STATE OF CALIFORNIA -BUSINESS, TRANSPORTATION AND HOUSING AGENCY EDMUND G. BROWN JR., Governor

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February 6, 2013

Mr. Ezra Rapport
Executive Director
Association of Bay Area Governments
101 Eighth Street
Oakland, CA 94607

RE: Regional Housing Need Allocation Plan Methodology

Dear Mr. Rapport:

This letter comments on the regional housing need allocation (RHNA) methodology Association of Bay Area Governments (ABAG) has adopted for its RHNA Plan to distribute shares of regional housing need to each locality. Government Code (GC) Section 65584(b) requires the RHNA plan be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the Department of Housing and Community Development (Department).

The Department has received several stakeholder letters sent to ABAG expressing concerns regarding reliance on the "voluntarily" designated Priority Development Areas (PDAs) in distributing ABAG's regional housing need. Department staff appreciates you and Ms. Chion meeting with us to discuss RHNA methodology and stakeholder concerns. We advise ABAG, if it has not yet done so, to formally address the methodology concerns raised regarding the adequacy of the RHNA methodology in complying with State law, particularly GC sections 65584(d), 65584.04(d) and (e).

ABAG's RHNA methodology appears to be based in part on the *Jobs-Housing Connection Strategy,* which allocates new housing development within PDAs and non-PDAs. The RHNA methodology begins by distributing a higher proportion of RHNA share to local governments that "voluntarily" seek PDA designation and a lesser proportion of RHNA share to local governments that "choose" not to apply for PDA designation, despite having areas possessing characteristics similar to areas meeting PDA qualifications. In addition, the *Jobs-Housing Connection Strategy* indicates that housing growth was adjusted "to ensure that no county or city's proposed growth substantially deviates from local plans."[1] Pursuant to Section 65584.04(d)(2)(B), a council of governments may not limit its consideration of suitable housing sites or land suitable

[1] *Jobs-Housing Connection Strategy, Plan Bay Area, Revised May 16, 2012, Page 45*

for urban development based on localities' existing zoning ordinances and land use restrictions. The statutory intent reiterated in Section 65584.04(f) is clear to implement the statutory objective for each local government to share responsibility for addressing regional housing needs in an equitable manner precluding maintenance of exclusionary land use restrictions and zoning ordinances where they may exist.

The Department appreciates the extraordinary level of effort Association of Bay Area Governments and Metropolitan Transportation Commission have undertaken to coordinate the RHNA with the update of the regional transportation plan. Staff are available to consult with you regarding how RHNA methodology concerns might be addressed prior to adoption of the pending regional transportation plan and its sustainable community strategy.

Sincerely,

Lisa Bates

Lisa Bates
Deputy Director

ABAG

May 10, 2013

Ms. Lisa Bates, Deputy Director
Department of Housing Policy Development
California Department of Housing and Community Development
P.O. Box 952053
Sacramento, California 94252-2053

Dear Ms. Bates,

I am writing in response to your letter communicating concerns about the Regional Housing Need Allocation (RHNA) methodology adopted by the Association of Bay Area Governments' (ABAG) Executive Board on July 19, 2012. Your February 6, 2013 letter indicates a concern about the use of the locally-nominated Priority Development Areas (PDAs) in the RHNA methodology and the potential that allocations were constrained by existing local ordinances and plans. I appreciate the opportunity to provide you with information about our RHNA process and approach that addresses these concerns.

As you know, California Senate Bill 375, passed in 2008, requires metropolitan areas to create a Sustainable Communities Strategy (SCS) for the Regional Transportation Plan (RTP) that aligns land use and transportation planning in order to reduce greenhouse gas emissions from cars and light-duty trucks. SB 375 also requires that the RHNA be consistent with the development pattern included in the SCS. Addressing these different mandates requires achieving a balance between the more focused growth pattern necessary to achieve GHG emission reductions and the need to ensure that every jurisdiction contributes its "fair share" toward meeting the region's housing need. RHNA must also achieve a balance between directing affordable housing to locations where it is needed by existing residents, including rural and suburban areas, and avoiding the over-concentration of poverty.

The SCS and the RHNA methodology work in concert to direct housing growth to PDAs and non-PDA locations throughout the region in order to balance these goals and mandates in a way that promotes inclusive housing patterns throughout the region. *Attachment 1* provides more detail about the SCS forecast, RHNA methodology, and the relationship between the two. It also demonstrates how the RHNA meets the statutory requirements described in Government Code Sections 65584(d) and 65584.04.

PDAs are existing neighborhoods near transit, nominated by local jurisdictions as appropriate places to concentrate future growth. ABAG has approved nearly 170 PDAs in more than 70 of the 109 jurisdictions in the region. As infill locations near transit, the PDAs play an important role in helping the Bay Area to meet its GHG reduction target, as mandated by SB 375. Inclusion of the PDAs in the RHNA methodology helps ensure that the region's housing, transportation, and land use planning are aligned.

It is also important to note that, although the Bay Area's sustainable growth framework is built around the PDAs and Priority Conservation Areas (PCAs), these elements are not the sole factors used to plan for the region's near- and long-term housing growth. Both the SCS forecast and the RHNA methodology incorporate additional factors related to sustainability, equity, and the environment, some of which were suggested by housing and equity advocates, to distribute housing growth to PDAs and non-PDA areas throughout the region. Thus, the RHNA distribution is not constrained by local zoning or plans.

In addition to our previous analysis, ABAG staff has completed further work to compare the income and race/ethnicity characteristics of PDAs to other areas in the region. PDAs are found in all types of communities throughout the Bay Area and represent the full spectrum of the region's diversity. Our analysis shows that, as a whole, the PDAs do not represent racially or ethnically concentrated areas of poverty compared to non-PDA areas. Thus, using the PDAs in RHNA will not encourage segregation or perpetuate concentrations of poverty.

With regard to concentrations of poverty, ABAG staff analyzed the income distribution within the region and found that only 41 percent of PDAs have 50 percent or more of their area within Census tracts with a median income (based on 2010 Census data) that corresponds to the very low- or low-income categories, as defined for RHNA. *Attachment 2* shows the income distribution within PDAs compared to non-PDA areas throughout the region. In a similar analysis of race/ethnicity, 56 percent of PDAs have 50 percent or more of their area with a majority concentration of people of color. *Attachment 3* shows the ethnic/minority population in PDAs compared to non-PDA areas throughout the region.

ABAG also evaluated the extent to which PDAs overlap with disadvantaged communities, identified as census tracts that have concentrations of four or more disadvantage factors, or that have concentrations of both low-income and minority populations.[1] Approximately one-third of all PDAs intersect with disadvantaged communities (*Attachment 4*). There are only four PDAs that are entirely within a disadvantaged community: Pittsburg Railroad Avenue, Vallejo Waterfront, San Francisco Treasure Island, and San Francisco Eastern Neighborhoods.

In the SCS forecast (which is an initial input into the RHNA methodology), housing growth is directed to areas throughout the region (including PDAs and non-PDA areas) with high levels of transit service, low vehicle miles traveled (which is highly correlated with GHG emissions), high employment in 2040, a high number of low-income workers commuting from other places, and high housing values. Particular emphasis was placed on home values, which was given a weight of three in the formula, while low-income in-commuting was given a weight of two, and 2040 employment was given a weight of one.

Each jurisdiction was ranked and scored on each of the three factors, and then the three were combined. Growth in a jurisdiction was adjusted a maximum of plus or minus 10 percent based on the combined factor score. *Attachment 5* maps each jurisdiction's adjustment value for each of the three distribution factors, as well as all of the factors combined. *Attachment 6* shows the combined factor score for each jurisdiction in the region, with the jurisdictions that received the highest increases in housing units at the top of the list. A jurisdiction with a larger positive combined factor score received more housing units, while a jurisdiction with a smaller negative combined factor score received fewer housing units.

[1] The disadvantage factors include minority population, low-income population, limited English proficiency population, zero-vehicle households, seniors 75 and over, population with a disability, single-parent families, and cost-burdened renters.

These factors aim to expand housing and transportation options; increase access to jobs, particularly for low-income workers; and promote housing growth in places with high-quality services, such as parks, and schools. In particular, the methodology directs more housing to jurisdictions that currently offer the fewest affordable housing options. *Attachment 6* also indicates the presence of PDAs across a variety of wealthy and lower-wealth jurisdictions and indicates and shows that the presence (or lack) of a PDA does not prevent a jurisdiction from receiving its fair share of housing growth.

As noted above, the RHNA methodology includes the PDA framework as a way to promote growth in sustainable locations and to ensure consistency between RHNA and the SCS. To ensure that jurisdictions that encompass transit-served neighborhoods that were not nominated as PDAs are allocated housing, the RHNA methodology also builds upon the housing distribution from the SCS with the inclusion of a "fair share" component that ensures all jurisdictions share responsibility for meeting the Bay Area's housing need. The SCS Housing Methodology Committee,[2] which was convened to advise staff about the RHNA methodology, considered a wide range of potential factors to include in the methodology, including school quality.

In the final methodology, the Fair Share Component applies to non-PDA areas, and allocates housing need to areas with a high number of jobs and areas with good transit access. To address the need for affordable housing in locations that have not provided many low- and low-income units in the past, it also includes a factor that allocates more housing to jurisdictions that permitted few affordable housing units during the 1999-2006 RHNA period. Finally, every jurisdiction is allocated a minimum of 40 percent of its household formation growth to ensure that each jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.

The final component of the RHNA methodology is the income allocation, which separates each jurisdiction's allocation among the four income categories identified by the California Department of Housing and Community Development (HCD). The income allocation methodology adopted by ABAG encourages more affordable housing in high-income areas by allocating a higher proportion of affordable housing units to jurisdictions that have fewer very-low and low-income households compared to other jurisdictions in the region. *Attachment 7* lists each jurisdiction in the region, ranked by the proportion of its RHNA that is very low- and low-income units as compared to the proportion of people of color living in the jurisdiction and the proportion of very low- and low-income households in the jurisdiction. This table shows that jurisdictions with a low proportion of people of color and very low- and low-income households received higher allocations of affordable housing. As a result, the methodology encourages affordable housing options in all communities, particularly those considered to be high opportunity areas.

The need for housing for farmworkers is addressed in the RHNA methodology through the 40 percent minimum floor and the income allocation methodology. The 40 percent minimum ensures that, although a significant portion of the RHNA is directed to transit-rich areas, less intensely developed

[2] The SCS Housing Methodology Committee (HMC) was comprised of local elected officials, staff and stakeholders from all nine counties in the Bay Area. The committee worked on the 2014-2022 RHNA methodology over an 18-month period with significant input from social equity advocates as well as providers of affordable housing. More information about the HMC is available at http://www.abag.ca.gov/planning/housingneeds/housing-methodology-committee.html.

jurisdictions will still produce new residential units. In addition, farmworker housing needs are considered part of the housing needs for very low- and low-income households. The RHNA income allocation methodology gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category.

Although PDAs were incorporated as part of the RHNA methodology, the housing allocation is to the jurisdiction as a whole. For both RHNA and Plan Bay Area, local jurisdictions have the ultimate authority for deciding the specific locations for new housing. Some of the challenges in achieving an equitable distribution of housing will be resolved through the local planning processes that implement RHNA and Plan Bay Area. Decisions at the local level in urban, suburban, and rural communities will determine the extent to which the region is able to reduce concentrations of poverty and increase access to transit and opportunity.

Over the last decade, ABAG and MTC have worked closely with key stakeholders, local jurisdictions, affordable housing providers, and other entities to advance a regional focused growth pattern that provides economic and environmental benefits for all. Both agencies have worked on neighborhood planning for affordable housing close to transit, a new housing fund, and a grant program that links transit to housing[3].

ABAG and MTC will continue to work with our partners to develop policies and funding to support these local efforts to encourage a range of housing choices in communities throughout the Bay Area. Our implementation efforts will focus on the need to support community stability in neighborhoods which are planned for new investments and the potential risk of displacement and new housing opportunities for low-income households. The creation of a PDA program with funding incentives tied to housing provides a mechanism through which the region can reward those jurisdictions that are planning for and producing housing. Many jurisdictions that previously did not plan for new housing have established PDAs, undergone specific planning processes, and created new zones for residential development.

Each PDA has a unique set of attributes and challenges; the goal of the SCS is that all will become complete communities that increase housing and transportation choices. The plan envisions these areas as neighborhoods where transit, jobs, schools, services, and recreation are conveniently located near people's homes. The One Bay Area Grant (OBAG) program provides targeted investments to PDAs to help them achieve the goal of being a complete community. Making investments in neighborhoods that need them will benefit the residents living in these communities and help create more neighborhoods of opportunity throughout the region.

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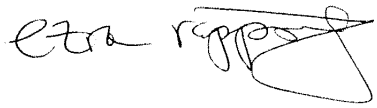
[3] MTC was the first metropolitan planning organization in the nation to develop a Transit Oriented Development funding policy that requires local jurisdictions to plan for housing in their future station areas. ABAG and MTC developed a PDA Planning Program that resulted in more than three dozen neighborhood plans encompassing more than 55,000 units of housing in transit-served areas. The One Bay Area Grant Program (OBAG) is a four-year program ($320 million) that better integrates the region's federal transportation program with the Sustainable Communities Strategy. Funding is targeted to achieve local land use and housing policies by directing more funding to communities taking on higher total housing unit allocations and higher very low- and low-income housing allocations for the 2014-2022 RHNA cycle. MTC launched the Bay Area Transit Oriented Affordable Housing (TOAH) Fund in 2010 with a $10 million commitment for affordable housing development in PDAs and a goal of increasing the fund to $100 million.

Again, I appreciate the opportunity to explain our ongoing regional planning efforts and look forward to a continued collaboration. Should you have any additional questions, please do not hesitate to contact me.

