting distribution appear incompatible with Plan Bay Area 2050, as well as State and regional climate action goals.

We also remain concerned about erroneous model assumptions for our community, and outcomes that are not rational or consistent with prior regional forecasts. As Attachment A to this email illustrates, the version of the Plan Bay Area 2050 Blueprint forecasts recently shared with cities assumes no change in the number of households in Piedmont between 2015 and 2050. Yet, the preliminary Blueprint 2050 jurisdiction-level projection used by the Housing Methodology Committee is 440 housing units. The Blueprint 2050 jurisdictional forecasts are the baseline and a key component of the RHNA methodology. According to ABAG-MTC staff, the methodology used to develop these Blueprint 2050 jurisdictional forecasts is forthcoming but we have not received it.

Moreover, the Plan Bay Area 2050 Blueprint forecasts, used as inputs to the RHNA, appear to anticipate a doubling of employment in Piedmont (from 1,000 to 2,000 jobs). As we have stated in prior letters to ABAG, dating back almost 20 years, Piedmont has just 3.7 acres of land zoned for employment-generating land uses and is completely landlocked. Our General Plan anticipates an employment increase of only 50 jobs over a 30-year period, based on prior ABAG forecasts and the very limited number of employers in the community. In fact, Plan Bay Area 2040 projected that Piedmont would lose jobs between 2020 and 2040.

We have requested additional information from ABAG to help us better understand and validate the model inputs, including a change in the allocation of Plan Bay Area 2050 Blueprint growth forecasts that leaves Piedmont with a projected increase of 440 households as the "baseline" on which its RHNA is calculated. This increase has not been explained and obtaining information about its origin and intent has been challenging.

The proposed 600-unit RHNA allocation, using the Blueprint's baseline of 440 units, is a 900 percent increase over our allocation for the 2015-2023 planning period. While Piedmont is committed to increasing its supply of housing and expanding the variety and affordability of homes in our community, this increase does not appear to reflect physical conditions of our community or market realities.

As noted in our prior letter, Piedmont is 1.7 square miles. Its vacant land supply consists of 60 sloped or very steep lots accessed by narrow streets, some of which are difficult to access by emergency vehicles. The entire city is a Wildland-Urban Interface area, and 20 percent of the City is classified as a Very High Fire Hazard area. Most of Piedmont's road network was developed prior to 1930. Over 100 streets are too narrow or lack a second means of access to accommodate additional housing, pursuant to the Fire Code, and more than half of Piedmont roads are too steep to meet Fire Code standards for emergency response.

Despite the physical constraints limiting development in Piedmont, the City's aggressive and award-winning accessory dwelling unit (ADU) program has helped Piedmont achieve its RHNA in past cycles. As a designated "high-resource area," we stand ready to significantly increase affordable housing production during the next cycle. Please consider an allocation that is feasible and reasonable for small jurisdictions. No other city in the East Bay is proposed for an increase of 900 percent over prior RHNA assignments. In fact, the proposed increase in Piedmont's RHNA is four times the regional average.

In closing, we support the recommendations of the Contra Costa County Mayors Conference, including their equitable distribution of housing among the counties of the region and their alternate methodology, which is more transparent and verifiable. We also request that ABAG provide additional data to local jurisdictions on the modeling assumptions, so that we may better understand the outcomes and respond accordingly. We believe that additional adjustments to the allocation method are needed to achieve a RHNA that is equitable, yet also responsive to land use patterns, economics, and efforts to address climate change and natural hazards in our region.

Sincerely,

CITY OF PIEDMONT



Sara Lillevand
City Administrator

cc: City Council

ABAG Regional Housing Needs Allocation Staff, via RHNA@bayareametro.gov

Dave Vautin, AICP, ABAG Assistant Director, Major Plans via dvautin@bayareametro.gov

Gillian Adams, Principal Planner, RHNA via gadams@bayareametro.gov

Ada Chan, ABAG Regional Planner, via achan@bayareametro.gov

Paul Fassinger, Regional Planning Program, Bay Area Metro, via pfassinger@bayareametro.gov

