

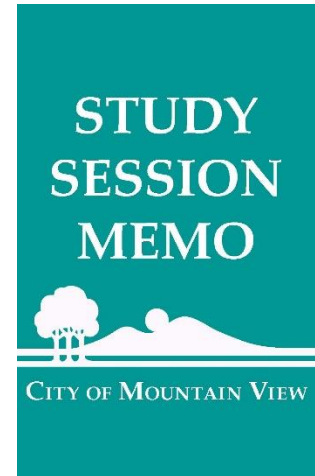
**DATE:** September 8, 2020

**TO:** Honorable Mayor and City Council

**FROM:** Martin Alkire, Advanced Planning Manager  
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Manager/Community Development Director

**VIA:** Kimbra McCarthy, City Manager

**TITLE:** **Plan Bay Area/Regional Housing Needs Allocation**



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## **PURPOSE**

The purpose of this meeting is to present the City Council with information on the Plan Bay Area and Regional Housing Needs Allocation processes.

## **BACKGROUND**

### **Plan Bay Area Overview**

Plan Bay Area (PBA) is the Bay Area's Sustainable Communities Strategy (SCS), which is required by Senate Bill 375. SB 375 requires metropolitan planning organizations (Association of Bay Area Governments, or ABAG, for the Bay Area) to adopt an SCS to achieve greenhouse gas (GHG) emission reduction targets under future growth.

PBA focuses on four key issues—the economy, environment, housing, and transportation—and strives to make the Bay Area more equitable for all residents and more resilient in the face of environmental and other challenges. PBA outlines implementation strategies for growth and investment through 2050. These strategies can be implemented at the State, regional, or local levels, and include:

- Maintain and optimize existing infrastructure;
- Create healthy and safe streets;
- Enhance regional and local transit;
- Reduce risks from hazards;

- Reduce our impact on the environment;
- Spur housing production and create inclusive communities;
- Protect, preserve, and produce more affordable housing;
- Improve economic mobility; and
- Shift the location of jobs.

Each of these big-picture strategies include implementing projects or strategies. A more complete list is included (Attachment 1 to the Study Session Memo). Additional Plan Bay Area 2050 information can be found at: <https://abag.ca.gov/our-work/land-use/plan-bay-area-2050>.

These strategies are generally consistent with the City's local goals and strategies, including City Council Goals, which drive most local implementing projects. Current City Council Goals include:

- Promote a Community for All with a Focus on Strategies to Protect Vulnerable Populations and Preserve Mountain View's Socioeconomic and Cultural Diversity.
- Improve the Quantity, Diversity, and Affordability of Housing by Providing Opportunities for Subsidized, Middle-Income, and Ownership Housing.
- Develop and Implement Comprehensive and Innovative Transportation Strategies to Achieve Mobility, Connectivity, and Safety for People of All Ages.
- Promote Environmental Sustainability and the Quality of Life for the Enjoyment of Current and Future Generations with a Focus on Measurable Outcomes.

A more complete list of local projects that implement these City Council Goals and advance many of the PBA strategies is included (Attachment 2 to the Study Session Memo).

PBA also influences other regional planning initiatives, including the Regional Transportation Plan (RTP) for funding transportation and the Regional Housing Needs Allocation (RHNA) process. Notably, the PBA growth scenarios do not obligate cities to take action. Local jurisdictions still retain land use authority.

## **RHNA Overview**

Every city in California is assigned a housing growth target as part of the Housing Element update process. This target, or RHNA, is based on the State's overall projection for regional growth and is distributed to each jurisdiction in the region through a methodology, weighing factors such as access to jobs or good schools, among others.

HCD has allocated 441,176 units to the Bay Area region for the 2023-2031 Housing Element period. Notably, this is more than 2.3 times the 187,990 units the Bay Area was allocated for the 2015-2023 Housing Element period.

The average Bay Area city will likely see their RHNA numbers increase significantly, perhaps two to five times greater than the last Housing Element allocations, with job-rich and high-resource cities potentially receiving the bulk of the higher allocations.