Cordially,



Ezra Rapport
Executive Director
Association of Bay Area Governments

Attachments:

- Attachment 1: 2014-2022 Regional Housing Need Allocation for the Bay Area
- Attachment 2: Map - Income Distribution and PDAs
- Attachment 3: Map - People of Color Distribution and PDAs
- Attachment 4: Map - Priority Development Area and Disadvantaged Communities
- Attachment 5: Map - Individual and Combined Housing Distribution Factors
- Attachment 6: Table - Plan Bay Area Housing Distribution Factors and PDAs
- Attachment 7: Table - RHNA Affordable Housing Share

2014-2022 Regional Housing Need Allocation for the San Francisco Bay Area

I. About the Regional Housing Need Allocation

Since 1980, the State of California has required each town, city, and unincorporated area to plan for its share of the state's housing need for people of all income levels. The Regional Housing Need Allocation (RHNA) is the process by which each community is assigned its share of the housing need for an eight-year period. This allocation consists of two steps. First, The California Department of Housing and Community Development (HCD) determines the total housing need for each region in the state. Second, as the Council of Governments for the San Francisco Bay Area, it is ABAG's responsibility to distribute this need to local governments. The RHNA identifies each jurisdiction's responsibility for planning for housing, and is divided into four income categories that encompass all levels of housing affordability. Once it receives its RHNA, each local government must update the Housing Element of its General Plan to show how it plans to meet the housing needs in its community.

The Regional Housing Need Determination

HCD determined that the Bay Area must plan for 187,990 new housing units from 2014-2022. This determination is based on population projections produced by the California Department of Finance (DOF), which also took into account the uncertainty regarding the economy and regional housing markets. For this cycle only, HCD made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. The Regional Housing Need Determination (RHND) from HCD is divided into four income categories. The income allocation for the region is as follows:

2014 – 2022 RHNA by Income	Percent	Units (Rounded)
Very Low Up to 50 Percent of Median Income	24.8%	46,680
Low Between 51 and 80 Percent of Median Income	15.4%	28,940
Moderate Between 81 and 120 Percent of Median Income	17.8%	33,420
Above Moderate Above 120 Percent of Median Income	42.0%	78,950
	100.0%	**187,990**

II. The Relationship of RHNA and the Sustainable Communities Strategy

In a change since the 2007-2014 RHNA cycle, as a result of the passage of Senate Bill 375 (Chapter, Statutes of 2008), the RHNA must be consistent with the development pattern included in the Sustainable Communities Strategy (SCS) of the Regional Transportation Plan (RTP). SB 375 requires that each region plan for future housing needs and complementary land uses, which in turn must be supported by a transportation investment strategy, with a goal of reducing greenhouse gas (GHG) emissions from cars and light-duty trucks. ABAG and the Metropolitan Transportation Commission (MTC) have collaborated to develop a draft Plan Bay Area to meet the requirements of SB 375.

In the Bay Area, the SCS and the RHNA methodology are mutually reinforcing and were developed together to meet the overlapping objectives of SB 375 and Housing Element Law. These objectives include increasing the supply, diversity and affordability of housing; promoting infill development and a

more efficient land use pattern; promoting an improved intraregional relationship between jobs and housing; protecting environmental resources; and promoting socioeconomic equity.

The Bay Area's sustainable growth framework is built around the Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). PDAs are existing neighborhoods near transit nominated by local jurisdictions as appropriate places to concentrate future growth. There are nearly 170 adopted PDAs in more than 70 of the 109 jurisdictions in the region. The PDAs represent many types of places, from regional centers to neighborhood commercial nodes. They exist in all kinds of communities, from high-income suburban areas to city cores in need of reinvestment.

Priority Conservation Areas (PCAs) comprise over 100 regionally significant open spaces for which there exists broad consensus for long-term protection, but which face nearer-term development pressures. They ensure that Plan Bay Area considers farmland and resource areas in keeping with SB 375. The PCAs and PDAs complement one another: promoting compact development within PDAs takes development pressure off the region's open space and agricultural lands.

Addressing these different mandates requires achieving a balance between the more focused growth pattern necessary to achieve GHG emission reductions and the need to ensure that every jurisdiction contributes its "fair share" toward meeting the region's housing need. RHNA must also achieve a balance between directing affordable housing to locations where it is needed by existing residents, including rural and suburban areas, and avoiding the over-concentration of poverty. The SCS and the RHNA methodology (both described in more detail below) work in concert to direct housing growth to PDAs and non-PDA locations throughout the region in order to balance these goals and mandates in a way that promotes inclusive housing patterns throughout the region.

Beyond the requirements specified in Housing Element Law and SB 375, the comprehensive Plan Bay Area effort will support RHNA through targeted transportation investments funded under the One Bay Area Grant (OBAG). The funding criteria for OBAG take into account local jurisdictions' past housing production and the 2014-2022 RHNA, for both total units and affordable units. The OBAG program also emphasizes the importance of planning for housing by requiring that a jurisdiction has a Housing Element certified by HCD to be eligible for funding.

Although each PDA has a unique set of attributes and challenges, the goal of the SCS is that all will become complete communities that increase housing and transportation choices. The plan envisions these areas as neighborhoods where transit, jobs, schools, services, and recreation are conveniently located near people's homes. The OBAG program provides targeted investments to PDAs to help them achieve the goal of being a complete community. Making investments in neighborhoods that need them will benefit the residents living in these communities and help create more neighborhoods of opportunity throughout the region.

In addition, it is our expectation that tying the allocation of regional transportation dollars to housing and affordable housing production goals will result in the construction of more housing to meet the region's housing need compared to previous RHNA cycles. The creation of a PDA program with funding incentives tied to housing provides a mechanism through which the region can reward those jurisdictions that are planning for and producing housing. Many jurisdictions that previously did not plan for new housing have established PDAs, undergone specific planning processes, and created new zones for residential development.

The SCS land use distribution is an initial input into the RHNA methodology. For the period between 2014 and 2022, the SCS accommodates RHNA by allocating the pre-determined regional housing need from HCD to local jurisdictions consistent with the land use criteria specified in the SCS. Once the final RHNA is adopted, the final SCS will use it as the housing growth pattern for the period between 2014 and 2022. Through this process, the region's housing, transportation, and land use planning are aligned.

III. The SCS Housing Distribution

Although the PDAs are a significant component of the growth pattern in the SCS, the housing distribution incorporates multiple factors to assign growth to PDAs and non-PDA areas. The ABAG Executive Board adopted a policy in July 2011 to support equitable and sustainable development by "maximizing the regional transit network and reducing GHG emissions by providing convenient access to employment for people of all incomes." This is accomplished by distributing total housing growth numbers to: 1) job-rich cities that have PDAs or additional areas that are PDA-like; 2) areas connected to the existing transit infrastructure; and 3) areas that lack sufficient affordable housing to accommodate low-income commuters.[1]

The housing distribution in the SCS starts with local jurisdictions' plans for growth and then makes adjustments based on factors related to sustainability, equity, and the economy. Housing growth is directed to areas throughout the region (including PDAs and non-PDA areas) with high levels of transit service, low vehicle miles traveled (which is highly correlated with GHG emissions), high employment in 2040, a high number of low-income workers commuting from other places, and high housing values. These factors aim to expand housing and transportation options; increase access to jobs, particularly for low-income workers; and promote housing growth in places with high-quality services, such as parks, and schools. To meet the Bay Area's adopted performance targets for the SCS, additional housing is directed to key job centers and locations along the core transit network, including PDAs and non-PDA areas.[2]

Finally, the housing distribution in the SCS was adjusted to ensure a fair share distribution between large cities and medium cities with high job growth and transit access. Analysis of the concentrated growth pattern in the SCS indicated that some core cities require investments in transit infrastructure and utilities and improvements in public services before they can accommodate a high level of housing production. In recognition of these challenges, along with the expected pace of recovery from the current housing and fiscal crisis, ABAG shifted a small portion of housing growth in Oakland, San Jose, Newark, and the North Bay to a later period in the SCS plan horizon. The growth in these locations is expected to occur after 2022, so ABAG shifted 3,500 housing units (1.5 percent of the regional total) from these locations to the balance of the region during the RHNA period. These adjustments do not change the 2010-2040 long-term growth totals in the SCS.

IV. The RHNA Methodology

The RHNA methodology consists of two major steps: determining a jurisdiction's total RHNA and identifying the share of the jurisdiction's total RHNA in each income category. The following describes the components of the adopted RHNA Methodology.

Determining a Jurisdiction's Total RHNA

Sustainability Component

The Sustainability Component advances the goals of SB 375 and expands upon the inclusion of compact growth principles that began with the 2007-2014 RHNA methodology. Following the land use distribution specified in the SCS which allocates new housing into PDAs and non-PDA areas, 70 percent

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[1] ABAG Executive Board Meeting Summary Minutes, No. 381, p. 9. July 21, 2011. http://www.abag.ca.gov/abag/events/agendas/e091511a-Item%2006.A..pdf

[2] This affected the following cities: Burlingame, Millbrae, Oakland, Pleasanton, Redwood City, San Francisco, San Jose, San Mateo, Santa Clara, South San Francisco, Sunnyvale, and Walnut Creek. *Draft Forecast of Jobs, Population, and Housing,* March 2013, p. 39.

of the region's housing need (as determined by HCD) is allocated based on growth in PDAs and the remaining 30 percent is allocated based on growth in non-PDA locations.

Using the PDA framework from the SCS in the RHNA methodology promotes growth in sustainable locations and is a key to ensuring consistency between the two planning documents. Directing growth to infill locations is a key component of protecting agricultural and natural resources. This methodology also recognizes the multiple benefits for local communities and the region as a whole of encouraging housing, particularly affordable housing, in the neighborhoods near transit that local communities have identified as priorities for development and investment to create complete communities.

Fair Share Component

It is important that jurisdictions with PDAs are not asked to shoulder too much of the responsibility for meeting the region's housing need. PDAs are not the only areas in which housing choices are needed, and the RHNA methodology must ensure that all jurisdictions share responsibility for meeting the regional need for housing. Focusing only on PDAs could mean that jurisdictions that were unable or unwilling to designate any PDAs would not be allocated their "fair share" of the regional housing obligation.

As noted above, the housing distribution in the SCS directs housing growth to non-PDA locations in the region based on factors that aim to expand housing and transportation options; increase access to jobs, particularly for low-income workers; and promote housing growth in places with high-quality services, such as parks, and schools. The RHNA methodology builds upon this distribution with the inclusion of an explicit "fair share" component that achieves the requirement that all cities and counties in California work to provide a fair share proportion of the region's total housing need for households at all income levels. The Fair Share Component allocates housing need to provide increased access to communities with good transit access and employment opportunities.

The Fair Share Component includes the factors listed below:

- *Upper Housing Threshold:* If the SCS projects growth in a jurisdiction's PDAs that meets or exceeds 110 percent of the jurisdiction's expected household formation growth (described in more detail in Appendix A), that jurisdiction is not assigned additional units. This ensures that cities with large PDAs are not overburdened. Also, the total allocation to a jurisdiction cannot exceed 150 percent of its 2007-2014 RHNA.
- *Minimum Housing Floor:* Jurisdictions are assigned a minimum of 40 percent of their household formation growth. Setting this minimum threshold ensures that each jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.
- *Fair Share Factors:* The following three factors were applied to a jurisdiction's non-PDA growth:
    - *Past RHNA Performance:* Cities that permitted a high number of housing units for very low- and low-income households during the 1999-2006 RHNA cycle receive a lower allocation.
    - *Employment:* Jurisdictions with a higher number of existing jobs in non-PDA areas (based on 2010 data) receive a higher allocation.
    - *Transit:* Jurisdictions with higher transit frequency and coverage receive a higher allocation.

Sphere of Influence Adjustments

Spheres of Influence (SOI) must be considered in the RHNA methodology if there is projected growth within a city's SOI. Most SOI in the Bay Area are anticipated to experience growth. Every city in the Bay Area has a SOI which can be either contiguous with or go beyond the city's boundary. The SOI is considered the probable future boundary of a city and that city is responsible for planning within its SOI.

The SOI boundary is designated by the county's Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts in these areas.

The method for allocating housing need for jurisdictions where there is projected growth within the SOI varies by county. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI is assigned to the county. In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI is assigned to the city and 37.5 percent is assigned to the county.

These rules are based on the premise that each local jurisdiction with land use permitting authority over its SOI should plan for the housing need generated within that area. These rules reflect the fact that each county in the Bay Area is different in terms of whether a city or county has jurisdiction over land use and development within unincorporated SOIs.

Allocating Units by Income Category

Two primary objectives of the state's regional housing need process are to increase the supply of housing and to ensure that local governments consider the housing needs of households at all income levels. In addition to identifying each jurisdiction's share of the region's total housing need, the RHNA methodology must also divide this allocation into the four income categories defined by HCD[3]. The income allocation portion of the RHNA method is designed to ensure that each jurisdiction in the Bay Area plans for housing for households of every income. The final RHNA methodology uses the same method for distributing units by income as the 2007-2014 RHNA.

The income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. For example, jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This promotes the state objective for reducing concentrations of poverty and increasing the mix of housing types among cities and counties equitably.

The income distribution of a jurisdiction's housing need allocation is determined by the difference between the regional proportion of households in an income category and the jurisdiction's proportion for that same category. Once determined, this difference is then multiplied by 175 percent. The result becomes that jurisdiction's "adjustment factor." The jurisdiction's adjustment factor is added to the jurisdiction's initial proportion of households in each income category. The result is the total share of the jurisdiction's housing unit allocation for each income category.

For example, if a jurisdiction has 36 percent of its households in the very low income category, this would be compared to the regional percentage in this income category, which is 23 percent. The difference between 23 and 36 is -13. This is multiplied by 175 percent (the adjustment factor) for a result of -23. This number is then added to the jurisdiction's original distribution of 36 percent, for a total share of about 13 percent. Therefore, 13 percent of their allocation must be affordable to households with very low income.

