



November 29, 2021

Board of Directors
Association of Monterey Bay Area Governments
24580 Silver Cloud Court Monterey, CA 93940
Via e-mail

Re: RHNA Methodology

Dear Members of the Board:

I write to follow up on the concerns LandWatch has raised regarding the draft proposed RHNA methodology. For context, LandWatch's advocates for housing that is both climate-friendly and affordable to local working families. To be climate-friendly by reducing reliance on automobiles, housing must be located in urban areas that are near to public and private services and opportunities, e.g., jobs, schools, and shopping. To be affordable for local working families, housing must be higher density, smaller, and available for rent.¹ Achieving both goals means avoiding sprawling into areas where long commutes by cars are mandatory (and expensive) and where public services and opportunities are unavailable or expensive (and escalating).

To these ends, LandWatch asks that AMBAG base its jobs-related allocation on each jurisdiction's jobs/housing balance rather than just its share of regional jobs. The statutory objective calls for improving the "intraregional relationship between jobs and housing," which requires consideration of both jobs and available housing units.

LandWatch proposes an alternative allocation in Attachment 1 based on the jobs/housing relationship. This method better fits the statutory objective related to jobs and housing, better meets other statutory objectives, and is well within your discretion as a Board.

- A. The allocation of units based only on a jurisdiction's jobs does not adequately fulfill the statutory objective to promote "an improved intraregional relationship between jobs and housing" because it fails to consider the housing part of that relationship.**

The methodology now proposed by AMBAG staff would allocate 10,374 units of HCD's Regional Housing Needs Determination (RHND) based on each jurisdiction's share of regional jobs.²

¹ See [California needs more housing types for more people, not just more of the same big, single-family houses](#), the recent op-ed I co-authored with YIMBY in Monterey County Weekly, and [How to House People and Achieve California's Climate Goals](#), the op-ed I co-authored with Senator Caballero in CalMatters.

² The method proposed in the staff report for the November 29 Planning Directors' meeting would allocate the remaining portion of the Regional Housing Needs Determination as follows: 12,524 units based on the Regional Growth Forecast; 1,038 units based on transit; 2,075 units based on resiliency; and 7,263 units to Racially Concentrated Areas of Affluence.

However, the allocation of the jobs/housing-related portion of the RHND should also take into account each jurisdiction's available housing units. The statutory objective is phrased in terms of promoting "an improved intraregional relationship between jobs and housing."³ (Gov. Code, § 65584(d)(3).) Promoting that improved intraregional relationship between jobs and housing requires that the allocation take into account existing housing units, not simply existing jobs.

Furthermore, the method used to promote an improved jobs/housing relationship should allocate proportionately more units to jurisdictions that have the worst jobs/housing balances, because the purpose of this statutory objective is to remedy those high jobs/housing balances. Conversely, the method should not allocate units to those jurisdictions that have acceptable jobs/housing balances because that will divert units from jurisdictions that need the remedy.

The proposed jobs/housing balance allocation method does not target the jobs/housing balance because it simply ignores the denominator. Thus, the proposed method allocates thousands of units to jurisdictions like Marina, Seaside, Pacific Grove, Carmel, Del Rey Oaks, unincorporated Monterey County, and unincorporated Santa Cruz County, even though these jurisdictions do not have a jobs/housing imbalance. The method also allocates disproportionately large numbers of units to jurisdictions like the cities of Salinas and Santa Cruz that have only slightly higher than average jobs/housing balances.

And because the method diverts units to jurisdictions with the best jobs/housing balances, it does not allocate enough units to jurisdictions with the worst jobs/housing balances to materially improve those balances. An analysis of RHNA best practices prepared for HCD endorses methodologies that "specifically targeted areas where the existing jobs housing imbalance was the largest."⁴ The proposed method fails to do this.

B. The proposed allocation does not support the statutory objectives to promote infill, protect environmental and agricultural resources, and reduce GHG.

The disproportionate allocation of units to unincorporated areas that have below average jobs/housing balances does not support the statutory objectives of "promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080." (Gov. Code, § 65584(d)(2).)

³ The five mandatory statutory objectives for RHNA allocation only mention jobs in one subsection, and only in relationship to housing units: "The regional housing needs allocation plan shall further all of the following objectives: . . . Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction." (Gov. Code, § 65584(d)(3), emphasis added.)

⁴ Annelise Osterberg, Best Practices for Allocating and Evaluating RHNA, A Study Conducted for the California Department of Housing and Community Development Sacramento, California, Spring 2020, p. 42, available at https://turnercenter.berkeley.edu/wp-content/uploads/pdfs/A.Osterberg_APA_Best_Practices_for_Allocating_and_Evaluating_RHNA_.pdf.

For example, average VMT, and resulting GHG emissions, are higher for both home-based and employment-based trips in the unincorporated Monterey County than in incorporated areas, so it makes sense to concentrate new units in cities.⁵

The analysis of RHNA best practices prepared for HCD cites research explaining that assigning rural areas 3 to 4 times more housing units than their expected growth is inconsistent with the objective of lowering GHG emissions.⁶ Exactly the same misallocation is proposed here: the 1,633 units assigned to unincorporated Monterey County based on jobs is more than 3 times its expected growth of 510 units, and the total proposed assignment of 3,827 units is more than 7 times its expected growth.