Pursuant to SCS law, the RHNA methodology must be consistent with PBA, and PBA may affect Housing Elements in several ways:

- Setting the maximum RHNA for each jurisdiction – Per State law, RHNA must be consistent with the development pattern outlined in PBA. ABAG and MTC have determined that to maintain consistency between the RHNA and PBA, they will use the criterion that a City's RHNA cannot be higher than the growth projected in PBA. However, since PBA is a 30-year document and Housing Elements are eight-year documents, it is not likely that this cap will come into effect.
- Potentially determining the RHNA for each jurisdiction – ABAG's Housing Methodology Committee (HMC) may decide to use PBA growth scenarios to determine each city's RHNA, or use it in combination with other factors.

Attached to this Study Session Memo is an overview memo describing these two processes in greater detail (Attachment 3 to the Study Session Memo).

## **PBA Public Input Process**

In July, the Draft PBA was released, with formal comments on the Draft due August 10, 2020. Over the summer, the PBA strategies were refined, with the MTC/ABAG Executive Boards anticipated to take final action on final blueprint strategies and geographies this fall. The Final PBA will then be released in December 2020, and MTC/ABAG will take action on the Final PBA and EIR in 2021.

MTC/ABAG's Housing Methodology Committee (HMC) is charged with recommending to MTC/ABAG the methodology that will be used for the RHNA process. The methodology will decide how the State's 2023-2031 Housing Element period housing units will be allocated to each Bay Area city. The HMC has been reviewing both PBA- and RHNA-related materials since 2019, and the process is expected to end with their recommendation in September 2020.

A key issue for the HMC is whether the growth distribution in PBA, or another methodology, should be used for RHNA. At their meeting on August 13, 2020, the HMC made a preliminary vote to use **Future Year 2050 Households-PBA** as the baseline for determining the RHNA methodology, which is discussed later in this Study Session Memo, along with additional factors that were recommended.

## DISCUSSION

### **PBA: Santa Clara County and Mountain View**

A key overarching question for PBA is, "**How does the Bay Area accommodate future growth in a sustainable manner?**" Below is a summary of Planning staff's analyses of the PBA from both the Santa Clara County and Mountain View perspective.

#### *Silicon Valley Perspective*

The Planning Collaborative, comprised of a housing consultant retained by the Santa Clara County Cities Association and planning staff from Santa Clara County cities, reviewed the Draft PBA and submitted a letter to ABAG via the Santa Clara County Cities Association (Attachment 4 to the Study Session Memo). The following are key points from the letter:

- The Draft PBA allocates significant Bay Area growth to Santa Clara County (41 percent of the Bay Area's household growth and 44 percent of the Bay Area's employment growth). The letter contends that there are not enough viable public transit resources to meaningfully provide transportation options to County residents and employees to help meet the State's GHG targets (PBA shows a remaining minus 7 percent gap in meeting the new target of minus 19 percent per-capita GHG reduction);
- More of the region's growth should be allocated to cities with better existing public transportation resources, including San Francisco and Oakland; and

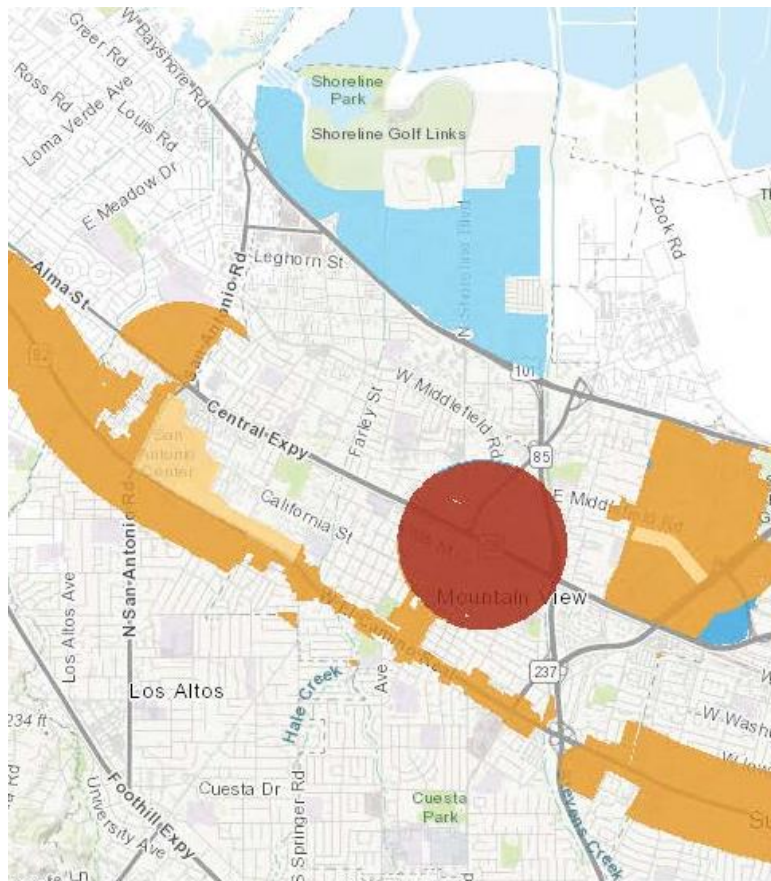
- The amount of proposed housing growth (within the eight-year Housing Element period) represents an increase of 30 percent to 50 percent over existing households, which is an unrealistic amount of growth for Santa Clara County cities to absorb.