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[3] Very low income is 50 percent or less of area median income (AMI), low income is 51 to 80 percent of AMI, moderate income is 81 to 120 percent of AMI, and above moderate is more than 120 percent of AMI.

V. RHNA Objectives and Factors

RHNA Objectives

State housing element law[4] mandates that the RHNA be consistent with four primary objectives. These objectives, and the ways in which the Bay Area's RHNA meets them, is described below:

- ***Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in all jurisdictions receiving an allocation of units for low- and very low-income households.***

  The RHNA allocates the total regional housing need, as determined by HCD, and every jurisdiction in the Bay Area is allocated a share of the need across all income categories. The income allocation methodology promotes a more equitable income distribution throughout the region by assigning a higher proportion of affordable units to jurisdictions that currently have a low number of very low- and low-income households.

- ***Promoting infill development and socio-economic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.***

  The Bay Area's sustainable growth framework for the SCS forecast and RHNA methodology is built around Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). By incorporating the PDAs, which are by definition infill locations near transit, the RHNA promotes infill development and a more efficient development pattern. In the SCS forecast (which is the initial input into the RHNA), more housing growth is directed to PDAs and non-PDA areas with high levels of transit service, in order to maximize the use of public transportation and capitalize on the investments in transportation infrastructure that have already been made. Also, the Fair Share Component of the RHNA methodology includes a transit factor to assign higher allocations to jurisdictions with strong transit networks.

  Promoting compact development within PDAs takes development pressure off the region's open space and agricultural lands. The SCS forecast directs growth away from the region's adopted PCAs as well as farmland and resource lands. The urban growth boundaries and other policies for city-centered growth enacted by local jurisdictions are also used to constrain growth. As a result, all of the region's future growth in the SCS and RHNA is forecast to occur within the existing urban footprint. The RHNA methodology also includes Sphere of Influence adjustments that respect local agreements about directing growth in unincorporated areas by allocating units to the jurisdiction, whether city or county, that has authority over land use and development within the unincorporated Sphere of Influence.

  The RHNA promotes socio-economic equity by expanding the range of housing choices available in all jurisdictions throughout the Bay Area. The fair share component of the RHNA methodology includes a Minimum Housing Floor that assigns jurisdictions a minimum of 40 percent of their expected household growth. Setting this minimum threshold ensures that each jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.

  The RHNA also includes elements specifically intended to increase the range of housing options for low-income households. The emphasis on linking housing growth to transit has the potential to provide households' with increased access to jobs, services, and other amenities—particularly

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[4] Government Code Section 65584(d).

for low-income households that cannot afford car ownership. The SCS forecast also distributes more housing to jurisdictions that import a high number of low-income workers as a way to increase access to jobs for these workers.

Jurisdictions with high median home values also received more housing growth to expand housing options in places with high-quality services, such as parks, and schools. The RHNA methodology allocates more housing to jurisdictions that permitted few affordable housing units during the 1999-2006 RHNA period. In addition, the income allocation methodology encourages more affordable housing in high-income areas by allocating a higher proportion of affordable housing units to jurisdictions that have fewer very-low and low-income households compared to other jurisdictions in the region.

- ***Promoting an improved intraregional relationship between jobs and housing.***

  The employment distribution in the SCS considers job sectors, and links job growth to existing employment clusters and to the future housing distribution. The housing distribution in the SCS specifically shifts housing growth to locations forecasted to be job centers in 2040 and to places that are importing many low-income workers. The RHNA methodology builds on this framework with the employment factor in the Fair Share Component that links the housing allocation to the number of jobs in non-PDA locations.

- ***Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.***

  The income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. For example, jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This promotes the state objective for reducing concentrations of poverty and increasing the mix of housing types among cities and counties equitably.

Statutory Factors

State housing element law also requires ABAG to consider a specific set of factors in the development of the RHNA methodology[5]. Many of these factors were incorporated in the development of the SCS forecast, which is an input into the RHNA methodology. The statutory factors to be considered and a discussion of how each is addressed in the Bay Area's RHNA methodology is provided below:

1. Each member jurisdiction's existing and projected jobs and housing relationship.	The SCS forecast is based on information from local governments about existing land uses as well as their plans for future growth. A detailed understanding of the locations of jobs and housing within each jurisdiction is the starting place for the distribution of future employment and housing growth in the SCS. The employment distribution in the SCS considers job sectors, and links job growth to existing employment clusters and to the future

[5] Government Code Section 65584.04(d).

	housing distribution. The housing distribution in the SCS specifically shifts housing growth to locations forecasted to be job centers in 2040 and to places that are importing many low-income workers. The RHNA methodology builds on this framework with the employment factor in the Fair Share Component that links the housing allocation to the number of jobs in non-PDA locations.
2. The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following: ***a. Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.*** ***b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.*** ***c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats and natural resources on a long-term basis.*** ***d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.***	Local jurisdictions consider infrastructure requirements, including water and sewer capacity, when developing their general plans and neighborhood plans. Local plans and information about existing land uses are used to inform the SCS forecast. The forecast also evaluates each local jurisdiction's capacity for additional growth, considering opportunities to increase residential densities or convert land to residential uses. In the SCS forecast, roughly 70 percent of future housing growth will be multi-family housing. This compares to 35 percent of total housing construction in the 1990s to nearly 50 percent in the 2000s, and 65 percent in 2010.[6] The SCS forecast directs growth away from the region's adopted Priority Conservation Areas (PCAs) as well as farmland and resource lands. The urban growth boundaries enacted by local jurisdictions are also used to constrain growth. As a result, all of the region's future growth in the SCS is forecast to occur within the existing urban footprint. The SCS forecast is an initial input into the RHNA methodology. In the RHNA methodology, the Upper Housing Threshold ensures that jurisdictions with PDAs are not overburdened by being allocated too much responsibility for addressing the region's housing need. The Minimum Housing Floor ensures that every jurisdiction plans for a portion of its expected household formation growth and that the housing allocations are not limited by existing zoning.

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[6] *Draft Plan Bay Area*, page 38.

3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.	The SCS is the land use element for the regional transportation plan, and the SCS forecast is an initial input into the RHNA methodology. In the SCS, more housing growth is directed to areas with high levels of transit service, in order to maximize the use of public transportation and capitalize on the investments in transportation infrastructure that have already been made. The RHNA methodology also encourages transit use by directing growth to transit-served locations throughout the region. The Sustainability Component of the RHNA methodology distributes 70 percent of the region's total housing need based on growth assigned to the Bay Area's adopted PDAs which, by definition, are areas near transit. Also, the Fair Share Component of the RHNA methodology includes a transit factor to assign higher allocations to jurisdictions with strong transit networks.
4. The market demand for housing.	Local jurisdictions consider market demand when developing their general plans and neighborhood plans which are used to inform the SCS housing forecast. In addition, the SCS accounts for vacant units by reducing the new units assigned to an area based on the number of vacant units that need to be absorbed before additional housing growth is likely to occur. The SCS also considers the market demand for housing with the inclusion of a housing value factor that directs additional housing to a jurisdiction based on its median home value in 2010. The median home value in an area is a proxy for the market demand for housing in that area.
5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.	The urban growth boundaries and other policies for city-centered growth enacted by local jurisdictions are used to constrain growth in the SCS forecast. As a result, all of the region's future growth in the SCS is forecast to occur within the existing urban footprint. The SCS forecast is an initial input into the RHNA methodology. In addition, the RHNA methodology includes a Sphere of Influence adjustment that applies different allocation rules to the different Bay Area counties. The rules respect the city and county agreements about directing growth in

	unincorporated areas by allocating units to the jurisdiction, whether city or county, that has authority over land use and development within the unincorporated Sphere of Influence.
6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.	Data about the loss of assisted housing units was not readily available at the time the RHNA methodology was developed, and varies widely among local jurisdictions. Each jurisdiction will address this issue and how best to address it when preparing its Housing Element. The OneBayArea grant program incentivizes jurisdictions to have a Housing Element that is certified by HCD, since jurisdictions are not eligible to receiving transportation funding if this requirement is not met. The RHNA income allocation methodology gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Jurisdictions that have a lower number of low-income households (because of a loss of assisted housing units or other reasons) will have increased responsibility to provide affordable housing options.
7. High-housing cost burdens.	The RHNA income allocation methodology gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Jurisdictions with particularly high housing costs, and a resulting small proportion of low-income households, will receive a higher allocation of affordable units to address the higher housing costs. The RHNA methodology also directs higher allocations to jurisdictions that exacerbated high housing cost burdens by permitting fewer affordable units during the 1999-2006 RHNA period.
8. The housing needs of farmworkers.	The fair share component of the RHNA methodology includes a Minimum Housing Floor that assigns jurisdictions a minimum of 40 percent of their expected household formation growth. This minimum threshold encourages all jurisdictions to produce a portion of the total housing need. This ensures that, although a significant portion of the RHNA is directed to transit-rich areas, less intensely developed areas

	with a need for farm worker housing will still produce new residential units. In addition, farmworker housing needs are considered part of the housing needs for very low- and low-income households. The RHNA income allocation methodology gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category.
9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.	Household estimates in the SCS forecast account for all people living in homes, including students. Students living in college dormitories (known as "group quarters") are not included as part of the household population and are not considered as part of the RHNA process.
10. Other	The RHNA methodology includes a factor that directs lower allocations to jurisdictions that permitted more very low- and low-income units during the 1999-2006 RHNA period. This factor rewards jurisdictions that have succeeded in expanding the range of affordable housing options in their communities.

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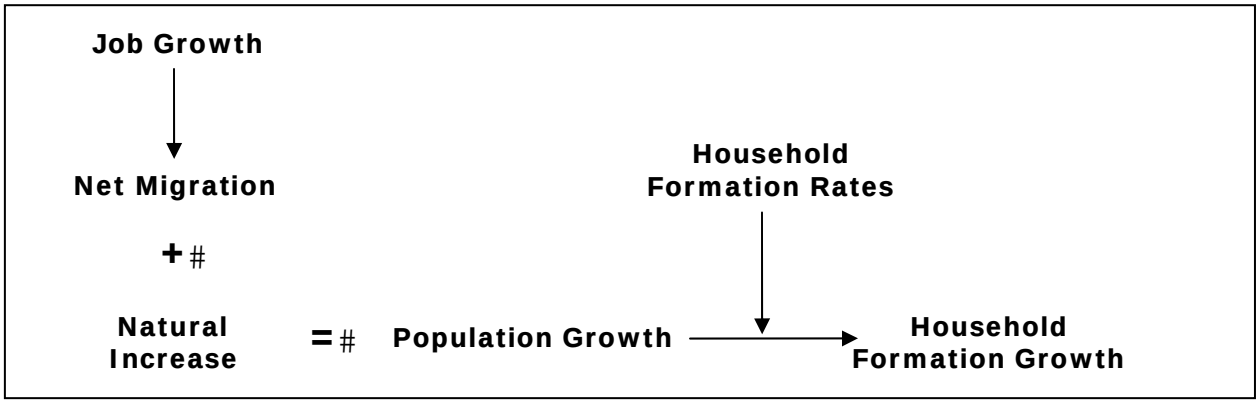
Appendix A: Household Formation Growth

Household formation growth is a component of the draft Regional Housing Need Allocation (RHNA) methodology that is currently under development by ABAG. It is an estimate of the future number of households without taking into account financial, zoning or land availability constraints. Household formation growth is calculated based on the expected population growth and the rates at which different age and ethnic groups form households. Population growth is forecast based on natural increase, migration, and jobs.



1. ***Job growth***: Expected number of jobs as a share of the national job growth, considering historic trends, performance by industry, international competitiveness, and labor skills.
2. ***Net Migration***: total number of people moving into minus people moving out of the region. This can be related to economic, social, or political reasons. The largest share of net migration is based on jobs, which means that a growing economy will attract more people and a declining economy will push people out of the region.
3. ***Natural increase***: total number of expected births minus deaths.
4. ***Population***: Sum of natural increase and net migration
5. ***Household formation rates***: The expected number of households formed per 100 residents over 20 years of age by age and ethnic group. If a 50 percent rate is applied to one million residents, it will result in 500,000 households. These rates vary by age and ethnicity. For example, many 25- to 35-year-old residents live with their parents or friends so this group will form fewer households than older groups. Similarly, many Latino and Asian households include more grandparents or cousins than White families, thus they will form fewer households. These rates are based on historic trends.
6. ***Household formation growth***: Total expected growth in households derived from household formation rates applied to population growth.

Household formation growth by local jurisdiction for the San Francisco Bay Area: The process described above is developed at the regional and county levels. Then, the county total household formation growth is distributed based on each city's share of county current population.