County	Subcounty	Jurisdiction	Plan Bay Area 2050 Draft Blueprint (forecasted long-range growth pattern)				RHNA Inputs from Draft Blueprint Analysis (resource solely for use in RHNA methodology)				2019 Observed Baseline (from state datasets)	
			<u>Households</u>		<u>Jobs</u>		<u>Households</u>		<u>Jobs</u>		<u>Households</u>	<u>Jobs</u>
			2015	2050	2015	2050	2015	2050	2015	2050	2019	2019
Alameda	Total		553,000	809,000	815,000	1,077,000						
	East Alameda County		72,000	113,000	124,000	154,000						
	South Alameda County		106,000	160,000	138,000	229,000						
	Central Alameda County		122,000	144,000	148,000	222,000						
	North Alameda County		180,000	290,000	264,000	316,000						
	Northwest Alameda County		74,000	101,000	142,000	156,000						
		Alameda					30,000	40,000	32,000	49,000	31,000	N/A
		Albany					7,000	9,000	4,000	5,000	7,000	N/A
		Berkeley					46,000	59,000	104,000	116,000	48,000	N/A
		Dublin					16,000	28,000	21,000	31,000	22,000	N/A
		Emeryville					6,000	16,000	22,000	22,000	6,000	N/A
		Fremont					73,000	109,000	94,000	148,000	73,000	N/A
		Hayward					45,000	56,000	76,000	121,000	48,000	N/A
		Livermore					29,000	46,000	40,000	46,000	31,000	N/A
		Newark					13,000	23,000	20,000	46,000	14,000	N/A
		Oakland					159,000	263,000	242,000	276,000	162,000	N/A
		Piedmont					4,000	4,000	1,000	2,000	4,000	N/A
		Pleasanton					25,000	37,000	59,000	71,000	27,000	N/A
		San Leandro					30,000	37,000	54,000	74,000	31,000	N/A
		Unincorporated Alameda					49,000	54,000	24,000	36,000	49,000	N/A
		Union City					20,000	28,000	24,000	35,000	21,000	N/A

November 24, 2020

Public Information Office
ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION
375 Beale Street Suite 800
San Francisco, CA 94105

SUBJECT: Proposed RHNA Methodology and Sub-Regional Shares

Dear ABAG/MTC Colleagues:

Thank you for the opportunity to comment on the proposed Regional Housing Needs Allocation (RHNA) methodology. This letter supplements comments previously submitted by the City of Piedmont to the Housing Methodology Committee and the ABAG Executive Board. We continue to have concerns about the methodology and its outcomes, as well as the process for soliciting and responding to comments on the draft allocations.

This letter focuses on five specific points:

1. Insufficient data has been provided to demonstrate that the RHNA is consistent with the Plan Bay Area 2050 Draft Blueprint
2. The “2050 Household Baseline” is not an appropriate starting point for the allocations, and unintentionally directs growth to cities with physical capacity and natural hazard constraints
3. The proposed methodology has a disproportionate impact on smaller cities, many of which are not expected to generate significant employment during the planning period
4. The Draft RHNA numbers appear to be fundamentally inconsistent with State goals to reduce Vehicle Miles Traveled and greenhouse gas emissions, improve air and water quality, preserve agricultural land, and focus development away from areas with high wildfire risks
5. The Draft RHNA numbers do not appear to support equity goals, as they assign “above market rate” housing to affluent jurisdictions to a far greater extent than the last three RHNA cycles

Finally, our letter presents a revised approach to the RHNA that better reflects land capacity constraints and projected growth patterns, while still considering the direction provided by the Housing Methodology Committee. As appropriate, our letter references the October 2020 [RHNA Methodology Report](#) posted to the ABAG-MTC website.

In the pages below, we provide a discussion of our concerns.

1. Insufficient data has been provided to demonstrate that the RHNA is consistent with the Plan Bay Area 2050 Draft Blueprint.

SB 375 requires that the RHNA is consistent with the Sustainable Communities Strategy. In other words, consistency between the 2023-2031 RHNA and the Plan Bay Area 2050 Draft Blueprint (PBA 2050) is statutorily required. Page 13 of ABAG's RHNA methodology report concludes that the two documents are consistent based on the fact that the 8-year RHNAs do not exceed the 35-year (2015-2050) growth forecasts for sub-regions in the Bay Area.

