



December 4, 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 again to follow up LandWatch's November 29 letter regarding the proposed RHNA methodology and to respond to the staff report for the December 8 meeting. LandWatch seeks a RHNA allocation that is both climate-friendly and affordable to local working families. This requires locating housing near jobs and the public and private services and opportunities in urban areas, and avoiding sprawl development in rural areas.

A. Landwatch supports the consensus weighting of the allocation goals.

The RHNA methodology must further the five statutory objectives in Government Code Section 65584(d) and reflect the 13 factors set out in Government Code section 65584.04(e). Some of these goals are in tension. For example, allocation of units to affirmatively further fair housing (AFFH) by increasing unit assignments in affluent areas may be in tension with remedying overcrowding and cost burdens in less affluent communities. Assignment of units to address jobs/housing imbalances in lower income communities may also be in tension with the AFFH objective. Thus, the Directors should recognize that their most fundamental policy choice is their relative weighting of the allocation goals, even though some of the allocation methods may point in different directions and the results cannot maximize every statutory objective.

Landwatch supports the weighting consensus that has emerged, which is first to assign the 12,524 units needed to meet each jurisdiction's Regional Growth Forecast and then to assign the remaining 20,750 units using four separate methods as follows:

- 50%, or 10,374 units, to improve the intraregional jobs/housing relationship
- 35%, or 7,263 units, to affirmatively further fair housing (AFFH) by allocating units just to jurisdictions that are Racially Concentrated Areas of Affluence (RCAA)
- 10%, or 2,075 units, to areas that are resilient to wildfire and sea level rise
- 5%, or 1,038 units, to areas best served by transit

We urge the Directors to affirm this weighting. Improving the intraregional jobs/housing balance is an independent statutory objective, and it is closely linked to the other statutory objectives to promote infill, protect environmental and agricultural resources, and reduce GHG. The AFFH objective is also a critical statutory objective intended to ensure equity in the RHNA process. The consensus to weight allocation methods primarily based on the jobs/housing balance and

AFFH objectives, and to do so at a 50% and 35% respective weighting, is appropriate and defensible, regardless of the tension in these objectives.

The consensus weighting is particularly defensible in light of the proposal to further the AFFH objective both by assigning 35% of the total units based on the “bottom up” application of the RCAA criteria and by assigning a higher proportion of very low and low income units to RCAA jurisdictions via the “income shift” process. LandWatch supports using both approaches.

B. The Directors should adopt LandWatch’s proposed allocation of jobs-related units because it furthers the objectives to improve intraregional jobs/housing balance and the staff proposals do not.

Regardless of the weighting of statutory objectives, the Directors should ensure that the chosen allocation methods actually further these statutory objectives.

As LandWatch has objected, the proposed jobs-related allocation method does not adequately further the statutory objective of “an improved intraregional relationship between jobs and housing.” (Gov. Code, § 65584(d)(3).) The fundamental problem with staff’s recommended proposal, now identified as “Option A” in the staff report, is that it considers only the jurisdiction’s share of regional jobs and not its jobs/housing balance. Thus, this allocation assigns thousands of units to jurisdictions that have a high job share but do not have a jobs/housing imbalance. And it fails to assign proportionately more units to jurisdictions that do have a severe imbalance. Furthermore, because this allocation assigns thousands of units to rural unincorporated areas without a jobs/housing imbalance, it also needlessly conflicts with the other statutory objectives to promote infill, protect environmental and agricultural resources, and reduce GHG.

Accordingly, LandWatch continues to recommend that the jobs-related allocation focus on improving the relationship of both jobs to housing. TAMBAG should assign the jobs-related units to the jurisdictions that actually have jobs/housing imbalances and should do so in proportion to the severity of that imbalance. **We ask that the Directors adopt the alternative allocation of the jobs-related units set out in our November 29 letter, which does just that.**¹ We attach it again for your reference.

In response to previous comments, the staff report constructs, but does not recommend, an “Option B” in order to “add an additional factor of a jobs-housing ratio for 20% of the unit allocation.” However, Option B would still allocate 40% of the units based on regional job shares alone, without reference to housing units, thus continuing to assign thousands of units to jurisdictions that do not have jobs/housing imbalances and away from jurisdictions that do. Furthermore, Option B’s assignment of 20% of the units to the jurisdictions with worse than

¹ The attached alternative allocation does not reflect the unit assignments by type of unit, i.e., the numbers of very low, low, moderate, and above moderate income units for each jurisdiction. When it comes to this assignment, LandWatch supports the objective to additionally further the AFFH objective by distributing the unit types based on the proposed “income shift” method, whereby RCAA jurisdictions would be assigned proportionately more very low and low income units than non-RCAA jurisdictions. LandWatch supports the proposal by Monterey Bay Economic Partnership and Santa Cruz YIMBY that the income shift be applied to 40% rather than only 30% of the RCAA jurisdictions’ units.

average jobs/housing ratios is still based on the jurisdiction's share of regional jobs instead of being proportionate to the severity of its imbalance.²

Finally, Option B unaccountably changes the consensus weighting of the allocation objectives by reducing the AFFH weighting from 35% to 25%. Instead of assigning 50% of units based on jobs-related criteria, it assigns 60% (40% based on jobs share for each jurisdiction and 20% based on the jobs share of the jurisdictions with the worst jobs/housing balances). To increase the jobs share allocation by 10 percentage points, Option B arbitrarily reduces the AFFH weighting by 10 points.

Ironically, Staff then reject Option B because it reduces allocations in higher opportunity areas, even though there is no apparent justification for reducing the consensus weighting of the AFFH objective ten percentage points. As discussed, regardless of the tension between some statutory objectives, the Directors must assign weights to each. The 35% weight to the AFFH objective in the "bottom up" unit allocation process, coupled with a robust income shift process that assigns a higher proportion of very low and low income units to the RCAA jurisdictions, is an appropriate implementation of the AFFH objective.

In sum, Option A and Option B do not further the statutory objective to improve the intraregional jobs-housing balance. Accordingly, we ask that the Directors adopt LandWatch's proposed allocation of the jobs-related units because it does directly further that objective. And, because it does not misallocate thousands of units to rural areas that do not have a jobs/housing imbalance, it promotes infill, protects environmental and agricultural resources, and reduces GHG.

Sincerely,



Michael D. DeLapa
Executive Director

Attachment

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

² Under Option B, a city like Salinas that has almost attained the regional average of a 1.5 jobs to housing balance (Salinas is at 1.8) would be allocated units on the same "job share" basis as a city like Monterey that is severely out of balance (3.0 jobs per housing unit). Monterey would be assigned only 1,574 jobs-related units, even though it is 12,824 units from attainment of the regional balance (see Attachment 1). However, Salinas would be assigned 3,027 jobs-related units even though it is only 7,638 units from attainment of the regional balance. Because the statutory objective is an "improved intraregional relationship between jobs and housing," a city with twice the shortfall should be assigned twice as many jobs-related units, not half.

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 | Units Allocated | Units Allocated | Units Allocated | | | | | | | | | | |
| 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 |