Attachment 1

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
REGION	**46,680**	**28,940**	**33,420**	**78,950**	**187,990**
Alameda County					
Alameda	442	247	282	745	1,716
Albany	80	53	57	144	334
Berkeley	530	440	581	1,395	2,946
Dublin	793	444	423	615	2,275
Emeryville	275	210	258	749	1,492
Fremont	1,707	922	974	1,829	5,432
Hayward	862	490	625	2,044	4,021
Livermore	835	472	494	916	2,717
Newark	328	166	157	422	1,073
Oakland	2,050	2,066	2,803	7,782	14,701
Piedmont	24	14	15	7	60
Pleasanton	713	389	405	551	2,058
San Leandro	502	269	350	1,156	2,277
Union City	316	179	191	415	1,101
Alameda County Unincorporated	428	226	294	814	1,762
	9,885	**6,587**	**7,909**	**19,584**	**43,965**
Contra Costa County					
Antioch	348	204	213	677	1,442
Brentwood	233	123	122	278	756
Clayton	51	25	31	34	141
Concord	794	442	556	1,670	3,462
Danville	195	111	124	125	555
El Cerrito	100	63	69	165	397
Hercules	219	117	100	243	679
Lafayette	146	83	90	107	426
Martinez	123	72	78	194	467
Moraga	75	43	50	60	228
Oakley	316	173	174	500	1,163
Orinda	84	47	53	42	226
Pinole	80	48	42	126	296
Pittsburg	390	253	315	1,058	2,016
Pleasant Hill	117	69	84	176	446
Richmond	436	304	408	1,276	2,424
San Pablo	55	53	75	264	447
San Ramon	514	278	281	338	1,411
Walnut Creek	601	353	379	892	2,225
Contra Costa County Unincorporated	372	217	242	530	1,361
	5,249	**3,078**	**3,486**	**8,755**	**20,568**

RHNA Methodology adopted by ABAG Executive Board on July 19, 2012.
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Marin County					
Belvedere	4	3	4	5	16
Corte Madera	22	13	13	24	72
Fairfax	16	11	11	23	61
Larkspur	40	20	21	51	132
Mill Valley	41	24	26	38	129
Novato	111	65	72	166	414
Ross	6	4	4	4	18
San Anselmo	33	17	19	37	106
San Rafael	239	147	180	437	1,003
Sausalito	26	14	16	23	79
Tiburon	24	16	19	19	78
Marin County Unincorporated	55	32	37	60	184
	617	**366**	**422**	**887**	**2,292**
Napa County					
American Canyon	116	54	58	164	392
Calistoga	6	2	4	15	27
Napa	185	106	141	403	835
St. Helena	8	5	5	13	31
Yountville	4	2	3	8	17
Napa County Unincorporated	51	30	32	67	180
	370	**199**	**243**	**670**	**1,482**
San Francisco County					
San Francisco	6,207	4,619	5,437	12,482	28,745
	6,207	**4,619**	**5,437**	**12,482**	**28,745**

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San Mateo County					
Atherton	36	27	29	14	106
Belmont	116	63	67	121	367
Brisbane	25	13	15	30	83
Burlingame	280	149	158	388	975
Colma	20	8	9	30	67
Daly City	408	194	225	681	1,508
East Palo Alto	64	54	83	266	467
Foster City	148	87	76	119	430
Half Moon Bay	52	31	36	67	186
Hillsborough	50	29	34	16	129
Menlo Park	237	133	145	219	734
Millbrae	193	101	112	272	678
Pacifica	121	68	70	154	413
Portola Valley	21	15	15	13	64
Redwood City	706	429	502	1,147	2,784
San Bruno	365	166	208	555	1,294
San Carlos	195	107	111	183	596
San Mateo	859	469	530	1,172	3,030
South San Francisco	576	290	318	922	2,106
Woodside	23	13	15	11	62
San Mateo County Unincorporated	100	61	72	106	339
	4,595	**2,507**	**2,830**	**6,486**	**16,418**
Santa Clara County					
Campbell	252	137	150	390	929
Cupertino	354	206	230	269	1,059
Gilroy	235	159	216	473	1,083
Los Altos	168	99	112	96	475
Los Altos Hills	46	28	32	15	121
Los Gatos	200	112	132	173	617
Milpitas	1,000	568	563	1,145	3,276
Monte Sereno	23	13	13	12	61
Morgan Hill	272	153	184	315	924
Mountain View	810	490	525	1,088	2,913
Palo Alto	688	430	476	585	2,179
San Jose	9,193	5,405	6,161	14,170	34,929
Santa Clara	1,045	692	752	1,586	4,075
Saratoga	147	95	104	92	438
Sunnyvale	1,780	992	1,027	2,179	5,978
Santa Clara County Unincorporated	22	13	14	28	77
	16,235	**9,592**	**10,691**	**22,616**	**59,134**

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	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Solano County					
Benicia	94	54	56	123	327
Dixon	50	24	30	93	197
Fairfield	861	451	514	1,664	3,490
Rio Vista	15	12	16	56	99
Suisun City	105	40	41	169	355
Vacaville	287	134	173	490	1,084
Vallejo	283	178	211	690	1,362
Solano County Unincorporated	16	9	12	26	63
	1,711	**902**	**1,053**	**3,311**	**6,977**
Sonoma County					
Cloverdale	39	29	31	111	210
Cotati	35	18	18	66	137
Healdsburg	31	24	26	75	156
Petaluma	198	102	120	321	741
Rohnert Park	180	107	126	482	895
Santa Rosa	943	579	756	2,364	4,642
Sebastopol	22	17	19	62	120
Sonoma	24	23	27	63	137
Windsor	120	65	67	187	439
Sonoma County Unincorporated	219	126	159	428	932
	1,811	**1,090**	**1,349**	**4,159**	**8,409**
REGION	**46,680**	**28,940**	**33,420**	**78,950**	**187,990**

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	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
REGION	**24.8%**	**15.4%**	**17.8%**	**42.0%**	**100.0%**
Alameda County					
Alameda	25.8%	14.4%	16.4%	43.4%	100.0%
Albany	24.0%	15.9%	17.1%	43.1%	100.0%
Berkeley	18.0%	14.9%	19.7%	47.4%	100.0%
Dublin	34.9%	19.5%	18.6%	27.0%	100.0%
Emeryville	18.4%	14.1%	17.3%	50.2%	100.0%
Fremont	31.4%	17.0%	17.9%	33.7%	100.0%
Hayward	21.4%	12.2%	15.5%	50.8%	100.0%
Livermore	30.7%	17.4%	18.2%	33.7%	100.0%
Newark	30.6%	15.5%	14.6%	39.3%	100.0%
Oakland	13.9%	14.1%	19.1%	52.9%	100.0%
Piedmont	40.0%	23.3%	25.0%	11.7%	100.0%
Pleasanton	34.6%	18.9%	19.7%	26.8%	100.0%
San Leandro	22.0%	11.8%	15.4%	50.8%	100.0%
Union City	28.7%	16.3%	17.3%	37.7%	100.0%
Alameda County Unincorporated	24.3%	12.8%	16.7%	46.2%	100.0%
	22.5%	**15.0%**	**18.0%**	**44.5%**	**100.0%**
Contra Costa County					
Antioch	24.1%	14.1%	14.8%	46.9%	100.0%
Brentwood	30.8%	16.3%	16.1%	36.8%	100.0%
Clayton	36.2%	17.7%	22.0%	24.1%	100.0%
Concord	22.9%	12.8%	16.1%	48.2%	100.0%
Danville	35.1%	20.0%	22.3%	22.5%	100.0%
El Cerrito	25.2%	15.9%	17.4%	41.6%	100.0%
Hercules	32.3%	17.2%	14.7%	35.8%	100.0%
Lafayette	34.3%	19.5%	21.1%	25.1%	100.0%
Martinez	26.3%	15.4%	16.7%	41.5%	100.0%
Moraga	32.9%	18.9%	21.9%	26.3%	100.0%
Oakley	27.2%	14.9%	15.0%	43.0%	100.0%
Orinda	37.2%	20.8%	23.5%	18.6%	100.0%
Pinole	27.0%	16.2%	14.2%	42.6%	100.0%
Pittsburg	19.3%	12.5%	15.6%	52.5%	100.0%
Pleasant Hill	26.2%	15.5%	18.8%	39.5%	100.0%
Richmond	18.0%	12.5%	16.8%	52.6%	100.0%
San Pablo	12.3%	11.9%	16.8%	59.1%	100.0%
San Ramon	36.4%	19.7%	19.9%	24.0%	100.0%
Walnut Creek	27.0%	15.9%	17.0%	40.1%	100.0%
Contra Costa County Unincorporated	27.3%	15.9%	17.8%	38.9%	100.0%
	25.5%	**15.0%**	**16.9%**	**42.6%**	**100.0%**

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Marin County					
Belvedere	25.0%	18.8%	25.0%	31.3%	100.0%
Corte Madera	30.6%	18.1%	18.1%	33.3%	100.0%
Fairfax	26.2%	18.0%	18.0%	37.7%	100.0%
Larkspur	30.3%	15.2%	15.9%	38.6%	100.0%
Mill Valley	31.8%	18.6%	20.2%	29.5%	100.0%
Novato	26.8%	15.7%	17.4%	40.1%	100.0%
Ross	33.3%	22.2%	22.2%	22.2%	100.0%
San Anselmo	31.1%	16.0%	17.9%	34.9%	100.0%
San Rafael	23.8%	14.7%	17.9%	43.6%	100.0%
Sausalito	32.9%	17.7%	20.3%	29.1%	100.0%
Tiburon	30.8%	20.5%	24.4%	24.4%	100.0%
Marin County Unincorporated	29.9%	17.4%	20.1%	32.6%	100.0%
	26.9%	**16.0%**	**18.4%**	**38.7%**	**100.0%**
Napa County					
American Canyon	29.6%	13.8%	14.8%	41.8%	100.0%
Calistoga	22.2%	7.4%	14.8%	55.6%	100.0%
Napa	22.2%	12.7%	16.9%	48.3%	100.0%
St. Helena	25.8%	16.1%	16.1%	41.9%	100.0%
Yountville	23.5%	11.8%	17.6%	47.1%	100.0%
Napa County Unincorporated	28.3%	16.7%	17.8%	37.2%	100.0%
	25.0%	**13.4%**	**16.4%**	**45.2%**	**100.0%**
San Francisco County					
San Francisco	21.6%	16.1%	18.9%	43.4%	100.0%
	21.6%	**16.1%**	**18.9%**	**43.4%**	**100.0%**

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San Mateo County					
Atherton	34.0%	25.5%	27.4%	13.2%	100.0%
Belmont	31.6%	17.2%	18.3%	33.0%	100.0%
Brisbane	30.1%	15.7%	18.1%	36.1%	100.0%
Burlingame	28.7%	15.3%	16.2%	39.8%	100.0%
Colma	29.9%	11.9%	13.4%	44.8%	100.0%
Daly City	27.1%	12.9%	14.9%	45.2%	100.0%
East Palo Alto	13.7%	11.6%	17.8%	57.0%	100.0%
Foster City	34.4%	20.2%	17.7%	27.7%	100.0%
Half Moon Bay	28.0%	16.7%	19.4%	36.0%	100.0%
Hillsborough	38.8%	22.5%	26.4%	12.4%	100.0%
Menlo Park	32.3%	18.1%	19.8%	29.8%	100.0%
Millbrae	28.5%	14.9%	16.5%	40.1%	100.0%
Pacifica	29.3%	16.5%	16.9%	37.3%	100.0%
Portola Valley	32.8%	23.4%	23.4%	20.3%	100.0%
Redwood City	25.4%	15.4%	18.0%	41.2%	100.0%
San Bruno	28.2%	12.8%	16.1%	42.9%	100.0%
San Carlos	32.7%	18.0%	18.6%	30.7%	100.0%
San Mateo	28.3%	15.5%	17.5%	38.7%	100.0%
South San Francisco	27.4%	13.8%	15.1%	43.8%	100.0%
Woodside	37.1%	21.0%	24.2%	17.7%	100.0%
San Mateo County Unincorporated	29.5%	18.0%	21.2%	31.3%	100.0%
	28.0%	**15.3%**	**17.2%**	**39.5%**	**100.0%**
Santa Clara County					
Campbell	27.1%	14.7%	16.1%	42.0%	100.0%
Cupertino	33.4%	19.5%	21.7%	25.4%	100.0%
Gilroy	21.7%	14.7%	19.9%	43.7%	100.0%
Los Altos	35.4%	20.8%	23.6%	20.2%	100.0%
Los Altos Hills	38.0%	23.1%	26.4%	12.4%	100.0%
Los Gatos	32.4%	18.2%	21.4%	28.0%	100.0%
Milpitas	30.5%	17.3%	17.2%	35.0%	100.0%
Monte Sereno	37.7%	21.3%	21.3%	19.7%	100.0%
Morgan Hill	29.4%	16.6%	19.9%	34.1%	100.0%
Mountain View	27.8%	16.8%	18.0%	37.3%	100.0%
Palo Alto	31.6%	19.7%	21.8%	26.8%	100.0%
San Jose	26.3%	15.5%	17.6%	40.6%	100.0%
Santa Clara	25.6%	17.0%	18.5%	38.9%	100.0%
Saratoga	33.6%	21.7%	23.7%	21.0%	100.0%
Sunnyvale	29.8%	16.6%	17.2%	36.5%	100.0%
Santa Clara County Unincorporated	28.6%	16.9%	18.2%	36.4%	100.0%
	27.5%	**16.2%**	**18.1%**	**38.2%**	**100.0%**