In preparing the Sustainable Communities Strategy, ABMBAG staff may find it difficult or impossible to meet CARB's GHG reduction targets if AMBAG allocates thousands of units to rural areas instead of the areas with severe jobs/housing imbalances. Locating housing near jobs is a critical method to meet GHG reduction targets.

And rural development clearly presents few opportunities for infill and efficient development patterns. Rural development does not protect environmental and agricultural resources. In sum, the proposed misallocation of jobs-related units to rural jurisdictions conflicts with the objectives to promote infill, protect environmental and agricultural resources, and reduce GHG.

The analysis of RHNA best practices prepared for HCD highlights the importance of a common sense review of the methodology's results against the statutory objectives. "To truly understand the extent to which an allocation plan furthers the statutory objectives of RHNA – especially within the context of each region, it is necessary to analyze the actual output of the methodology."⁷ The proposed allocation of 3,827 units to unincorporated Monterey County, the second largest allocation to any jurisdiction, does not support the statutory objectives. While some tension in objectives may be inevitable, the tension created by the proposed jobs-related allocation cannot be justified because it does not actually further the jobs/housing objective.

Finally, we note that the other statutory objectives are implemented through other factors in the proposed methodology, and the jurisdictions with acceptable jobs/housing balances will be allocated units based on those other factors. So, for instance, staff's proposed jobs-based allocation should not be rationalized based on the claim of incidental and untargeted effects on the statutory objective to affirmatively further fair housing (AFFH). This critical equity issue is directly addressed through the separate proposed allocation of 35% of the RHND based on a formula identifying Racially Concentrated Areas of Affluence and based on the separate targeted income shift process. LandWatch supports these separate targeted equity allocation

⁵ Staff Report to Monterey County Planning Commission, Jan. 13, 2021, re VMT Thresholds and Exhibit B, Table summary of preliminary VMT figures, available at <http://monterey.legistar.com/gateway.aspx?M=F&ID=fa5798d5-bf42-4bb6-86e3-bdb9820d8aca.pdf> and <http://monterey.legistar.com/gateway.aspx?M=F&ID=cf0c6f16-580d-49e6-95eb-80e7539b898f.pdf>.

⁶ Annelise Osterberg, Best Practices for Allocating and Evaluating RHNA, A Study Conducted for the California Department of Housing and Community Development Sacramento, California, Spring 2020, p. 15, *citing* Perry, F. Noel, Colleen Kredell, Marcia E. Perry, and Stephanie Leonard. "Missing the Mark: Examining the Shortcomings of California's Housing Goals." Next 10, February 28, 2019. <https://www.next10.org/publications/housing-goals>.

⁷ Id., p. 40.

processes. If there is a need for further revisions in order to target equity, revisions should be made through those separate processes.

C. The draft allocation can and should be revised to allocate units to improve poor jobs/housing balances.

AMBAG should revise its draft methodology to allocate the jobs-related units based on the objective to improve the jobs/housing balance in jurisdictions with poor balances. Such a method would directly and proportionately further the statutory objective without the dilution caused by misallocation of these units to jurisdictions with acceptable jobs/housing balances.

LandWatch has prepared a spreadsheet that provides an alternative method to allocate the 10,374 units proposed for a jobs-related allocation. This proposed “Jobs-Housing Balance Method” allocates units to promote better jobs/housing balances by focusing on the relationship between each jurisdiction’s 2020 jobs and its 2020 housing units. The allocation appears in Attachment 1, which sets out and compares the Jobs-Housing Balance Method and the Percent of Regional Jobs Method.

The Jobs-Housing Balance Method we propose starts by determining each jurisdiction's jobs/housing balance, using the same Regional Growth Forecast data that AMBAG staff used in its November 29 staff report.⁸ The method also determines the regional average jobs/housing balance, which is 1.55 jobs per housing unit, again consistent with the November 29 AMBAG staff report.

The method then determines how many additional units each jurisdiction would have to build to attain the regional average of 1.55 jobs per housing unit.⁹ Because many jurisdictions have much higher jobs/housing balances than the regional average, a total of 41,266 units would have to be built for all of these jurisdictions to attain the regional average balance.

However, the proposed methodology starts with the assumption that only a certain fixed number of units will be allocated based on any jobs-related data, i.e., the 10,374 units representing 50% of the total RHND that is not to be allocated based on the Regional Growth Forecast. Thus, in order to conform to the 10,374-unit limit for a jobs-related housing allocation, the Jobs-Housing Balance Method makes a pro-rata reduction to the units needed by each jurisdiction so that the total allocated by this method is not 41,266 units but only 10,374 units.¹⁰

Although each jurisdiction would not attain the regional average jobs/housing balance, the Jobs-Housing Balance Method does allocate units just to the jurisdictions that actually need to improve their jobs/housing balances, and it allocates units in proportion to the severity of their jobs/housing imbalance. And the Jobs-Housing Balance Method does not allocate additional

⁸ 2020 jobs and housing data are from the Regional Growth Forecast, available at https://www.ambag.org/sites/default/files/2020-12/Final%20Draft%202022%20Regional%20Growth%20Forecast_PDF_A.pdf.

