

**SUSTAINABLE COMMUNITIES STRATEGY
REGIONAL ADVISORY WORKING GROUP**
July 5, 2011, 9:30 a.m. to 11:30 a.m.
Joseph P. Bort MetroCenter, 1st Floor, Auditorium
101 - 8th Street, Oakland, CA 94607

A G E N D A

1. Convene Meeting <i>(Bruce Riordan, Consultant to the Joint Policy Committee)</i> Staff will outline today's meeting agenda, recap comments from previous meeting, and highlight upcoming agenda items.	9:30 a.m.
2. One Bay Area Grant Proposal <i>(Doug Kimsey, MTC)</i> MTC staff will present the objectives and scope of the One Bay Area Grant proposal.	9:35 a.m.
3. Plan Bay Area: Equity Analysis* <i>(Marisa Raya, ABAG; Jennifer Yeamans, MTC)</i> ABAG & MTC Staff will present the proposed framework for conducting an equity analysis of the Alternative Scenarios which has been developed with the RTP/SCS Equity Working Group.	9:50 a.m.
4. Regional Housing Needs Allocation* <i>(Gilliam Adams, ABAG; Doug Johnson, MTC)</i> ABAG Staff will update the working group on the RHNA process and summarize the activities of the most recent meetings of the Housing Methodology Committee.	10:30 a.m.
5. Plan Bay Area: Alternative Scenarios – Land Use <i>(Miriam Chion, ABAG)</i> ABAG & MTC Staff will present an update on the land use component of the approved Alternative Scenarios	10:55 a.m.
6. June 7, 2011 Meeting Summary (Information)	11:15 a.m.
7. Next Steps/Other Business/Public Comments	11:20 a.m.
ADJOURN <u>Next meeting on: Tuesday, August 3, 2011 at 9:30 a.m.</u>	

*See Attachment

The Regional Advisory Working Group (RAWG) is comprised of local government planning, Congestion Management Agencies, and transit agencies staffs and stakeholder groups. RAWG provides input to regional agency staff on Regional Transportation Plan/Sustainable Communities Strategy work elements. Group discussion follows each staff presentation.

Staff Liaison: Miriam Chion, ABAG, 510-464-7919

Website: www.OneBayArea.org





TO: Regional Advisory Working Group

DATE: June 28, 2011

FR: Marisa Raya, ABAG and Jennifer Yeaman, MTC

RE: Plan Bay Area: Equity Analysis Framework for Alternative Scenarios

This memorandum summarizes the proposed framework for the equity analysis of the Plan Bay Area Alternative Scenarios. Staff will present this information at your July 5 meeting and welcomes your comments and input on the proposed framework.

Background

Last December, staff presented to the RAWG a three-step approach to carrying out the equity analysis of Plan Bay Area, and solicited participation by RAWG members in the formation of the RTP/SCS Equity Working Group, which also includes members of MTC's Policy Advisory Council Equity and Access Subcommittee, which has met monthly since February (see Attachment A for a group roster). The Plan Bay Area equity analysis is intended to determine the allocation of Plan benefits and burdens between identified target populations and the remainder of the region, spanning all three major planning phases related to the plan's development:

- **Step 1:** Assess the outcome of Initial Vision Scenario (*completed March 2011*)
- **Step 2:** Review the analysis framework used for the Initial Vision Scenario and update for use on the Alternative SCS Scenarios assessment (*currently under way*)
- **Step 3:** Complete the equity assessment of the Preferred Scenario based on the evaluation methodology developed in 2011 and consistent with federal guidelines in concert with the RTP EIR process (*beginning late 2011/early 2012*)

Step 1 was completed in March, reviewed with the Equity Working Group, and summarized in the Initial Vision Scenario Report. Since then, staff has been working closely with working group members to develop a framework for the equity analysis of Plan Bay Area's Alternative Scenarios. The proposed framework consists of five equity measures addressing a range of distinct themes that were elevated in discussions with Equity Working Group members, summarized in Attachment B.