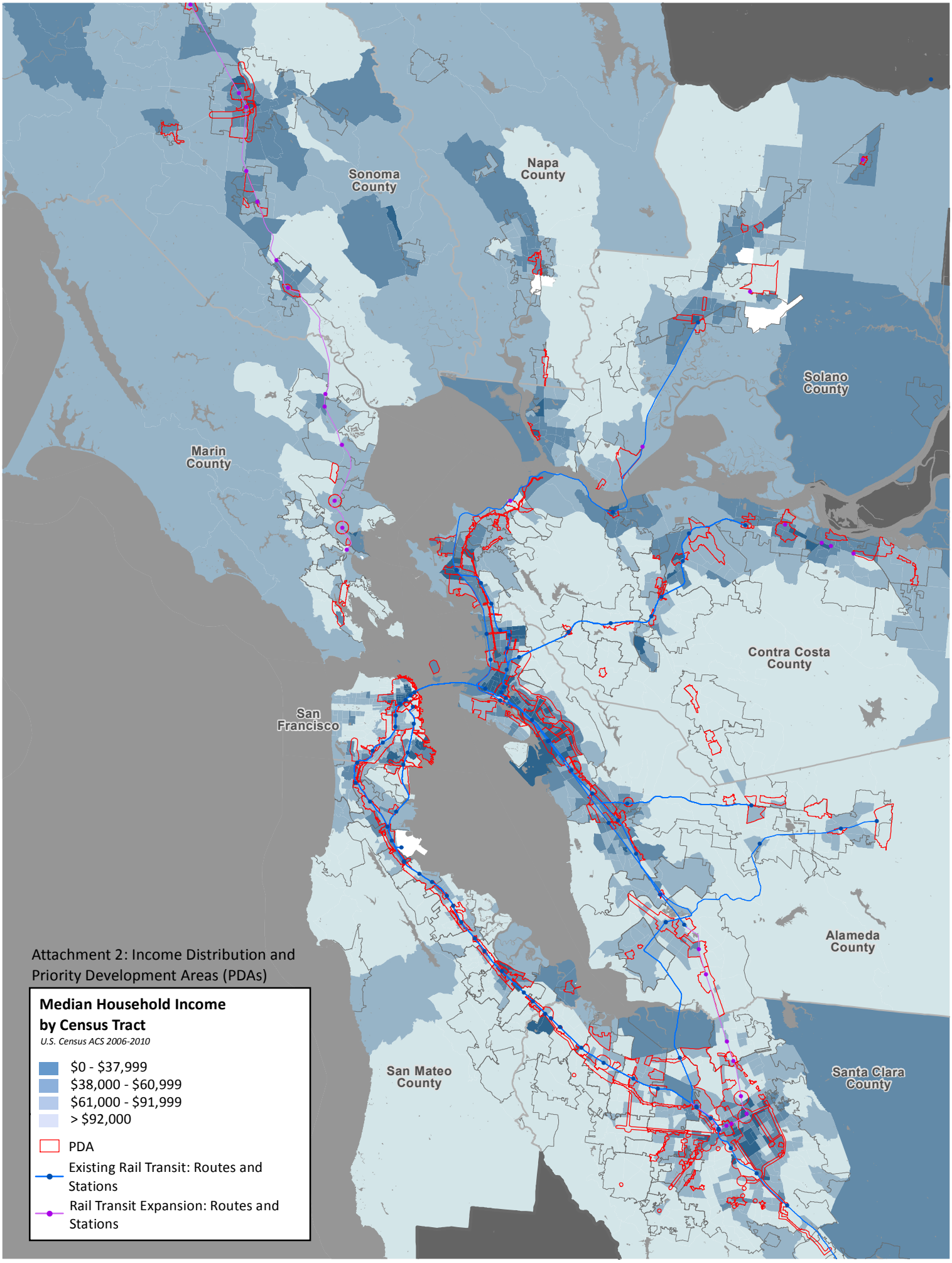
RHNA Methodology adopted by ABAG Executive Board on July 19, 2012.
ABAG is scheduled to issue Final Allocation in June 2013 and to adopt in July 2013.

Attachment 1

DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Solano County					
Benicia	28.7%	16.5%	17.1%	37.6%	100.0%
Dixon	25.4%	12.2%	15.2%	47.2%	100.0%
Fairfield	24.7%	12.9%	14.7%	47.7%	100.0%
Rio Vista	15.2%	12.1%	16.2%	56.6%	100.0%
Suisun City	29.6%	11.3%	11.5%	47.6%	100.0%
Vacaville	26.5%	12.4%	16.0%	45.2%	100.0%
Vallejo	20.8%	13.1%	15.5%	50.7%	100.0%
Solano County Unincorporated	25.4%	14.3%	19.0%	41.3%	100.0%
	24.5%	**12.9%**	**15.1%**	**47.5%**	**100.0%**
Sonoma County					
Cloverdale	18.6%	13.8%	14.8%	52.9%	100.0%
Cotati	25.5%	13.1%	13.1%	48.2%	100.0%
Healdsburg	19.9%	15.4%	16.7%	48.1%	100.0%
Petaluma	26.7%	13.8%	16.2%	43.3%	100.0%
Rohnert Park	20.1%	12.0%	14.1%	53.9%	100.0%
Santa Rosa	20.3%	12.5%	16.3%	50.9%	100.0%
Sebastopol	18.3%	14.2%	15.8%	51.7%	100.0%
Sonoma	17.5%	16.8%	19.7%	46.0%	100.0%
Windsor	27.3%	14.8%	15.3%	42.6%	100.0%
Sonoma County Unincorporated	23.5%	13.5%	17.1%	45.9%	100.0%
	21.5%	**13.0%**	**16.0%**	**49.5%**	**100.0%**
REGION	**24.8%**	**15.4%**	**17.8%**	**42.0%**	**100.0%**

RHNA Methodology adopted by ABAG Executive Board on July 19, 2012.
ABAG is scheduled to issue Final Allocation in June 2013 and to adopt in July 2013.



Attachment 2: Income Distribution and Priority Development Areas (PDAs)

Median Household Income by Census Tract

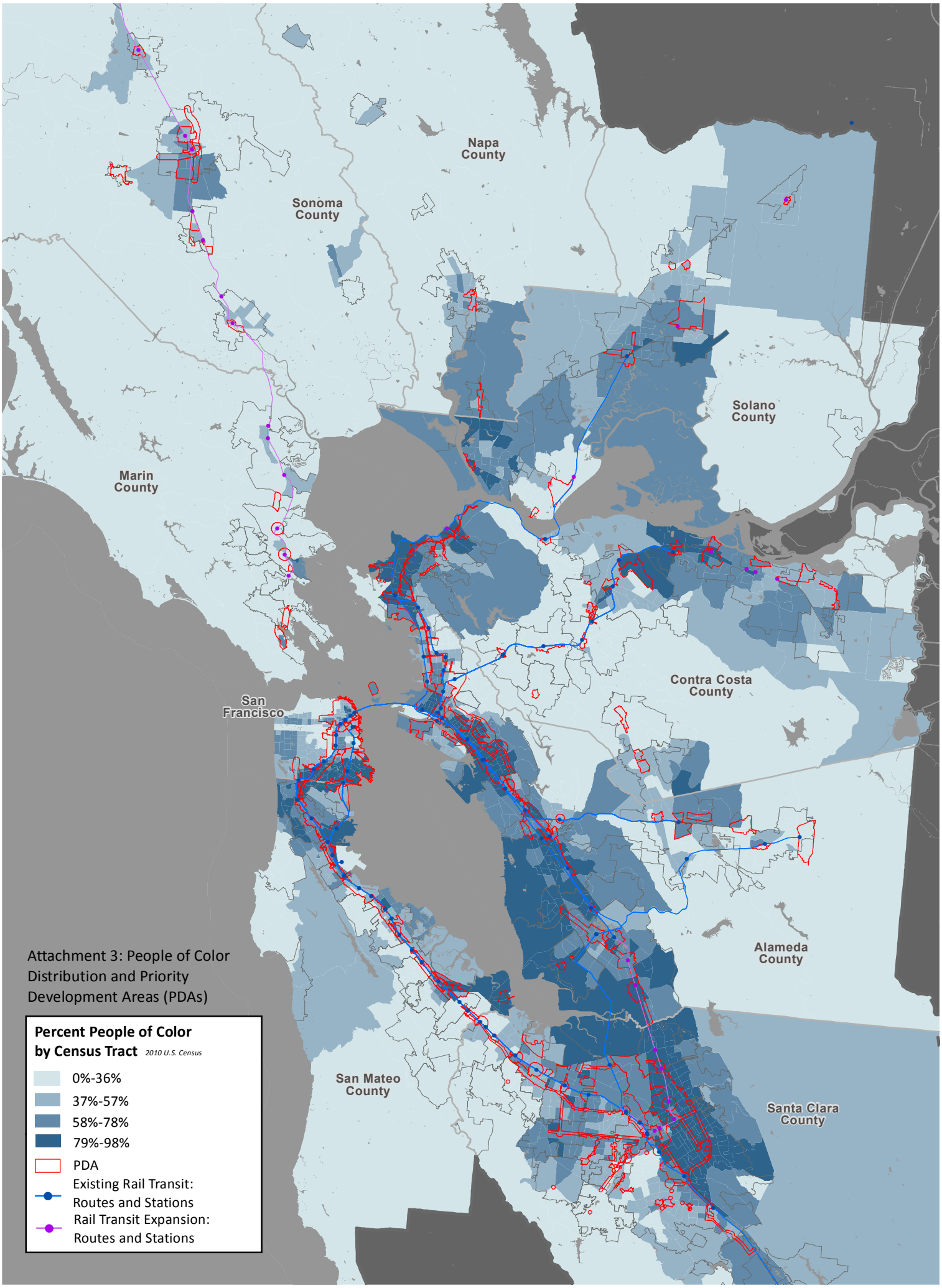
U.S. Census ACS 2006-2010

- $0 - $37,999
- $38,000 - $60,999
- $61,000 - $91,999
- > $92,000

PDA

Existing Rail Transit: Routes and Stations

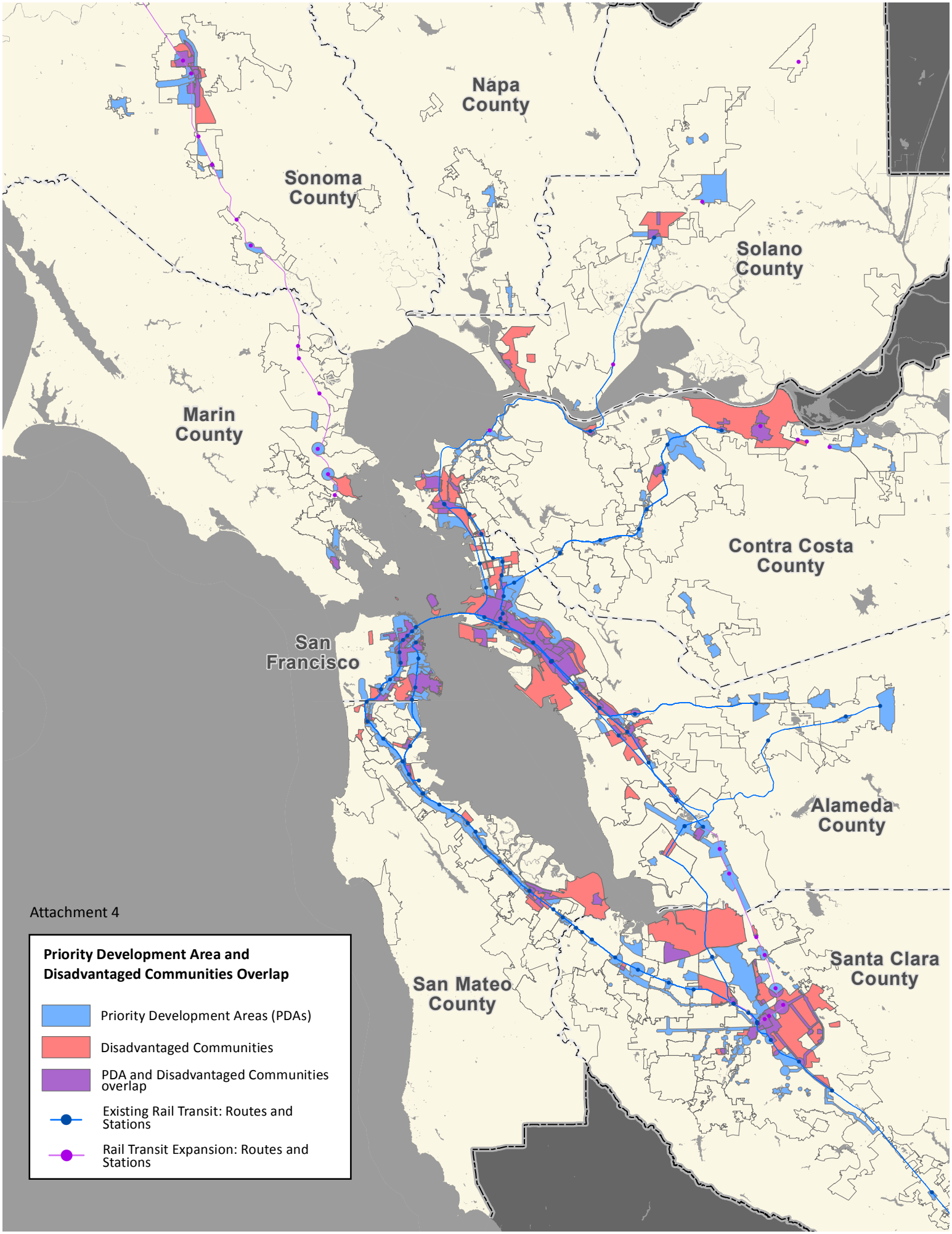
Rail Transit Expansion: Routes and Stations



