



Office of the City Manager

INFORMATION CALENDAR

September 11, 2007

To: Honorable Mayor and  
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Dan Marks, Director, Planning and Development

Subject: Draft Comments on Regional Housing Needs Allocation

**Introduction**

The Association of Bay Area Governments (ABAG) is required under State law to allocate a portion of the region's estimated housing needs to each jurisdiction for the 2007-2014 period. Each jurisdiction is then required to update its Housing Element of its General Plan to show how that jurisdiction intends to accommodate its portion of the region's housing need. There have been two previous Regional Housing Needs Assessment (RHNA) cycles before this one.

ABAG is required to assign both an overall housing need number, and then subdivide that need by affordability category. Each jurisdiction's Housing Element is required to address both the overall need and how it will address the need by each income category: very low, low, moderate and above moderate income.

On July 18, 2007, the ABAG Board adopted draft allocations. The City of Berkeley has 60 days from the time of that adoption to comment on those allocations, followed by an opportunity for ABAG to respond. Finally, there is an opportunity to appeal the revisions.

**Methodology Summary**

The allocation methodology adopted by ABAG is based on several factors set forth in State legislation, and based on the recommendations of a Housing Methodology Committee (HMC) on which Dan Marks served as representative of the Alameda County Planning Directors.

Overall Housing Allocation

In summary, the proposed methodology is to apply weighted factors to existing ABAG projections for the 2007 – 2014 period. ABAG already prepares projections of jobs and housing for the region based on a complex projection model. These projections take

into account various factors that ABAG is also required by statute to consider in regard to regional housing needs, such as the land suitable for urban development, various constraints on development such as infrastructure limitations, and policies to protect open space resources. The projection also takes into account regional policies adopted by the ABAG Board to encourage development near transportation infrastructure and on underutilized land in existing cities near jobs, generally described in planning circles as “Smart Growth.” As noted in our attached draft comments, the net effect of the application of the adopted methodology to the projections is to further emphasize “smart growth” principles.

The housing allocation methodology is based on the following criteria:

1. The location of existing and projected jobs
2. The projected amount of new housing
3. Fixed rail transit accessibility

The result of the application of these factors to Berkeley is to almost exactly double the overall allocation to Berkeley from about 1269 units in the previous RHNA cycle to 2431 units in the 2007-2014 cycle.

The allocation by affordability category is based on a complex formula which results in applying a percentage by income category to the 2431 units allocated to the City. The percentage allocation is based on a city’s existing share of affordable housing relative to the regional average. Cities having a low share of any particular income category are expected to provide a higher share than the regional average in the future, and vice versa. Berkeley has a significantly higher proportion of very low income households, so the percentage applied to Berkeley’s overall allocation is below the regional average. Berkeley is very close to the regional average in its percentage of low income households, so the City’s allocation is similar to the regional average. Berkeley’s percentage of moderate income households is below the regional average resulting in the City’s percentage allocation being somewhat higher than the regional average. The allocation to Berkeley for this round and for the previous RHNA round are shown below:

	Very low <50% of AMI,	Low <80% AMI	Mod <120% AMI	Above Mod	Total
2000-2007	354	150	310	455	1269
2007-2014	328	424	549	1,130	2431

Comments

Staff has previously commented on our concerns with the allocation methodology, and we have repeated those comments in the attached comment letter. Staff does not believe that ABAG will adjust the underlying methodology as a result of our comments.

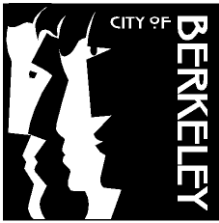
Staff has also previously commented on the conformance of the methodology in regard to a statutorily defined issue that ABAG was obligated to consider in the RHNA process: the impact of a university or college on housing needs. This consideration was added very late in the RHNA process and, in our view, was not adequately considered. Berkeley is unique in the region in the degree to which a university affects us, and we believe that, in conformance with the legislature's intent, further consideration is required. That is the thrust of our comment letter.

Contact Person

Dan Marks, Planning and Development, 981-7400

Attachment:

1: Draft Commentary Letter to ABAG



Planning and Development  
Office of the Director

September \_\_, 2007

Mr. Paul Fassinger  
ABAG Research Director  
Association of Bay Area Governments  
Post Office Box 2050  
Oakland, California 94604-2050

Reference: Comments on Draft Regional Housing Needs Assessment Allocation

Dear Paul:

Thank you for the opportunity to review and comment on the proposed Regional Housing Needs Allocation (RHNA) for the City of Berkeley. The numbers we have received, in comparison to our previous allocations, are presented below:

	Very low <50% of AMI,	Low <80% AMI	Mod <120% AMI	Above Mod	Total
2000-2007	354	150	310	455	1269
2007-2014	328	424	549	1,130	2431

The overall allocation for the City of Berkeley for the 2007-2014 period is just about exactly double the previous allocation. As we stated in our January 3, 2007 letter on the allocation methodology, while the City's General Plan generally supports the intent of the underlying direction of the allocation, which is in support of appropriate infill development near transit and jobs, the City is concerned with the feasibility of the region's largely built-out older cities achieving the very large increases assigned to them. Berkeley barely managed to meet our previous allocation in the midst of a 5-year multi-family housing construction boom.

We previously noted the increased dependence of the methodology on housing production in existing urban areas and stated our belief that this could undermine the goal of meeting overall regional housing needs. Cities in outlying areas where development is more readily achieved may now scale back their plans for new housing in conformance with the reduced RHNA allocations, while older inner-ring cities fail to meet the goal due to forces totally outside their control. We believe that cities with more readily available vacant and highly underutilized land within existing urbanized boundaries can significantly increase their production through increased intensity of development without necessarily threatening the region's precious open space resources. Development in cities such as Berkeley, San Francisco and Oakland is

considerably harder to implement, and these cities are already developed at relatively high densities. We were also concerned that the now-adopted methodology over-emphasized existing rail transit, while ignoring planned major transit investments.

We continue to believe that the adopted methodology is flawed for the reasons noted above and urge ABAG to consider modifying the methodology to better reflect the development opportunities and overall housing market in the region. While cities should be encouraged to reach further to meet housing needs, establishing unrealistic goals is not necessarily an effective way to encourage cities to do their part, and may have unintended consequences in regard to meeting overall regional housing needs.

#### Application of a College/University Factor

While ABAG took certain factors into account in the RHNA process as required by State law, it chose to largely ignore a factor added by the Legislature: the impact of universities and colleges on communities' housing needs. We recognize that this additional factor came very late in the process and largely after a great deal of consideration by the RHNA Housing Methodology Committee. For obvious reasons, this is a major concern to the City of Berkeley, and we believe that insufficient consideration was given to this issue. In our comments on Projections 2007, and in our previous comments on the RHNA process, the City suggested some ways in which ABAG could better account for the impacts of the University of California at Berkeley on the City of Berkeley. We continue to believe that these should be more fully considered in the allocation.

Job Impacts. Since the University of California at Berkeley is a major regional institution, the largest educational institution in the Bay Area, and is situated in a relatively small community (in comparison to the University's size), we believe ABAG should not apply the same RHNA jobs factor to Berkeley as to other communities. University-related jobs should be spread to the many communities that contribute workers to the University. Information is available from the University on the location of its workforce and from Lawrence Berkeley National Lab on its workforce.

We recognize that other jurisdictions in the Bay Area would probably like to make a similar request to spread the allocation for their major employers, but we believe that Berkeley is distinguishable from those other communities. First, the Legislature has specifically directed that universities and colleges be considered in the RHNA process. Second, even in regard to the issue of universities and colleges, UC Berkeley has a disproportionate impact on Berkeley in comparison to other schools in larger communities such as San Jose or San Francisco. Cal State University-East Bay, located in a somewhat larger community than Berkeley, is still only one-third the size of UC Berkeley, not including the Lawrence Berkeley National Lab. Even Stanford is relatively small in comparison to Palo Alto.

The University is also different than other major employers in that the City has no ability to exercise control or influence the University's job growth. The University is a completely

autonomous “government” within the City in regard to adding jobs, but the City is powerless to require any mitigation of the impacts on housing needs those jobs generate, either through financial contribution to the housing needs of employees, or by locating new housing on University land. This distinguishes UC from private institutions such as Stanford in its relationship to its governmental jurisdictions.

Because of these distinctions, we believe that there should be an equitable distribution of the impact of University jobs (both existing and projected) throughout the affected region.

Impacts of Student Housing. Some consideration should be given for the provision of group living accommodations in the City. Although the City generally met its overall housing production goals over the past 7 years, the City would have considerably exceeded those goals if the construction of group living accommodations by the University were considered housing units. Palo Alto and Berkeley have by far the highest percentage of residents living in group quarters in the Bay Area, with ABAG estimating that 5.7 percent of Berkeley residents are in group quarters, while the regional average is 2 percent. In our April 22, 2006 letter to ABAG on draft Projections 2007, the City disputed the draft group living accommodation figure in the projections. ABAG estimated in the draft Projections 2007 that there were 5,900 people in group quarters in Berkeley in 2005. This number is much lower than the actual “bed-count” reported by the University of California at Berkeley in its Long Range Development Plan. The University counted 8,561 beds in group quarters in 2003 (counting all dorms, co-ops, fraternities and sororities as beds in group quarters) with an additional 1110 under construction (and now completed). Because there is a very small vacancy rate for student housing, it seems reasonable to assume that the group quarter population will approximate the number of beds. In addition to the now 9,671 beds in group quarters, there are a number of beds in assisted living facilities of one kind or another in Berkeley. In other words, the City believes the number of people in group quarters is almost twice what was estimated for those quarters in 2005 in Projections 2007. This implies that the proportion of residents in group quarters in Berkeley may be about 10 percent of the population, or five times the regional average.

Group quarters are housing many people, but are not accounted for in any way by the RHNA methodology. While we experience impacts from the employees of the University serving mostly students in those quarters (including a higher RHNA allocation), the City gets no credit in the RHNA process for the housing – including significant new recent development - provided for them in the community. We request that any “group quarters” completed in this next RHNA cycle be credited towards meeting the City’s RHNA goals. We will be happy to discuss with ABAG how that might occur.

There are other ways in which the University may be addressed in the RHNA process, including how vacancy factors are addressed in the RHNA process or how household size affects expected housing need. The City of Berkeley faces some unique issues in regard to both of these issues that may affect how our allocation is determined.

Mr. Paul Fassinger  
September \_\_, 2007  
Page 4 of 4

In conclusion, we believe that ABAG has not fully complied with the requirements of State law in its RHNA allocations to Berkeley. We have previously commented on this issue but have received little or no response. We look forward to further dialogue with ABAG on this issue and to an appropriate adjustment in our allocation.

Sincerely,

Dan Marks  
Director

cc: Mayor and Council  
Planning Commission  
Phil Kamlarz, City Manager  
Rae Mary, Interim Housing Director  
Acting Land Use Planning Manager