This conclusion is flawed on two levels. First, the 35-year forecast period is more than four times the length of the 8-year RHNA time horizon. It is irrational to conclude that a RHNA can be deemed consistent with the SCS if it presumes a sub-regional growth rate that is four times higher than the forecast for that area.

Second, and more importantly, there is no way to evaluate consistency without jurisdiction-level forecasts for the region's 101 cities. Consistency at a sub-regional level is meaningless, as sub-regions do not have the authority to write, adopt, or implement Housing Elements. This responsibility rests with cities and counties alone. Sub-regions contain jurisdictions with vastly different populations, employment bases, geographies, hazard levels, and physical constraints. Lumping dissimilar cities together as sub-regions in PBA 2050, and then assigning growth at the city-level through the RHNA process, makes it impossible to determine consistency between the two processes.

We urge ABAG to publish jurisdiction-level forecasts for PBA 2050 so that consistency can be accurately and transparently determined. If the 2040 forecasts are used as a proxy, the RHNA appears grossly inconsistent with the forecasts for many jurisdictions, including our own.

In Piedmont's case, the Draft RHNA is approximately 600 units for an eight-year period. Based on our communication with ABAG, the PBA 2050 growth forecast for Piedmont is approximately 60 units. This means we are being asked to plan for ten times more housing in the next eight years than our community is expected to add in the next 30 years. This is not only inconsistent, it is illogical and not consistent with good planning practices.

Unfortunately, our ability to make a conclusive assessment of the discrepancy between RHNA and growth forecasts is hampered by the absence of any published data on PBA 2050 jurisdiction-level forecasts. We have requested this data several times but it has not been provided.

2. The "2050 Household Baseline" is not an appropriate starting point for the allocations and unintentionally directs growth to cities with physical capacity and natural hazard constraints.

As we have expressed in our prior letters to the Housing Methodology Committee and Executive Board, and as you have heard from dozens of other cities in the region (including all 18 cities in Contra Costa County and most cities in Alameda County), the use of a 2050 Households Baseline is fundamentally flawed. This baseline has been characterized as a "middle ground"

between two completely different methods. In fact, it is not a “middle ground”—it is merely a variation of the less logical of the two methods.

A true “middle ground” would be to use a weighted average that considers both the jurisdiction’s share of the region’s population in 2050 and its anticipated growth over the next 35 years. Instead, the baseline only considers what percentage of the region’s households will reside in each jurisdiction in 2050. This approach does not recognize land capacity constraints or the physical and economic realities of the region’s growth patterns—factors which are recognized by Blueprint 2050.

The result of the baseline selected by ABAG is that older residential communities, many of which have experienced slow growth over the last 50 years due to physical constraints are receiving disproportionately large allocations. We completely agree that these jurisdictions must grow and accommodate a larger share of the RHNA than they have in the past. However, the assignments should bear some relationship to the growth capacity of each city, as expressed by the Blueprint.

In Piedmont’s case, the city is 1.7 square miles and landlocked. The City’s vacant land supply consists of roughly 60 very steep single-family lots, many of which are served by substandard streets with inadequate emergency vehicle access. The entire city has been designated a Wildland Urban Interface zone. There are 3.4 acres of commercially-zoned land in the City, all of which is fully developed. Seventy percent of the City’s housing stock was built before 1940. The City’s only major employers are the School District and the City itself. Prior forecasts actually show employment in the City declining in the next 20 years.

Previous RHNAs for Piedmont appropriately recognized these constraints. The currently proposed RHNA does not. The proposed 600-unit allocation is 917 percent higher than the 2015-2023 allocation and bears no relationship to capacity constraints. Simply because a city has 1/1000th of the region’s population does not mean it should be assigned 1/1000th of the region’s RHNA. Yet, that is effectively what the baseline does.

3. The proposed methodology has a disproportionate impact on smaller cities, many of which are not expected to generate significant employment during the planning period.

Smaller cities appear to be disproportionately impacted by the methodology selected by ABAG. Many of these cities lack the infrastructure, services, and land to accommodate the number of units they are being assigned. Moreover, many of these cities are not job centers, nor are they expected to add significant numbers of jobs in the future.