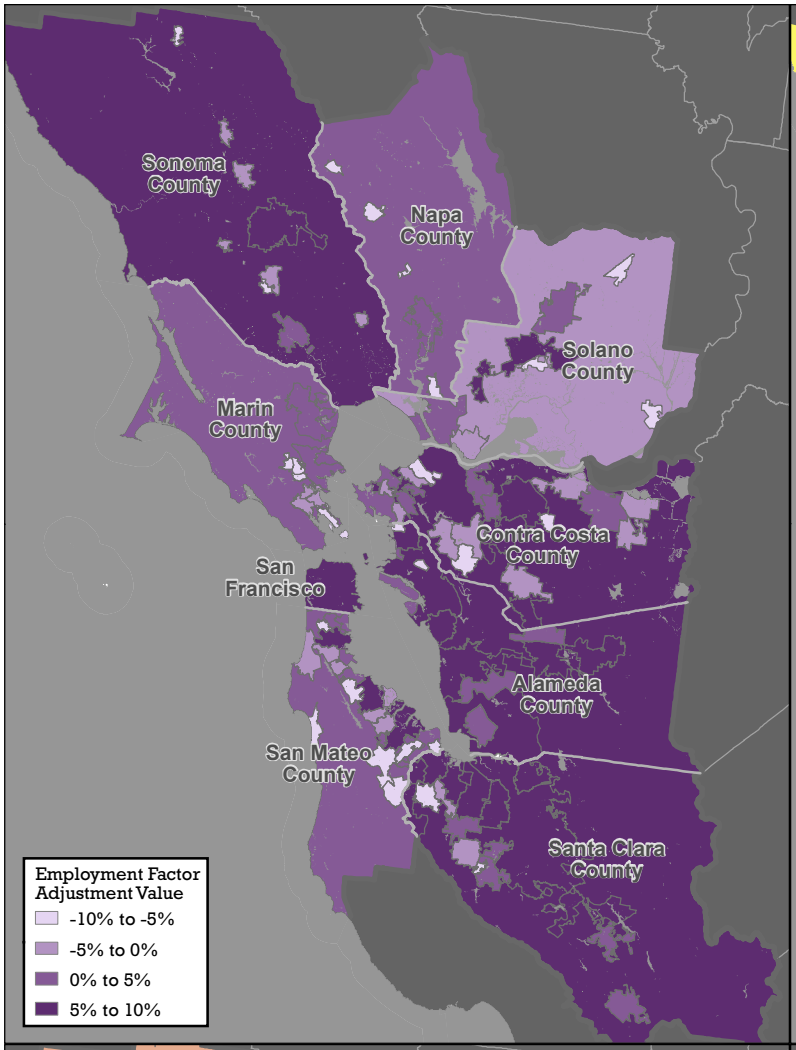
Attachment 3: People of Color Distribution and Priority Development Areas (PDAs)

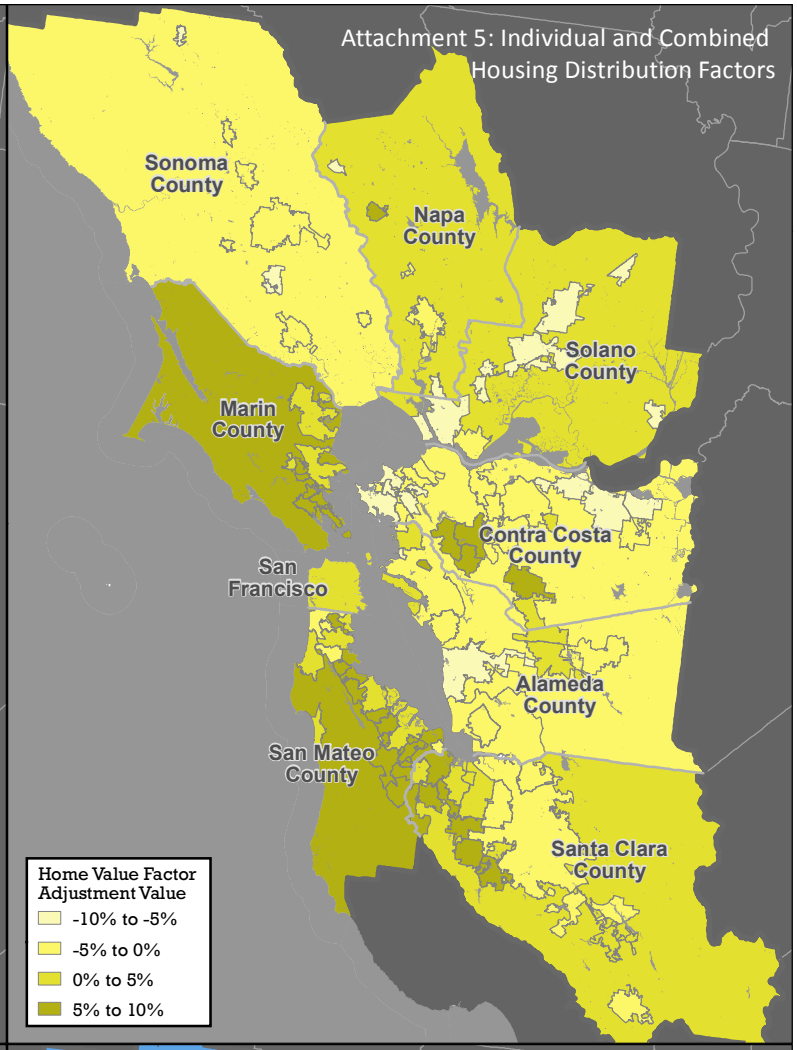
Percent People of Color by Census Tract *2010 U.S. Census*

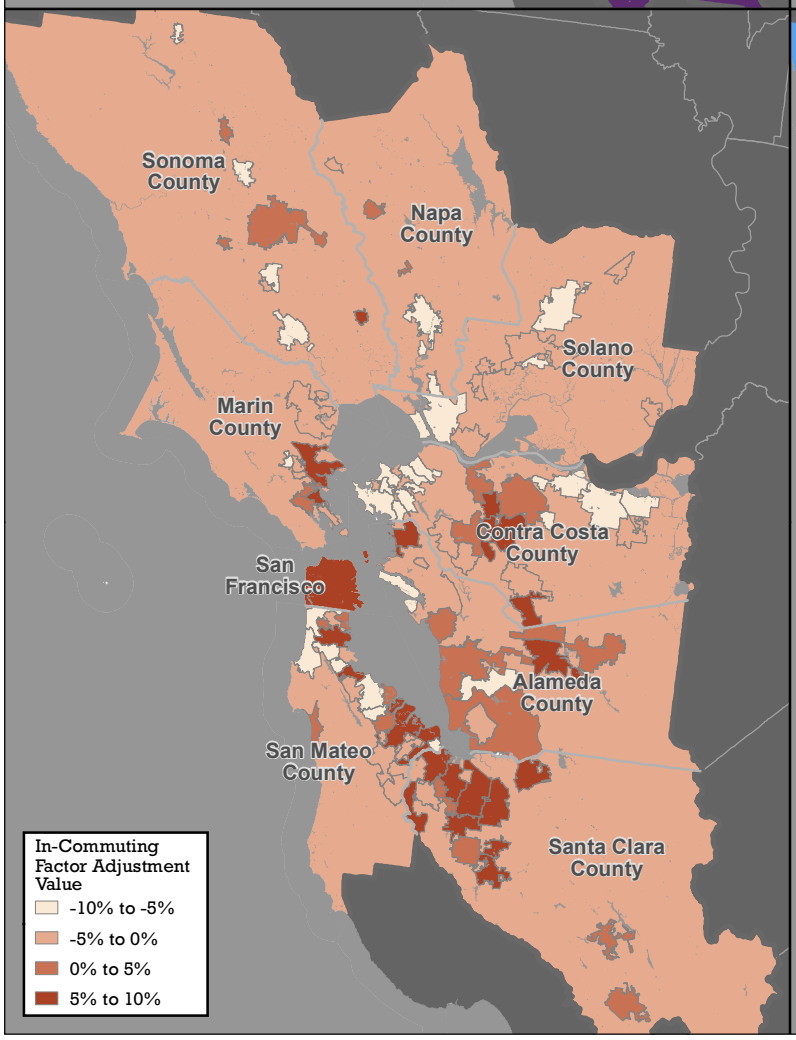
- 0%-36%
- 37%-57%
- 58%-78%
- 79%-98%
- PDA
- Existing Rail Transit: Routes and Stations
- Rail Transit Expansion: Routes and Stations

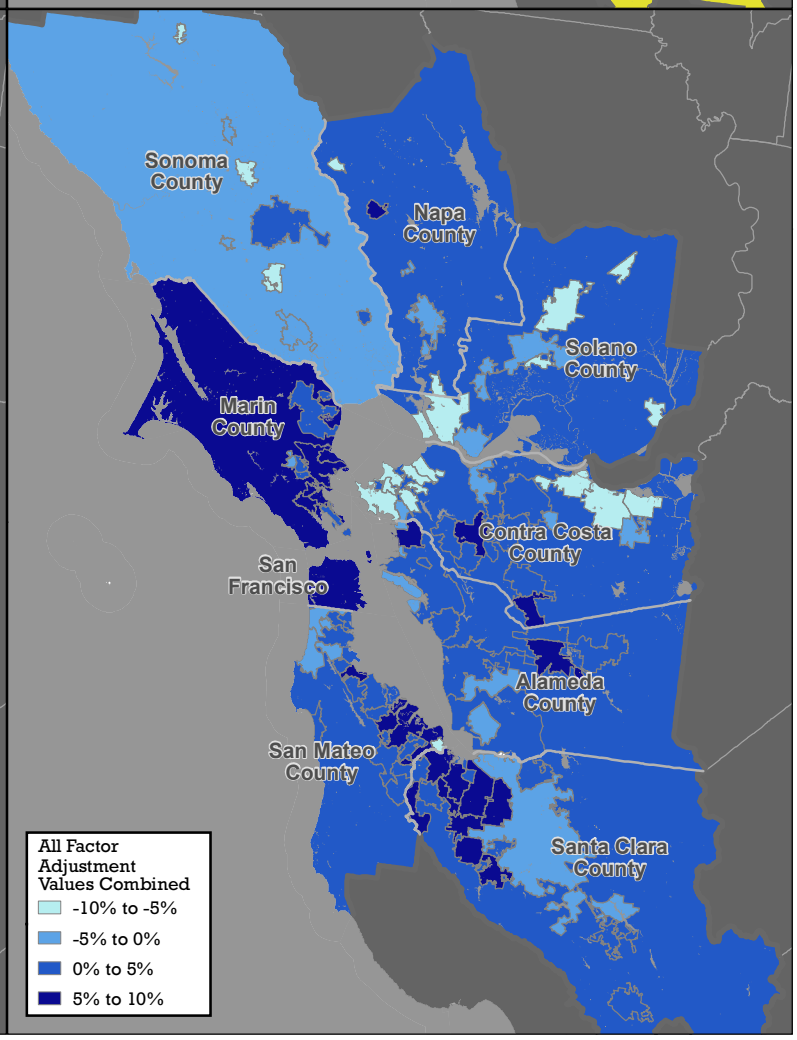

Napa County
Sonoma County
Solano County
Marin County
Contra Costa County
San Francisco
Alameda County
San Mateo County
Santa Clara County
Attachment 4
Priority Development Area and Disadvantaged Communities Overlap
Priority Development Areas (PDAs)
Disadvantaged Communities
PDA and Disadvantaged Communities overlap
Existing Rail Transit: Routes and Stations
Rail Transit Expansion: Routes and Stations

Attachment 5: Individual and Combined Housing Distribution Factors









Attachment 6

Plan Bay Area Housing Distribution Factors and PDAs

Jurisdiction	County	Employment [1]	Home Value [2]	In-Commuting [3]	Combined [4]	Median Household Income [5]
Palo Alto	Santa Clara	9.60%	10.00%	9.20%	9.67%	$119,483
Burlingame	San Mateo	4.40%	10.00%	8.20%	8.47%	$82,295
Los Gatos	Santa Clara	3.00%	10.00%	6.60%	7.70%	$118,158
Cupertino	Santa Clara	3.60%	9.32%	6.80%	7.53%	$119,398
Menlo Park	San Mateo	4.00%	10.00%	5.20%	7.40%	$107,261
San Francisco	San Francisco	10.00%	3.58%	9.40%	6.69%	$70,040
Pleasanton	Alameda	8.20%	4.10%	8.40%	6.22%	$113,582
San Rafael	Marin	5.20%	4.94%	7.60%	5.87%	$71,339
Redwood City	San Mateo	8.60%	4.68%	6.00%	5.77%	$76,183
Lafayette	Contra Costa	-1.80%	10.00%	2.80%	5.63%	$125,519
Mountain View	Santa Clara	7.80%	2.92%	8.00%	5.43%	$86,616
Los Altos	Santa Clara	-0.40%	10.00%	1.40%	5.40%	$155,466
Berkeley	Alameda	9.20%	1.90%	8.60%	5.35%	$59,097
San Carlos	San Mateo	-0.20%	7.80%	4.20%	5.27%	$105,042
Sausalito	Marin	-4.20%	9.49%	3.40%	5.18%	$107,438
St. Helena	Napa	-5.60%	8.82%	4.60%	5.01%	$70,900
Saratoga	Santa Clara	-1.60%	10.00%	0.20%	4.80%	$140,866
San Ramon	Contra Costa	7.40%	3.53%	5.40%	4.80%	$119,297
Corte Madera	Marin	-3.40%	6.58%	5.60%	4.59%	$97,608
Santa Clara	Santa Clara	10.00%	-0.35%	9.00%	4.49%	$83,139
Larkspur	Marin	-4.00%	8.38%	2.60%	4.39%	$84,411
Mill Valley	Marin	-5.20%	10.00%	0.60%	4.33%	$106,017
Sunnyvale	Santa Clara	9.00%	1.32%	6.20%	4.23%	$87,263
Marin County Uninc.	Marin	0.20%	7.60%	0.00%	3.83%	$88,116
Walnut Creek	Contra Costa	6.60%	-0.51%	8.80%	3.78%	$79,629
Danville	Contra Costa	-0.80%	7.92%	-0.40%	3.69%	$128,810
South San Francisco	San Mateo	7.20%	0.09%	7.20%	3.65%	$72,203
Campbell	Santa Clara	3.80%	1.11%	7.00%	3.52%	$77,371
Tiburon	Marin	-8.40%	10.00%	-0.60%	3.40%	$146,917
Los Altos Hills	Santa Clara	-7.20%	10.00%	-1.40%	3.33%	$218,922