⁹ See Attachment 1, column labeled “Units Short of Regional Average Jobs-Housing Balance.”

¹⁰ See Attachment 1, column labeled “Prorated Allocation of 10,374 Units to Cities with Below Avg J/H Balance.”

units to jurisdictions that already have better than average jobs/housing balance. This is clearly a better fit to the statutory objective to improve intraregional jobs/housing balances.

In conclusion, LandWatch asks that the members of the Board of Directors approve a methodology that uses the attached Jobs-Housing Balance Method. The Jobs-Housing Balance Method better meets the statutory objective to improve the jobs/housing relationship and furthers the objectives to promote infill, protect environmental and agricultural resources, encourage efficient development patterns, and achieve GHG reductions targets.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael D. DeLapa". The signature is stylized and cursive.

Michael D. DeLapa
Executive Director

cc: Maura Twomey, Executive Director
Heather Adamson, Planning Director
Tawny Macedo, HCD
Matt Huerta, MBEP
Elizabeth Madrigal, MBEP
Aaron Eckhouse, California YIMBY
Rafa Sonnenfeld, Santa Cruz YIMBY and YIMBY Law

Attachment 1 - Alternative Allocation Using Jobs and Housing Data Instead of Jobs Only

RGF, TRANSIT, RESILIENCY, & RCAA UNITS					PERCENT OF REGIONAL JOBS METHOD				JOBS-HOUSING BALANCE METHOD					COMPARISON
AMBAG Jurisdictions (excluding San Benito County)	Units Allocated by Regional Growth Forecasts by Transit		Units Allocated by Resiliency by RCAA		2020 Jobs	Percent of Regional Jobs	Allocation of 10,374 Units Based on Percent of Regional Jobs	Total RHNA	2020 Housing Units	2020 Jobs- Housing Balance	Units Short of Average Jobs- Housing Balance	Prorated Allocation of 10,374 Units to Cities with Below Avg J/H Balance	Total RHNA	Unit Change: Jobs-Housing Balance Method vs Percent of Regional Jobs Method
	Units Allocated by Regional Growth Forecasts by Transit	Units Allocated by Resiliency by RCAA	Units Allocated by Resiliency by RCAA	Units Allocated by RCAA										
Monterey County														
Carmel-By-The-Sea	10	-	1	31	3,566	0.9%	97	139	3,437	1.04	0	-	42	-97
Del Rey Oaks	69	87	6	214	748	0.2%	20	396	741	1.01	0	-	376	-20
Gonzales	1,426	-	272	-	6,326	1.7%	171	1,869	1,987	3.18	2,107	530	2,228	358
Greenfield	550	-	105	-	7,882	2.1%	213	868	3,981	1.98	1,120	282	937	68
King City	488	-	93	-	8,195	2.1%	222	803	3,432	2.39	1,872	471	1,052	249
Marina	790	87	135	-	6,548	1.7%	177	1,189	7,784	0.84	0	-	1,012	-177
Monterey	403	87	48	1,249	40,989	10.7%	1,110	2,897	13,705	2.99	12,824	3,224	5,011	2,114
Pacific Grove	98	-	18	304	8,016	2.1%	217	637	8,201	0.98	0	-	420	-217
Salinas	4,333	168	829	-	78,874	20.6%	2,136	7,466	43,411	1.82	7,638	1,920	7,250	-216
Sand City	108	87	21	167	2,092	0.5%	57	440	189	11.07	1,165	293	676	236
Seaside	649	87	96	-	10,476	2.7%	284	1,116	10,920	0.96	0	-	832	-284
Soledad	473	-	87	-	9,010	2.4%	244	804	4,137	2.18	1,695	426	986	182
Unincorporated Area	510	87	18	1,579	60,293	15.7%	1,633	3,827	39,839	1.51	0	-	2,194	-1,633
Santa Cruz County														
Capitola	178	-	28	552	12,250	3.2%	332	1,090	5,554	2.21	2,375	597	1,355	265
Santa Cruz	789	87	113	1,223	43,865	11.5%	1,188	3,400	23,954	1.83	4,437	1,115	3,327	-73
Scotts Valley	57	87	5	177	10,109	2.6%	274	600	4,739	2.13	1,804	453	779	180
Watsonville	1,023	87	185	-	28,514	7.4%	772	2,067	14,226	2.00	4,229	1,063	2,358	291
Unincorporated Area	570	87	15	1,767	45,264	11.8%	1,226	3,665	57,662	0.78	0	-	2,439	-1,226
Total Monterey and Santa Cruz Counties	12,524	1,038	2,075	7,263	383,017		10,374	33,274	247,899	1.55	41,266	10,374	33,274	0