There are currently 30 cities in the Bay Area with populations under 15,000. Piedmont is one of them. At least half of these 30 cities have RHNA numbers that are more than ten times larger than the 20-year household growth increment previously projected for these communities by Plan Bay Area 2040.¹ Most of these cities are also facing RHNA numbers that are many times larger than their prior allocations—in some cases up to 20 times higher.

¹ Atherton, Brisbane, Half Moon Bay, Hillsborough, Portola Valley, Woodside, Los Altos Hills, Monte Sereno, Yountville, Belvedere, Corte Madera, Larkspur, Mill Valley, Ross, Sausalito, Tiburon, and Piedmont

By contrast, the region's largest cities and major job centers are receiving proportionally smaller increases in their RHNA's. It is counterintuitive that cities with the greatest capacity for growth, and the most ambitious plans to add jobs, are receiving RHNA's that are well below their 35-year growth forecasts while small cities with limited transit, infrastructure, and high natural hazards are receiving RHNA's ten to twenty times higher than they have seen in the past.

4. The Draft RHNA numbers are fundamentally inconsistent with State goals to reduce Vehicle Miles Traveled and greenhouse gas emissions, improve air and water quality, preserve agricultural land, and shift development away from areas with high wildfire risks.

As a result of its reliance on the 2050 household baseline rather than a growth-increment baseline, the RHNA reinforces historic patterns of urban sprawl and directs disproportionately large amounts of growth to rural and unincorporated areas. This is especially apparent in Alameda and Contra Costa Counties. The proposed 8-year RHNA for unincorporated Alameda and Contra Costa Counties is more than 10,000 units. Had ABAG used a methodology based on growth increments, the total would have been less than half this number. The RHNA further appears to direct thousands of new housing units into the most fire-prone communities in the Bay Area, including unincorporated Marin, Napa and Sonoma Counties. Wildland Urban Interface cities like Piedmont also receive disproportionately large numbers relative to cities with lower hazard levels.

Whereas Blueprint 2050 correctly and appropriately directs the region's growth toward urban centers, transit nodes, job hubs, and Priority Development Areas, the draft RHNA appears to do just the opposite. Cities in Santa Clara County, the fastest growing job center in the region, have comparatively lower increases in their RHNA's than cities in the East Bay and North Bay. Marin County, which according to Blueprint 2050 will lose 11 percent of its employment base in the next 30 years, experiences some of the largest increases in local RHNA's in the Bay Area. This is counterintuitive.

The assignment of high RHNA's to low-growth cities and unincorporated areas rather than to the region's growth centers appears to run counter to SB 375, AB 32, SB 743, and many other bills aimed at reducing greenhouse gas emissions and vehicle miles traveled. VMT will not decrease and GHG targets will not be met if housing is built in areas where little to no job growth is expected. We question why job centers and transit-rich locations such as San Jose and Oakland have proposed RHNA's that are roughly 80 to 90 percent higher than the prior cycle while small cities with little to no employment growth have RHNA's that are increasing by 500 to 1000 percent.

The discrepancies can largely be traced to the flawed baseline. If not corrected, the outcome will be in direct conflict with numerous State initiatives.

5. The Draft RHNA numbers do not appear to support equity goals, as they assign “above market rate” housing to affluent jurisdictions to a far greater extent than the last three RHNA cycles.

We applaud ABAG’s efforts to develop a RHNA that is more equitable and assigns affluent communities more responsibility for accommodating the region’s housing needs. We fully support the application of weighting factors that shift a greater share of the responsibility for providing lower income housing to “high opportunity areas.” However, if the weighting factors are applied to a baseline that is radically inflated for these communities, the outcome will be the opposite of what is intended.

In Piedmont’s case, our prior (2015-2023) RHNA was appropriately weighted toward production of low and very low income units. Roughly 63 percent of our City’s allocation during the 2015-2023 cycle was for low and very low income units. Only 12 percent of our allocation was for above-moderate income units. This allowed the City to focus its Housing Element on strategies to construct affordable multi-family housing and rent-restricted accessory dwelling units.

The proposed 2023-2031 RHNA for Piedmont inexplicably shifts the focus to moderate and above moderate income units. In fact, the City’s “above moderate” income assignment increases from seven units (2015-2023) to 243 units (2023-2031), an increase of almost 3,500 percent. As a percentage of the total RHNA, “low” and “very low” income housing drops from 63 percent to 44 percent. While the total number of low and very low income units still goes up substantially, the implied message is that the City must significantly increase its production of market-rate housing.