Attachment 6

Plan Bay Area Housing Distribution Factors and PDAs

Jurisdiction	County	Employment [1]	Home Value [2]	In-Commuting [3]	Combined [4]	Median Household Income [5]
Woodside	San Mateo	-9.60%	10.00%	-0.20%	3.33%	$214,310
Atherton	San Mateo	-8.00%	10.00%	-2.00%	3.00%	$185,000
Portola Valley	San Mateo	-10.00%	10.00%	-1.00%	2.97%	$168,750
San Mateo County Uninc.	San Mateo	0.80%	5.47%	0.00%	2.87%	$58,133
Ross	Marin	-10.00%	10.00%	-1.20%	2.83%	$145,208
Orinda	Contra Costa	-4.80%	10.00%	-4.20%	2.80%	$160,867
Foster City	San Mateo	-1.00%	4.85%	1.20%	2.66%	$109,437
Belvedere	Marin	-10.00%	10.00%	-1.60%	2.63%	$117,778
Napa County Uninc.	Napa	3.20%	3.90%	0.00%	2.49%	$77,603
Milpitas	Santa Clara	6.80%	-1.17%	5.80%	2.48%	$92,205
Pleasant Hill	Contra Costa	1.40%	-0.76%	7.40%	2.32%	$79,597
Santa Clara County Uninc.	Santa Clara	5.80%	2.60%	0.00%	2.27%	$34,650
Moraga	Contra Costa	-6.20%	9.04%	-4.00%	2.15%	$125,978
Dublin	Alameda	2.80%	0.68%	4.00%	2.14%	$108,711
Brisbane	San Mateo	1.00%	1.48%	3.60%	2.11%	$95,972
Fremont	Alameda	9.80%	-0.27%	1.80%	2.10%	$95,028
Hillsborough	San Mateo	-8.80%	10.00%	-4.40%	2.07%	$202,292
Morgan Hill	Santa Clara	1.20%	1.39%	3.20%	1.96%	$96,367
Monte Sereno	Santa Clara	-10.00%	10.00%	-3.80%	1.93%	$167,417
Solano County Uninc.	Solano	-2.20%	4.53%	0.00%	1.90%	$72,266
Piedmont	Alameda	-9.00%	10.00%	-4.80%	1.90%	$167,014
Millbrae	San Mateo	-2.80%	7.92%	-5.20%	1.76%	$81,742
Sonoma	Sonoma	-3.00%	-0.56%	6.40%	1.35%	$60,613
San Mateo	San Mateo	8.40%	3.15%	-5.00%	1.31%	$81,831
Belmont	San Mateo	-2.40%	6.94%	-5.40%	1.27%	$98,598
Livermore	Alameda	6.00%	-0.96%	2.20%	1.25%	$94,530
San Anselmo	Marin	-6.80%	6.41%	-3.60%	0.87%	$90,600
Half Moon Bay	San Mateo	-6.00%	3.38%	0.40%	0.82%	$90,104
Concord	Contra Costa	8.00%	-4.27%	4.80%	0.80%	$64,954
Contra Costa County Uninc.	Contra Costa	7.00%	-1.15%	0.00%	0.59%	$62,740

Attachment 6

Plan Bay Area Housing Distribution Factors and PDAs

Jurisdiction	County	Employment [1]	Home Value [2]	In-Commuting [3]	Combined [4]	Median Household Income [5]
Gilroy	Santa Clara	0.40%	-1.14%	3.00%	0.50%	$67,317
San Leandro	Alameda	6.20%	-3.81%	3.80%	0.39%	$61,824
Hayward	Alameda	8.80%	-5.17%	4.40%	0.35%	$61,001
Novato	Marin	2.00%	1.36%	-2.20%	0.28%	$80,923
Santa Rosa	Sonoma	9.40%	-4.53%	2.40%	0.10%	$58,899
Oakland	Alameda	10.00%	-3.57%	0.00%	-0.09%	$49,695
Alameda County Uninc.	Alameda	5.60%	-2.51%	0.00%	-0.32%	$46,391
Emeryville	Alameda	1.80%	-6.59%	7.80%	-0.39%	$57,211
Sonoma County Uninc.	Sonoma	7.60%	-3.63%	0.00%	-0.55%	$66,312
Colma	San Mateo	-8.20%	-2.01%	5.00%	-0.70%	$77,596
Healdsburg	Sonoma	-3.60%	-0.95%	1.00%	-0.74%	$65,811
Sebastopol	Sonoma	-5.00%	-1.33%	2.00%	-0.83%	$61,753
Martinez	Contra Costa	0.60%	-2.72%	0.80%	-0.99%	$76,703
Newark	Alameda	1.60%	-2.47%	-0.80%	-1.23%	$82,782
San Jose	Santa Clara	10.00%	-0.40%	-10.60%	-2.00%	$78,660
Yountville	Napa	-9.80%	-2.07%	1.60%	-2.14%	$69,028
Alameda	Alameda	3.40%	0.14%	-8.40%	-2.16%	$73,503
Benicia	Solano	-0.60%	-2.72%	-3.00%	-2.46%	$84,665
Petaluma	Sonoma	4.20%	-2.55%	-5.80%	-2.51%	$72,881
Fairfax	Marin	-10.00%	1.89%	-5.60%	-2.65%	$87,639
Albany	Alameda	-6.60%	-1.00%	-3.20%	-2.67%	$72,516
Brentwood	Contra Costa	-2.00%	-3.68%	-1.80%	-2.77%	$90,036
San Bruno	San Mateo	-1.20%	-0.21%	-7.40%	-2.77%	$74,375
Clayton	Contra Costa	-10.00%	1.35%	-6.20%	-3.06%	$130,083
Union City	Alameda	2.20%	-1.93%	-8.00%	-3.27%	$86,761
Napa	Napa	5.40%	-2.77%	-8.80%	-3.42%	$64,180
Pacifica	San Mateo	-4.60%	0.71%	-9.40%	-3.54%	$88,768
Daly City	San Mateo	2.60%	-1.21%	-10.40%	-3.64%	$72,214
El Cerrito	Contra Costa	-4.40%	-1.64%	-6.40%	-3.69%	$76,656
Fairfield	Solano	6.40%	-6.66%	-4.60%	-3.80%	$69,001

Attachment 6

Plan Bay Area Housing Distribution Factors and PDAs

Jurisdiction	County	Employment [1]	Home Value [2]	In-Commuting [3]	Combined [4]	Median Household Income [5]
Cotati	Sonoma	-7.60%	-5.27%	-2.60%	-4.77%	$66,667
Windsor	Sonoma	-3.80%	-3.79%	-6.80%	-4.80%	$75,673
Pinole	Contra Costa	-3.20%	-4.19%	-7.00%	-4.96%	$78,835
East Palo Alto	San Mateo	-7.80%	-2.48%	-7.80%	-5.14%	$47,964
Hercules	Contra Costa	-5.80%	-3.63%	-7.20%	-5.18%	$88,179
Dixon	Solano	-6.40%	-6.61%	-3.40%	-5.51%	$69,500
Vacaville	Solano	4.80%	-7.02%	-8.60%	-5.58%	$69,658
Richmond	Contra Costa	4.60%	-6.53%	-9.80%	-5.77%	$55,146
Rohnert Park	Sonoma	-1.40%	-6.46%	-7.60%	-6.00%	$57,413
Antioch	Contra Costa	2.40%	-6.15%	-10.00%	-6.01%	$68,934
American Canyon	Napa	-7.40%	-5.65%	-6.60%	-6.26%	$78,718
Vallejo	Solano	5.00%	-7.52%	-10.20%	-6.32%	$61,343
Cloverdale	Sonoma	-9.40%	-5.83%	-6.00%	-6.48%	$57,500
Rio Vista	Solano	-9.20%	-8.92%	-2.40%	-6.79%	$50,319
Pittsburg	Contra Costa	0.00%	-7.35%	-9.60%	-6.88%	$57,661
Oakley	Contra Costa	-5.40%	-6.84%	-9.00%	-7.32%	$76,130
San Pablo	Contra Costa	-2.60%	-8.34%	-8.20%	-7.34%	$46,007
Calistoga	Napa	-8.60%	-10.00%	-2.80%	-7.37%	$52,393
Suisun City	Solano	-7.00%	-8.00%	-9.20%	-8.23%	$70,958

Note: Priority Development Areas (PDAs) are located in jurisdictions highlighted in **red**

Sources:

[1] **Employment Factor**: U.S. Census Bureau, Longitudinal Employment and Household Dynamics
To link housing growth more closely to job centers, the initial housing distribution was adjusted by an employment adjustment factor for each area, based on the Jobs-Housing Connection Strategy 2040 employment for each jurisdiction.

[2] **Housing Value Factor**: U.S. Census Bureau, 2010 Census, Summary File 1
To shift housing growth to places that offer high quality services (schools, infrastructure, parks, etc.), the initial housing distribution was adjusted by a housing value factor, based on jurisdictional median home value.

[3] **Net Low-Income In-Commuting Factor**: MTC Regional Travel Demand Model
To shift growth to places that are importing many low-income workers, a net low-income incommuting factor was used to adjust the initial housing distribution. U.S. Census Bureau LEHD data was used to determine the number of workers commuting to and from the jurisdiction by income category in 2009 and previous years.

[4] **Combined Factor**: The combined factor is weighted average of the employment, home value, and in-commuting factors
Employment weighted with a value of 1, home value weighted with a value of 3, and in-commuting weighted with a value of 2.

[5] U.S. Census Bureau, 2005-2009 American Community Survey, 5-Year Estimates, Tables B19013 and DP02

Attachment 7

RHNA Affordable Housing Share by City

Jurisdiction	County	2010 Share of People of Color [1]	2010 Share of Low / Very Low Income Households [2]	RHNA Share of Low / Very Low Income Units [3]
Piedmont	Alameda	25.42%	12.71%	63.33%
Hillsborough	San Mateo	32.99%	12.88%	61.24%
Los Altos Hills	Santa Clara	35.25%	11.65%	61.16%
Atherton	San Mateo	14.76%	14.12%	59.43%
Monte Sereno	Santa Clara	20.29%	19.31%	59.02%
Woodside	San Mateo	9.99%	19.40%	58.06%
Orinda	Contra Costa	15.68%	17.08%	57.96%
Portola Valley	San Mateo	7.31%	24.02%	56.25%
Los Altos	Santa Clara	28.28%	20.42%	56.21%
San Ramon	Contra Costa	44.19%	19.08%	56.13%
Ross	Marin	5.64%	23.38%	55.56%
Saratoga	Santa Clara	43.94%	20.18%	55.25%
Danville	Contra Costa	19.55%	20.50%	55.14%
Foster City	San Mateo	51.53%	21.72%	54.65%
Dublin	Alameda	42.64%	20.52%	54.37%
Clayton	Contra Costa	13.45%	20.82%	53.90%
Lafayette	Contra Costa	14.24%	21.23%	53.76%
Pleasanton	Alameda	33.25%	22.58%	53.55%
Cupertino	Santa Clara	64.51%	22.55%	52.88%
Moraga	Contra Costa	22.08%	23.37%	51.75%
Palo Alto	Santa Clara	33.79%	25.93%	51.31%
Tiburon	Marin	9.55%	26.44%	51.28%
San Carlos	San Mateo	19.09%	25.30%	50.67%
Sausalito	Marin	8.06%	29.07%	50.63%
Los Gatos	Santa Clara	15.31%	24.55%	50.57%
Menlo Park	San Mateo	26.30%	28.06%	50.41%
Mill Valley	Marin	13.38%	26.20%	50.39%
Hercules	Contra Costa	70.86%	31.24%	49.48%
Belmont	San Mateo	31.01%	27.23%	48.77%
Corte Madera	Marin	12.60%	27.23%	48.61%

Attachment 7

RHNA Affordable Housing Share by City

Jurisdiction	County	2010 Share of People of Color [1]	2010 Share of Low / Very Low Income Households [2]	RHNA Share of Low / Very Low Income Units [3]
Fremont	Alameda	65.06%	29.22%	48.40%
Livermore	Alameda	21.97%	29.44%	48.10%
Milpitas	Santa Clara	76.98%	30.56%	47.86%
San Mateo County Unincorporated	San Mateo	23.81%	31.51%	47.49%
Marin County Unincorporated	Marin	15.98%	31.32%	47.28%
San Anselmo	Marin	13.23%	31.79%	47.17%
Brentwood	Contra Costa	29.62%	30.58%	47.09%
Sunnyvale	Santa Clara	55.44%	30.96%	46.37%
Newark	Alameda	55.31%	34.43%	46.04%
Morgan Hill	Santa Clara	31.40%	33.65%	46.00%
Brisbane	San Mateo	50.63%	31.98%	45.78%
Pacifica	San Mateo	32.48%	32.77%	45.76%
Larkspur	Marin	10.98%	35.45%	45.45%
Santa Clara County Unincorporated	Santa Clara	36.74%	41.18%	45.45%
Benicia	Solano	22.70%	32.70%	45.26%
Napa County Unincorporated	Napa	26.49%	35.97%	45.00%
Union City	Alameda	76.97%	33.66%	44.96%
Mountain View	Santa Clara	41.85%	34.49%	44.63%
Half Moon Bay	San Mateo	12.31%	36.08%	44.62%
Fairfax	Marin	10.79%	34.65%	44.26%
Burlingame	San Mateo	27.25%	36.47%	44.00%
San Mateo	San Mateo	34.25%	34.77%	43.83%
Belvedere	Marin	4.54%	24.89%	43.75%
American Canyon	Napa	50.28%	36.44%	43.37%
Millbrae	San Mateo	47.76%	36.72%	43.36%
Contra Costa County Unincorporated	Contra Costa	30.90%	35.94%	43.28%
Pinole	Contra Costa	50.72%	35.33%	43.24%
Walnut Creek	Contra Costa	17.94%	37.44%	42.88%
Santa Clara	Santa Clara	54.55%	35.92%	42.63%
Novato	Marin	23.13%	38.41%	42.51%