### *City of Mountain View Perspective*

The following includes a summary analysis of PBA's planned growth and strategies and how it compares to Mountain View's future growth policies. This provides a framework for understanding the level of consistency between regional and local growth strategies.

### Growth Distribution

The PBA assumes growth in the North Bayshore, East Whisman, Downtown, Moffett, El Camino, and San Antonio areas, as shown below. The red and tan areas are areas served by Caltrain, VTA light rail, and VTA frequent bus service, while the blue area (North Bayshore) is an area served by less frequent VTA bus service.



**Figure 1: PBA Growth Distribution**

PBA growth areas are generally consistent with the City’s 2030 General Plan land use strategy and “change areas.” Mountain View’s 2030 General Plan focuses growth in these same areas served by frequent public transportation services (Caltrain and VTA bus/light rail service) to meet larger sustainability goals and policies. (North Bayshore is the only area not served by frequent public transportation service as defined by regional agencies.) As the Council is aware, since adoption of the 2030 General Plan in 2012, the City Council adopted new, precise plans for the North Bayshore, El Camino Real, San Antonio, and East Whisman areas. The City is currently reviewing amendments to the Downtown Precise Plan.

Figure 3.6: Land Use and Transportation Strategy

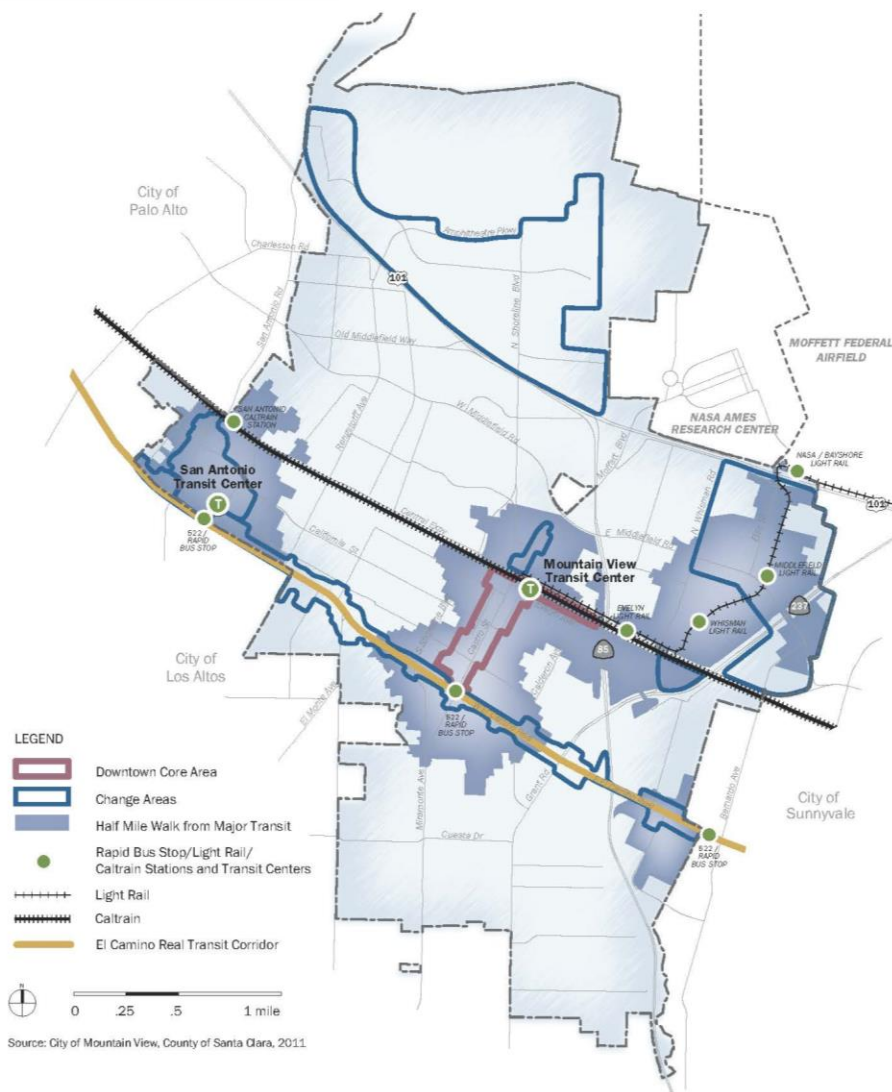


Figure 2: 2030 General Plan Change Areas

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### Amount of Growth

It is difficult to estimate the amount of PBA growth that can be attributed solely to Mountain View. This is challenging because the methodology factors used by ABAG growth models do not translate neatly into city-level geographies. Additionally, in the past, ABAG/MTC have used data sources, particularly existing jobs (baseline) and future job growth, that do not always align with local city data sources.

However, staff has provided some initial analysis based on housing growth. In Mountain View, there are approximately 34,445 existing households. Recently adopted precise plans in North Bayshore, East Whisman, and other areas, plus growth from underutilized sites outside these change areas, could allow up to approximately 20,600 additional households from existing conditions. Staff estimates that the Draft PBA household growth for Mountain View could be approximately 36,000 new households.<sup>1</sup>