Given market economics in Piedmont, it would seem more logical to significantly reduce the total RHNA number while increasing the share of units that should be affordable.

A Better Way Forward

In closing, we wish to offer a proposed alternate approach to calculating the RHNA. We believe there is a “win-win” solution that incorporates the good work and enormous effort undertaken thus far by ABAG staff, the Housing Methodology Committee, and the other ABAG Boards that have considered this matter. We encourage you to take the following steps:

1. Publish the jurisdiction-level forecasts for Plan Bay Area 2050. Ensure that no individual city (or unincorporated county) in the Bay Area is assigned an 8-year RHNA that exceeds their 35-year growth forecast. This process needs to be transparent and this data needs to be made available for review by all local governments.
2. Recalibrate the RHNA using a baseline that represents a true “middle ground” between the two baselines that were considered by the Housing Methodology Committee. This baseline should be a weighted average between the two approaches that were initially considered. We suggest that:

- 30 percent of the baseline should be based on the “Blueprint 2050 Household” figures (i.e., the currently proposed baseline)
- 70 percent should be based on the 35-year growth increment for each jurisdiction as calculated in the PBA 2050 Blueprint forecasts.

It is imperative that the projected growth increment for each city be considered in the methodology. This is the only way to reliably ensure consistency with regional plans, reduce VMT and GHG emissions, balance job and household growth, and recognize land capacity constraints in the assignment of the RHNA.

3. Once growth allocations are made, place a greater weight on equity and income factors so that more affluent communities are assigned higher shares of low and very low income housing. These numbers become much more attainable when they are calculated as a share of a more realistic RHNA.

If the above steps are taken for Piedmont, we believe our RHNA would be approximately 200 units. This would represent a 233 percent increase over our prior RHNA, which is substantially higher than the 134 percent increase for the nine-county Bay Area. Approximately 60 to 65 percent of this target should be for low and very low income units (rather than the 44 percent proposed by ABAG). Achieving this target in eight years would be extraordinarily difficult but would at least be possible.

By contrast, a 917 percent increase in our RHNA, as proposed by ABAG, is not at all realistic. This is largely due to factors beyond the City’s control, such as the regional economy and real estate market, infrastructure, physical constraints, absence of redevelopable land, natural hazards, and fiscal considerations. The enormity of the proposed allocation defeats the intent of the RHNA and the purpose of the Housing Element itself.

On behalf of other small, land-constrained communities throughout the Bay Area, we hope you will consider our comments and alternative approach. We believe this would be a fairer and more equitable way to meet the region’s housing needs, and provide a more realistic and productive path forward.

Please do not hesitate to contact me if you have questions or would like to discuss this letter further.

Sincerely,

CITY OF PIEDMONT



Sara Lillevand
City Administrator

cc: City Council
ABAG Regional Housing Needs Allocation Staff, via RHNA@bayareametro.gov

Dave Vautin, AICP, ABAG Assistant Director, Major Plans via dvautin@bayareametro.gov

Gillian Adams, Principal Planner, RHNA via gadams@bayareametro.gov

Ada Chan, ABAG Regional Planner, via achan@bayareametro.gov

Paul Fassinger, Regional Planning Program, Bay Area Metro, via pfassinger@bayareametro.gov

January 20, 2021

Mayor Jesse Arreguín, President
Executive Board

VIA ELECTRONIC MAIL

ASSOCIATION OF BAY AREA GOVERNMENTS
375 Beale Street, Suite 700
San Francisco, CA 94105

Dear Mayor Arreguín and Members of the Executive Board:

On January 21, 2021, you will be asked to recommend transmittal of ABAG's proposed RHNA methodology to the State Department of Housing and Community Development for review. Prior to taking this action, we urge you to make the following modification to the methodology:

- **No jurisdiction should receive an 8-year RHNA that exceeds their 35-year (2015-2050) household growth forecast as projected by the Plan Bay Area 2050 Blueprint.**

This is common-sense and should be foundational to the methodology. ABAG staff produced jurisdiction-level projections, drawn from the Plan Bay Area 2050 Blueprint, and has used these projections as the baseline for the RHNA methodology. The 2015-2050 projections are intended to promote greater housing equity in high resource areas, housing near transit, and reduction of greenhouse gas emissions, in alignment with California law. Yet, the currently proposed RHNA results in some cities receiving eight-year housing allocations that vastly exceed their 35-year growth forecasts. As currently proposed, the methodology directs tens of thousands of housing units to smaller cities that ABAG's own forecasts for 2050 indicate will never be built. The methodology essentially sets these cities up to fail.