Attachment 7

RHNA Affordable Housing Share by City

Jurisdiction	County	2010 Share of People of Color [1]	2010 Share of Low / Very Low Income Households [2]	RHNA Share of Low / Very Low Income Units [3]
Windsor	Sonoma	20.78%	37.87%	42.14%
Oakley	Contra Costa	31.93%	39.20%	42.05%
St. Helena	Napa	12.67%	43.84%	41.94%
Campbell	Santa Clara	33.25%	36.07%	41.87%
San Jose	Santa Clara	52.88%	37.99%	41.79%
Colma	San Mateo	65.42%	30.64%	41.79%
Martinez	Contra Costa	20.47%	38.04%	41.76%
Pleasant Hill	Contra Costa	24.47%	37.54%	41.70%
South San Francisco	San Mateo	57.68%	38.63%	41.12%
El Cerrito	Contra Costa	44.43%	38.27%	41.06%
San Bruno	San Mateo	47.43%	37.39%	41.04%
Suisun City	Solano	65.32%	38.96%	40.85%
Redwood City	San Mateo	25.15%	39.64%	40.77%
Petaluma	Sonoma	16.98%	40.70%	40.49%
Alameda	Alameda	49.11%	40.96%	40.15%
Daly City	San Mateo	73.02%	38.68%	39.92%
Albany	Alameda	39.90%	41.62%	39.82%
Solano County Unincorporated	Solano	14.07%	27.54%	39.68%
Vacaville	Solano	33.96%	41.52%	38.84%
Cotati	Sonoma	12.41%	44.55%	38.69%
San Rafael	Marin	27.64%	42.56%	38.48%
Antioch	Contra Costa	49.44%	44.94%	38.28%
San Francisco	San Francisco	48.44%	43.87%	37.66%
Fairfield	Solano	54.38%	43.51%	37.59%
Dixon	Solano	26.19%	43.70%	37.56%
Alameda County Unincorporated	Alameda	42.71%	43.82%	37.12%
Sonoma County Unincorporated	Sonoma	17.94%	53.15%	37.02%
Gilroy	Santa Clara	29.91%	44.12%	36.38%
Concord	Contra Costa	32.54%	46.24%	35.70%
Yountville	Napa	9.19%	43.51%	35.29%

Attachment 7

RHNA Affordable Housing Share by City

Jurisdiction	County	2010 Share of People of Color [1]	2010 Share of Low / Very Low Income Households [2]	RHNA Share of Low / Very Low Income Units [3]
Healdsburg	Sonoma	25.28%	48.53%	35.26%
Napa	Napa	14.76%	48.00%	34.85%
Sonoma	Sonoma	12.50%	47.89%	34.31%
San Leandro	Alameda	55.79%	47.79%	33.86%
Vallejo	Solano	65.08%	48.76%	33.85%
Hayward	Alameda	64.59%	48.81%	33.62%
Berkeley	Alameda	39.59%	50.76%	32.93%
Santa Rosa	Sonoma	22.45%	50.47%	32.79%
Emeryville	Alameda	52.34%	48.43%	32.51%
Sebastopol	Sonoma	10.88%	51.88%	32.50%
Cloverdale	Sonoma	18.29%	55.31%	32.38%
Rohnert Park	Sonoma	21.14%	51.20%	32.07%
Pittsburg	Contra Costa	58.62%	52.05%	31.89%
Richmond	Contra Costa	60.61%	54.32%	30.53%
Calistoga	Napa	8.26%	57.62%	29.63%
Oakland	Alameda	62.30%	57.43%	28.00%
Rio Vista	Solano	25.81%	52.81%	27.27%
East Palo Alto	San Mateo	43.77%	59.22%	25.27%
San Pablo	Contra Costa	50.54%	63.92%	24.16%

Note: Priority Development Areas (PDAs) are located in jurisdictions highlighted in **red**

Sources:

[1] U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates, Table B02001: Race

[2] U.S. Census Bureau, 2006-2010 American Community Survey, 5-Year Estimates, Table B191001: Household Income in the past 12 months

[3] Draft Regional Housing Need Allocation (2014-2022) adopted on July 19, 2012

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
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June 21, 2013

Mr. Ezra Rapport
Executive Director
Association of Bay Area Governments (ABAG)
101 Eighth Street
Oakland, CA 94607

RE: Regional Housing Need Allocation (RHNA) Methodology and Plan

Dear Mr. Rapport:

Thank you for your May 10, 2013 response to the Department's February 6, 2013 letter requesting that ABAG address stakeholder concerns regarding the inadequacy of ABAG's RHNA allocation methodology. As identified in the Department's letter and in on-going conversations with ABAG on these matters beginning in 2012, the response you provided does not adequately address our concerns regarding the RHNA allocation process. Our concerns are detailed in the remainder of this letter.

Methodology and Plan Deficiencies

Government Code (GC) Section 65584 states: "The allocation plan prepared by a council of governments shall be prepared pursuant to GC Sections 65584.04 and 65584.05 with the advice of the Department." ABAG's proposed final RHNA, released with a June 3, 2013 memo, is inconsistent with GC Sections 65584(d), 65584.04(d), and 65584.04(f). Because the RHNA methodology started with a calculation derived from jurisdictions self-nominating "priority development areas" (PDAs), other jurisdictions possessing areas with comparable characteristics could opt out and receive allocations on a different procedural basis. The Department acknowledges the mitigating factors ABAG applied to non PDA areas to address the fair allocation of housing; however, allowing and relying on baseline local decisions in the RHNA process is contrary to both the RHNA's intent and statue.

Recommendations to Remediate RHNA Methodology and Plan Deficiencies

ABAG still has an opportunity to make RHNA adjustments to fully comply with statutory requirements to treat jurisdictions which chose not to nominate PDAs (but that have PDA-like areas) to the same criteria applied to jurisdictions that chose to nominate PDAs. As a result of ABAG changing its RTP adoption date to July 18, 2013, the RHNA could be adopted as late as January 31, 2014 to distribute RHNA to localities 12 months before the housing

element due date without ABAG having to re-start the entire methodology process or make significant changes to the distribution of RHNA.

Pursuant to GC Section 65584.04(c) which does not prescribe a timeframe or limitation on revisions to a RHNA plan, ABAG could consider the Department's comments and advice as public comment and input and make appropriate revisions. Below are key statutory timelines per *GC 65584 (b) and 65584.05 (a) through (h)* for the RHNA process displaying the potential for modification of some steps. Further information and technical assistance can be provided by our staff.

ACTION	**TIMEFRAME**
• Adjust/issue revised RHNA allocations (at least 18 months before housing element due date (est. 1/31/2015)	July 2013
• Process revision requests from jurisdictions receiving higher RHNA (within 60 days from providing *adjusted* increased draft allocation)	September 2013
• Complete affected jurisdictions' appeals (includes 60 day public hearing period)	December 2013
• Issue Final RHNA Plan (within 45 days of public hearing)	January 2014
• Adopt Final RHNA Plan	January 2014

We appreciate the challenges and efforts of ABAG and MTC to improve the integration of housing and transportation planning in developing the region's One Bay Area Plan, RHNA Plan, and Sustainable Communities Strategy. In the spirit of improving this effort, the Department offers to help ABAG meet timeframes to adjust its RHNA methodology and plan as set forth in this letter. Also, we can commit to an expedited review time of the Final (revised) RHNA Plan once adopted by ABAG.

Please contact me or Glen Campora, Assistant Deputy Director, at (916) 445-4728 for assistance.

Sincerely,

Lisa Bates

Lisa Bates
Deputy Director

ASSOCIATION OF BAY AREA GOVERNMENTS
Representing City and County Governments of the San Francisco Bay Area

ABAG

July 2, 2013

Ms. Lisa Bates
Deputy Director
Department of Housing Policy Development
California Department of Housing and Community Development
P.O. Box 952053
Sacramento, California 94252-2053

Dear Ms. Bates:

I am writing in response to your June 21, 2013 letter communicating concerns about the Regional Housing Need Allocation (RHNA) methodology adopted by the Association of Bay Area Governments (ABAG) Executive Board on July 19, 2012. This letter continues a conversation that has included a letter from you dated February 6, 2013 and my response dated May 10, 2013.

I value the role your department plays in addressing the housing challenges of the State of California. I appreciate the ongoing conversations we have had about the development of RHNA in the Bay Area over the last two years. However, I respectfully disagree with your comments on our process and methodology. It appears that your concerns about inconsistency between the Bay Area's RHNA and statutory requirements stem from a misunderstanding about what Priority Development Areas (PDAs) are and their role in the RHNA.

As you know, ABAG has been working with local jurisdictions and regional stakeholders since January 2011 to develop the RHNA. Our process acknowledges the vital importance of housing our population at all income levels through a collaborative approach across state, regional, and local agencies as well as in partnership with stakeholders. The draft methodology was adopted by the ABAG Executive Board in May 2012 and the final methodology was adopted in July 2012. We are now in the closing stages of adopting the final allocations—long after the methodology was deliberated, released for review, and considered and approved by the ABAG Executive Board.

In response to concerns raised in your February letter, I shared ABAG staff's analysis of the PDAs relative to areas of racial/ethnic and income concentration. This analysis demonstrated that inclusion of the PDAs in the RHNA methodology did not encourage concentrations of poverty or an increase in racial/ethnic segregation[1]. Thus, it appears that the remaining concern you have is

[1] We also shared the same analysis with our regional US Housing and Urban Development Office and received a positive response.

the use of PDAs as an input into the RHNA methodology, regardless of the impact that it might have on the resulting allocations. Your letter states that "Because the RHNA methodology started with a calculation derived from jurisdictions self-nominating 'priority development areas' (PDAs), other jurisdictions possessing areas with comparable characteristics could opt out and receive allocations on a different procedural basis."

Let me clarify how our RHNA methodology addresses all jurisdictions on an equal and consistent procedural basis and how our RHNA methodology in no way limits housing allocations based on local zoning, regulations, or standards—regardless of whether or not a jurisdiction has an adopted PDA[2].

In 2006, PDAs were created as part of the FOCUS program to direct incentives to jurisdictions planning to increase the supply of housing near transit. PDAs are locally-nominated areas that local jurisdictions and regional agencies have agreed are appropriate areas for future growth. There are about 190 PDAs in more than 70 of the 109 jurisdictions in the Bay Area. They represent the seven transit-oriented places defined by ABAG, with different characteristics related to the scale, type, and density of growth envisioned. They reflect a wide range of planning efforts, from preliminary visions to complete neighborhood plans. They do not reflect existing constraints or existing zoning. Most of the region's PDAs were adopted by the ABAG Executive Board in November 2007. Thus, they were identified by local jurisdictions long before there was any consideration for how they might impact RHNA. Along with the Priority Conservation Areas (PCAs) adopted as part of the FOCUS Program, PDAs are a key component of the Bay Area's framework for growth, and were included in the RHNA methodology to ensure that the region maintains a consistent vision for its future.

In the SCS, growth was assigned to <u>all areas of the region</u> (regardless of PDA status) using factors related to transit service, vehicle miles travelled, employment in 2040, low-income in-commuters, and housing values (this distribution methodology was described in detail in my May 10 letter to you). Jurisdictions without a PDA or with small PDA areas still received a housing growth allocation informed by transit access and job growth. Thus, although local plans for growth were considered as part of the housing distribution process, the growth assigned was <u>not</u> limited by local zoning, ordinances, or standards.

The housing distribution from the SCS was an initial input into the RHNA methodology.[3] Each jurisdiction received a share of the total regional housing need—without reference to local zoning or ordinances. In addition, as noted in detail in my May 10 letter, the PDAs are only one factor in the RHNA methodology. The methodology also includes factors related to past RHNA performance, employment, and transit to ensure that jurisdictions that encompass transit-served neighborhoods that were not nominated as PDAs are allocated housing. Thus, local input on

[2] Government Code Section 65584.04(f) states "Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need." See also footnote 4.

[3] 131,593 units or 70 percent of the total regional housing need went to jurisdictions with PDAs. This is a lower share than the SCS, where 79 percent of housing growth was directed to PDAs.

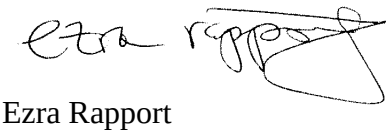
PDAs does not constrain the SCS housing allocation, much less the RHNA allocation. The methodology also includes the "minimum housing floor," where every jurisdiction is allocated a minimum of 40 percent of its household formation growth. This factor is applied to all jurisdictions, regardless of whether or not it has a PDA and is not limited by local zoning or ordinances. This ensures that each jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.

RHNA requires input from local jurisdictions for the development of the methodology, including opportunities for infill housing development, such as PDAs.[4] The RHNA methodology considers PDAs as part of local input about potential locations for housing. Your letter asserts that use of the PDAs violates the RHNA statutes, but does not clearly articulate a standard for councils of government to use to identify when using local input is legitimate or illegitimate. As described previously, the allocations to Bay Area jurisdictions are made based on a variety of factors without being limited by local zoning or ordinances, which we have determined is consistent with the Housing Element law.

Our final RHNA approval by the ABAG Executive Board is scheduled for July 18, 2013. I am confident that our methodology, allocation, and process meet all the goals and requirements of the RHNA legislation. I appreciate your advisory role in the process. I also appreciate our common understanding that the ABAG Board has the final authority over RHNA as long as ABAG allocates the total regional housing need determination by income category. We will send a copy of your letter and this response to members of the Board and keep you informed about any action they take.

Again, I appreciate the opportunity to explain our ongoing regional planning efforts and look forward to a continued collaboration, particularly as jurisdictions work with HCD on preparation and certification of their Housing Elements. Should you have any additional questions, please do not hesitate to contact me.

Sincerely yours,



Ezra Rapport
Executive Director

[4] Government Code Section 65584.04(d) states that "To the extent that sufficient data is available from local governments pursuant to subdivision (b) and other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs….

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions."