

July 7, 2020

To:

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CC:

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SUBJECT: Request for Additional Time for ABAG to File an Objection to HCD's Regional Housing Need Determination

We are formally requesting that ABAG file an objection to HCD's regional housing need determination, or at a minimum request additional time to file an objection. We request this speaking for ourselves as individual, elected council members, not speaking for the entire Palo Alto City Council, which is currently on summer hiatus. Our reasons are described below.

The California Department of Housing and Community Development (HCD) has announced that unless formally appealed by ABAG, their regional housing determination numbers will be finalized on July 10, 2020, with no provision for further appeal. These numbers are based on a model based on aggressive jobs growth in already jobs-rich areas. These job growth numbers have been translated into unachievable housing growth rates, especially affordable housing growth rates, that simply cannot be met under any zoning without massive outside investments – subsidies which have never been forthcoming in the past, and are unlikely to appear in the future. The HCD plan represents a gigantic unfunded mandate.

The model calls for 57.4% of new housing to be Below Median Income. Yet in the current RHNA cycle, only about 8% of actual permits have been BMI, within the core job-rich Santa Clara County north of Morgan Hill, Gilroy and San Jose (Southern California News Group, December 2019). To

go from 8% BMI to 57% BMI without vast financial assistance is unrealistic. Adopting an impossible plan benefits no one, and trying to enforce one may lead to legal battles.

Further job proliferation in jobs-rich areas is not inevitable: it is a choice. We do not have to make this choice. We can offer incentives for jobs to grow in other Bay Area cities that need them. This flawed model that concentrates job growth in Silicon Valley (with only tepid job growth in San Jose and the East Bay) has created jobs-housing imbalances that have produced growing congestion, the highest housing prices in the country, stratospheric West Bay land and construction costs that cannot be afforded by any housing project except the most opulent – certainly not by Below-Medium-Income housing projects – , and high levels of income inequality. The resulting displacement of employees to the far reaches of the region or even to other states falls disproportionately on the lowest-income workers, a circumstance both unfair and unsustainable. By further concentrating new jobs in the already most-concentrated areas, the HCD plan actually makes the problem worse.

Yet, the very California Government Code that HCD cites to justify their Determination (Section 65584.01) also requires an open discussion of alternate ways of improving jobs distribution to reduce jobs-housing imbalances. Although presented with data on the dreadful imbalances between the various parts of the Bay Area, ABAG and HCD have refused to explore any such sub-regional alternatives in public sessions. In fact, they concluded in their own in-house process with no detailed look at data that “It is not recommended that we move forward with looking at placing jobs caps in jobs-rich cities.” (Futures Final Report, December 2019.)

It is imperative that the cities of the West Bay, through their City Councils, have a chance to explore the potential beneficial impacts of alternate patterns of sub-regional job growth. City Councils must have the right to engage their citizens in a full discussion of the final Regional Housing Need Determination (RHND) numbers. It’s far easier to put new jobs where housing costs are lower already, than it is to add large amounts of low-cost housing into some of the most job-concentrated and expensive land in the nation -- at least, without spending immense amounts of public money on it, which Sacramento has never been willing to do.

Citizens of the West Bay have requested the opportunity to explore the impact of alternative ways of remedying existing jobs-housing imbalances, but have been completely ignored by MTC/ABAG, despite the requirements of California Code Section 65584.01.

Further, despite the clear disruptions of the COVID crisis, the MTC/ABAG Planning Committees announced in May 2020 that while the COVID crisis would affect short-term patterns in the Bay Area, it would not affect their long-term jobs growth projections (MTC/ABAG Planning Committee, May 8, 2020.)

The HCD numbers for the Bay Area were sent to the Palo Alto Council by our staff on June 22. As were many cities, our city council was consumed throughout the spring dealing with the Covid 19 health emergency, large cuts to our annual budget, emergency programs to support local business, and policy reviews to combat systemic racism. Our last meeting before summer recess was June 23, giving our council no chance to formally respond to the HCD housing numbers.

The appeal deadline must be postponed a minimum of three months to allow further participation and review by the local governments and communities who will be affected by this sweeping plan. We urge ABAG to either file an objection to HCD's regional housing needs determination or request an additional three months to file an objection

Best Regards,

Tom DuBois, Vice Mayor

*Tom DuBois*

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Eric Filseth, Council Member and former Mayor

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*Eric Filseth*

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Lydia Kou, Council Member

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*Lydia Kou*

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