The City does acknowledge the need to add additional housing to the region to address the housing crisis. In fact, the City has long been a regional leader through its housing and transportation goals and policies, including in actual housing production, in both market-rate and affordable units, and in planning and making substantial investments in sustainable multi-modal transportation infrastructure. All of these local efforts have helped support the larger PBA goals to address the region's housing needs and GHG-emission targets.

However, as noted in the letter submitted through the Cities Association, this amount of new household growth for Mountain View is unrealistic in that it almost doubles the amount of housing growth that the City has been carefully planning for to respond to local needs and required infrastructure. This increase in household growth is not realistic in the sense that a community would not be able to reasonably plan for and put into place funding necessary for infrastructure (i.e., parks, utilities, etc.) that would be needed to support this growth.

### PBA and RHNA Allocation

As noted, the PBA time horizon extends until 2050, which reflects the large amount of growth noted in the previous section, while RHNA is the 2023-2031 Housing Element period. RHNA allocations for Bay Area cities can be based on either the PBA or other

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<sup>1</sup> The estimated Draft PBA household growth of 36,000 is over the time period of 2020 to 2050. There is no explicit target year for the City's growth capacity of 20,600 households. However, both should be seen as comparable planning horizons.

methodologies. The process begins with establishing a “baseline” methodology. The baseline methodology options discussed by the HMC to date include:

- Households 2019 (using a jurisdiction’s share of total households in 2019);
- Future Housing Growth 2015-2050-PBA (a jurisdiction’s share of Bay Area growth through 2050, based on the growth pattern in PBA);
- Future Year 2050 Households-PBA (a jurisdiction’s share of Bay Area households in 2050, consistent with the future household distribution in PBA);
- Existing Jobs (dividing RHNA among jurisdictions based on each jurisdiction’s share of the region’s total jobs); and
- Urbanized Land Area (using a jurisdiction’s land area as a baseline allocation).

At their August 13 meeting, the HMC recommended **Future Year 2050 Households-PBA** as the baseline methodology since it combined both the existing 2019 Households as well as future growth assumptions. The HMC also recommended that the methodology include additional allocation of units through a “bottom-up” income category approach. The bottom-up approach uses different factors based on income categories (very low, low, moderate, or above moderate) that are then applied to the baseline methodology and then ultimately added up for each jurisdiction.

The State includes statutory objectives to guide the RHNA process for regional planning agencies. These include key objectives such as increasing the housing supply and mix of housing types, and promoting infill development and socioeconomic equity among others. A list of these objectives is attached. (Attachment 5 to the Study Session Memo)

### RHNA Evaluation Metrics

ABAG/MTC staff developed a set of PBA evaluation metrics based on the State’s RHNA statutory objectives. These metrics provide a useful snapshot to understand how well the different PBA/RHNA methodologies under consideration perform against these statutory objectives. The evaluation metrics are attached (Attachment 6 to the Study Session Memo). To provide context, this data focuses on cities with characteristics most relevant to each metric, but also includes data on other cities for comparison.



### Implications for Mountain View

The HMC has been evaluating methodologies that could result in Mountain View receiving an allocation of between approximately 6,500 and 10,600 units for the 2023-2031 Housing Element period. To put this into local context, Mountain View's RHNA allocation for the 2015-2023 Housing Element period was 2,926 units.

As noted earlier, at their August 13 meeting, the HMC indicated that it recommends moving forward with the 2050 Households (Blueprint) baseline and the bottom-up income allocation approach. This would result in Mountain View potentially receiving approximately 9,390 units, which represents a 28 percent growth from 2019 existing households. Mountain View's allocation using this HMC-recommended methodology would be roughly comparable to other nearby cities that share several key characteristics with Mountain View (i.e., job-rich, good transit access). For example, Palo Alto's allocation could be approximately 8,480 units (31 percent growth) and Sunnyvale's allocation approximately 11,240 units (20 percent growth).

The RHNA allocation process and final adoption are expected at the end of 2021 and cities are expected to complete their Housing Element updates by January 2023. However, staff will begin the process of reviewing sites and updating its Housing Element in mid-2021 based on the draft RHNA as recommended by ABAG/MTC to allow for some additional time to assess options and strategies. Staff notes that the City has rezoned areas, such as North Bayshore and East Whisman, to accommodate up to approximately 15,000 new units. However, staff also notes that it may be challenging to meet a much higher RHNA obligation because it is unclear how much of these areas the State would allow to be counted as new housing sites since these areas allow both office and residential uses.

### **CONCLUSION**

In conclusion, PBA strategies are aligned with many similar City strategies to advance key planning goals and objectives. However, the PBA growth for Mountain View of roughly 36,000 new households exceeds the City's planned 20,000 new households based on recent major planning efforts. Staff believes this is an unrealistic amount of growth for Mountain View for the reasons noted (Attachment 4 to the Study Session Memo), and the City has responded through the Cities Association regarding its concerns on the issue.

Using several different methodologies shared by ABAG/MTC to date, Mountain View's potential RHNA allocation could be between 6,500 and 9,500 new units for the 2023-2031 Housing Element period (or approximately 9,400 units based on the last HMC recommendation) and is much higher than the City's previous allocation of 2,926 units.

It is unclear how much of the recently rezoned sites for housing in North Bayshore and East Whisman could potentially satisfy the City's RHNA obligations. However, staff proposes to begin the Housing Element process early to assess potential housing sites and other options and strategies so the Housing Element can be adopted by the January 2023 deadline.

### **RECOMMENDATION AND NEXT STEPS**

Staff recommends that the Council provide comments on PBA/RHNA, which could then be transmitted to ABAB/MTC via a letter and staff input during future HMC meetings.

**PUBLIC NOTICING** – Agenda posting.

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- Attachments:
1. Plan Bay Area Strategies
  2. City of Mountain View Goals and Strategies
  3. July 2, 2020 City Council Overview Memo
  4. August 10, 2020 Cities Association Comment Letter
  5. RHNA Statutory Objectives
  6. RHNA Evaluation Metrics