In the case of Piedmont, ABAG's 2050 Blueprint forecasts indicate the City will add no more than 180 households between 2015 and 2050—or roughly up to five households a year. By contrast, the proposed 2023-2031 RHNA for Piedmont is 587 units, which equates to more than 73 units a year. The City's RHNA is more than 14 times its projected annual growth rate, as calculated by ABAG. We have raised this inconsistency in multiple letters but have seen no change to the methodology since it was finalized last summer.

The City of Piedmont is not alone. There are at least a dozen cities in the same situation, facing RHNAs that are higher than their 35-year growth forecasts. The inconsistency is difficult to fully

assess because ABAG has not released 2050 forecasts for cities.¹ Thus, we respectfully request that:

- **2015, 2020, and 2050 household and employment data for each city must be published by ABAG and made available to local jurisdictions for planning purposes.**

Projections data has historically been provided to cities by ABAG and is regarded as an essential tool for use in long-range planning. ABAG has opted not to release this data for the 2050 Blueprint, making it more difficult to cities to fully grasp the discrepancies cited above. ABAG has instead published the percentage of the region's households expected to reside in each jurisdiction in 2050 (in our case ".098%"), which is not a helpful metric for smaller communities due to rounding, and the lack of data for the base year (2015 or 2020).

We have submitted four prior letters to ABAG/ MTC, each pointing out problems with the methodology that result in disproportionately large amounts of housing being assigned to small communities with limited land capacity, no (or negative) projected job growth, and severe wildfire hazard and slope constraints. Our prior letters also have pointed out that the proposed RHNA directs housing growth away from the region's principal job centers and toward the East Bay and rural and unincorporated areas.

For example, revisions to the RHNA made in December 2020 reduced the allocations for Palo Alto by nearly 4,000 households, Cupertino by over 1,600 households, and San Jose by over 3,700 households, while increasing Alameda County's allocation by more than 3,200 households. Shifting housing growth away from the region's job centers, where there is ample capacity, runs counter to state and regional goals to reduce greenhouse gas emissions, manage traffic congestion, and discourage urban sprawl.

Our prior letters have also pointed out a disturbing shift in the allocation of our community's RHNA among the four HCD income groups. Piedmont's RHNA for the Fifth Cycle (2015-2023) was appropriately weighted toward the production of housing for lower income households. As noted in our November 27, 2020 letter to ABAG, 63 percent of our allocation in the 2015-2023 cycle was for low- and very low-income households. By contrast, our proposed Sixth Cycle (2023-2031) allocation is weighted toward moderate- and above- moderate income households. These households represent 56 percent of our 2023-2031 allocation. In the next eight years, Piedmont is being asked to plan for 238 above moderate-income units, a 3,300 percent increase above our allocation for this income group in the current cycle. This appears to run counter to the equity goals implicit in the objectives of RHNA.

We wish to note that concerns about the methodology have been expressed by roughly half the cities in the region, including every city in Contra Costa County, eight of the 14 cities in Alameda County, every city in Marin County, every city in Sonoma County, and many cities in

¹ The 2050 forecasts for cities can be unofficially calculated using ABAG's RHNA data indicating the percentage of the region's households residing in each city in 2050. Some of the other communities with RHNAs that appear to exceed their 35-year forecasts are Mill Valley, Danville, Martinez, Foster City, Pacifica, Los Gatos, Vacaville, Portola Valley, and San Anselmo, among others.

San Mateo and Santa Clara County. Some of these concerns stem from the decision to use Plan Bay Area 2050 Blueprint households as the baseline, rather than the increment of growth expected between 2020 and 2050.

We acknowledge that the total RHNA for the Bay Area has increased by 134 percent. We concur that the RHNA for Piedmont should exceed the regional average, given the City's designation as a High Resource Area. However, the proposed RHNA for our City is nearly 900 percent higher than it was in 2015-2023, which suggests that the methodology has unintended outcomes and needs a mechanism to correct for outlier communities. We again urge you to forward the methodology to HCD with adjustments for cities with RHNAs that exceed their 2015-2050 local growth forecasts. This will enable Piedmont and other Bay Area cities to prepare more realistic—and ultimately more effective—Housing Elements during the coming years.

Thank you for your consideration.

Sincerely,

CITY OF PIEDMONT

A handwritten signature in black ink, appearing to read "Sara", written in a cursive style.

Sara Lillevand
City Administrator

cc: City Council
ABAG Regional Housing Needs Allocation Staff, via RHNA@bayareametro.gov
Dave Vautin, AICP, ABAG Assistant Director, Major Plans via dvautin@bayareametro.gov
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Matt Maloney, Bay Area Metro, via mmaloney@bayareametro.gov
Elizabeth Bugarin, Bay Area Metro, via ebugarin@bayareametro.gov
Eli Kaplan, Bay Area Metro, via ekaplan@bayareametro.gov

April 2, 2021

Regional Housing Needs Allocation Methodology Review Team
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
STATE OF CALIFORNIA
2020 West El Camino Avenue Suite 500
Sacramento CA 95833

Dear RHNA Methodology Review Team:

Thank you for the opportunity to submit comments on the Draft Regional Housing Needs Allocation Methodology (RHNA) methodology submitted for the Department of Housing and Community Development's (HCD) review by the Association of Bay Area Governments (ABAG). The City of Piedmont participated in ABAG's RHNA process throughout 2020 and early 2021 and provided comment letters to ABAG staff, its Housing Methodology Committee, and its Executive Board. While our comments were acknowledged, our concerns about the methodology have not been addressed. We hope you will consider the following issues as you review the methodology.

- 1. The proposed RHNA is not consistent with the Plan Bay Area 2050 Blueprint and other regional plans guiding land use and transportation decisions in the Bay Area. Many cities have been given 8-year housing allocations that vastly exceed their 35-year (2015-2050) growth forecasts.**

SB 375 requires the RHNA to be consistent with the Sustainable Communities Strategy for each region. In the Bay Area, this means that consistency between the 2023-2031 RHNA and the Plan Bay Area 2050 Draft Blueprint (PBA 2050) is statutorily required. ABAG's February 2021 RHNA [Methodology Report](#) (page 12) concludes that the two documents are consistent based on the fact that the 8-year RHNA does not exceed the 35-year (2015-2050) growth forecasts for sub-regions in the Bay Area.

This conclusion is flawed on two levels. First, the PBA 2050's 35-year forecast period is more than four times the length of the 8-year RHNA time horizon. It is irrational to conclude that a RHNA can be deemed consistent with the SCS if it presumes a sub-regional growth rate that is four times higher than the forecast for that area. The Draft RHNA in effect assumes that no growth will occur in a sub-region after 2031. Second, and more importantly, each sub-region contains multiple jurisdictions with vastly different populations, forecasts, geographies, hazard levels, physical constraints, and housing needs. Sub-regions do not have the authority to write, adopt, or implement housing elements—this responsibility rests with cities and counties alone.

In the case of Piedmont, the Plan Bay Area 2050 forecasts indicate the City will add no more than 180 households between 2015 and 2050—or roughly five households a year. By contrast, the proposed 2023-2031 RHNA for Piedmont is 587 units, which equates to more than 73 units a year. The City’s RHNA is more than 14 times its projected annual growth rate, as calculated by ABAG. We have raised this inconsistency in multiple letters but have seen no correction to the methodology.

There are at least a dozen cities in the same situation, facing RHNAs that are substantially higher than their 35-year growth forecasts.¹ As currently proposed, the methodology directs tens of thousands of housing units to smaller cities that ABAG’s own forecasts for 2050 indicate will never be built. The methodology sets these cities up to fail. We urge you to consider modifications to the methodology that cap the eight-year allocation for each city to no more than its 35-year growth forecast.

2. The RHNA methodology does not adequately consider land capacity and costs, wildfire hazards, infrastructure, job growth, and transit access. It results in disproportionately large assignments in small, landlocked communities with no transit infrastructure and little to no developable land.

During Summer 2020, ABAG considered two potential methods for calculating the “baseline” on which housing assignments would be made. One method was based on the projected increment of growth for each city between 2015 and 2050. The City of Piedmont supported this approach, as it considered market reality and physical constraints. The other method, which was ultimately selected by ABAG, was based on each city’s share of the region’s population. This selection adversely affected smaller cities with little to no projected housing or employment growth. Many of these cities lack the land, resources, and infrastructure that are needed to construct substantial amounts of housing.

In Piedmont’s case, the City is 1.7 square miles and completely landlocked. Seventy percent of the City’s housing was built before 1940. The City’s vacant land supply consists of about 60 very steep single-family lots, many of which are served by narrow, substandard streets with inadequate emergency vehicle access. The entire city has been designated a Wildland Urban Interface zone. There are three acres of commercially-zoned land in the City, all fully developed. Piedmont’s total land area minus roads (223 acres), parks (43.6 acres) and public schools (25.5 acres) is 641 acres. Of the remaining 641 acres, the Piedmont Fire Department has determined that, pursuant to the California Fire Code, approximately 220 acres are too steep to accommodate additional housing development and another 383 acres have inadequate narrow or winding roadways. The remaining area is 38 acres and is fully developed.

As you review the RHNA, we urge you to note the following fact: There are 30 cities in the Bay Area with populations under 15,000. Fourteen of these cities have Draft 2023-2031 RHNA numbers that are more than five times larger than their RHNA was in 2015-2023. The region’s mid-sized cities and larger cities are not seeing similar rates of increase. We believe this was an unintended consequence of the methodology that has not been addressed.

¹ Some of the other communities with 8-year RHNAs that appear to exceed their 35-year forecasts are Mill Valley, Danville, Martinez, Foster City, Pacifica, Los Gatos, Vacaville, Portola Valley, and San Anselmo. There are others.

3. The proposed RHNA shifts the housing emphasis from affordable housing production to market-rate housing production in smaller, more affluent communities. This conflicts with the intent of the RHNA to promote housing equity.

Our letters to ABAG addressed a troubling shift in the allocation of our community's RHNA among the four HCD-defined income groups. Piedmont's RHNA for the Fifth Cycle (2015-2023) was appropriately weighted toward the production of housing for lower income households. In fact, 63 percent of our allocation in the Fifth Cycle was for low- and very low-income households.

By contrast, our proposed Sixth Cycle (2023-2031) allocation is weighted toward moderate- and above- moderate income housing production. These households represent 56 percent of our 2023-2031 allocation compared to 37 percent in the 2015-2023 cycle. In the next eight years, Piedmont is being asked to plan for 238 above moderate-income units, a 3,300 percent increase above our allocation for this income group in the current cycle. This appears to run counter to the equity goals implicit in the objectives of RHNA and puts enormous pressure on Piedmont's already limited available sites.

We recognize the urgency of the regional housing crisis and are committed to innovative, workable solutions. The City of Piedmont is one of the few in the Bay Area that achieved our very low income RHNA during the 2007-2014 cycle and is on track to meet its low-income RHNA category for the 2015-2023 period. In 2020, Piedmont granted planning entitlements to 25 new ADUs and issued building permits for 21 ADUs. Our rent-restricted accessory dwelling unit program received an "Implementation" award from the American Planning Association and has been emulated by other communities. We continue to make Piedmont a more just and equitable city with new housing opportunities for all members of the community.

The proposed 878 percent increase in our overall RHNA (relative to 2015-2023), compounded by the 3,300 percent increase for above moderate-income households, is neither just nor equitable. It would impede our housing efforts rather than advancing them by compelling the city to plan for an enormous increase in market-rate luxury housing. We hope you will consider our comments and recommend appropriate adjustments to the methodology. We believe there are more rational ways to allocate the region's housing needs to small jurisdictions and provide a more realistic and productive path forward.

Thank you for your consideration.

Sincerely,

CITY OF PIEDMONT

A handwritten signature in black ink, appearing to read "Sara", written in a cursive, flowing style.

Sara Lillevand
City Administrator