Initial Vision Scenario Equity Analysis: Takeaways

Given the abbreviated timeframe of the Initial Vision Scenario's development, the equity analysis of the Initial Vision Scenario relied on breaking out results for the 10 adopted performance targets by income level to the extent possible, and identifying relevant proxies for the targets that could not be broken out by income. While tying the equity analysis directly to adopted policy objectives was seen as a powerful way to promote equity in discussions of regional priorities, staff identified two drawbacks in this approach: (1) the large number of equity measures was challenging to summarize in terms of the Initial Vision Scenario's *overall* equity

performance; and (2) not every target, when disaggregated, translated into an effective equity measure.

Proposed Equity Analysis Framework for Alternative Scenarios

The goal of the Alternative Scenarios equity analysis is to compare how the different scenarios perform in distributing the benefits and burdens of the alternative land use, transportation, and policy packages between the target populations of concern and non-target populations. To carry out this comparison requires identifying a set of equity performance measures that can be readily summarized for each scenario, as well as relevant target population(s) for each performance measure.

Compared to the targets-based framework of the Initial Vision Scenario, the proposed Alternative Scenarios framework follows a more succinct approach to selecting measures, based not only on the availability and quality of data for both the base and horizon years, but also on the following criteria that each measure:

- Ties directly to key regional equity priorities identified by past studies and in Equity Working Group discussions.
- Adds a distinct dimension of equity not captured in any of the other equity analysis measures.
- Is simple, straightforward, and easy to understand.
- Has potential to reflect substantive differences between Alternative Scenarios relevant to equitable development, and combine meaningfully into a way to identify which Alternative Scenario best supports equitable development.
- Is able to inform and support policy initiatives related to equity that are within the regional agencies' policy realm.

Attachment B summarizes the equity analysis framework for the Alternative Scenarios reviewed initially by the Equity Working Group last month. It consists of five performance measures that address a range of priority regional equity issues identified in past agency studies and then elevated via discussions with working group members. Each measure presented includes a detailed description of what data the measure would produce, the relevant key questions the measure would help answer, which target population(s) would be compared, and brief discussion of advantages and potential issues related to the inclusion of each measure.

Identification of Target Populations

In addition to the low-income and minority Communities of Concern that have been analyzed by MTC in past RTP Equity Analyses, staff is proposing to identify additional target populations to include in the Alternative Scenarios analysis, including “Limited English Proficiency/Limited Educational Attainment Communities” and “Low Mobility Communities.” These additional communities have been recommended insofar as they:

- incorporate consideration of national origin into the analysis
- respond to a recommendation made by MTC's Policy Advisory Council to evaluate seniors and people with disabilities in addition to low-income/minority populations
- assess results specifically for communities that may be less likely to be engaged in the planning process.

Staff proposes to characterize these communities as having concentrations of the following populations based on the most recent data available from the Census Bureau that is consistent with MTC’s current travel analysis zone geographies.

Low-Income/Minority Communities of Concern

Low Income Population (less than 200% of federal poverty level)

Minority Population (any race or ethnicity besides white/non-Hispanic)

Limited English Proficiency/Limited Educational Attainment Communities

Population That Speaks English Less Than “Very Well”

Population 25+ with Less Than High School Diploma

Low Mobility Communities

Population 5+ with a Disability

Population 75+

Zero-Vehicle Households

A summary analysis of staff’s initial proposed thresholds for defining these communities is provided in Attachment C. Based on feedback from Equity Working Group members on the proposed thresholds, staff is currently developing an alternative definition based on more consistently derived thresholds which will be reviewed at the July 13 Equity Working Group meeting.

Equity Analysis Schedule

	Equity Analysis Milestones	Plan Bay Area Milestones
Finalize equity analysis framework for Alternative Scenarios and proceed with model-based technical work	July 2011	
Finalize methodologies for “off-model” analyses	August 2011	
Alternative Scenario Results released for public review	October 2011	October 2011
Confirm methodology for equity analysis of Preferred Scenario	March/April 2012	
MTC/ABAG adopt SCS Preferred Scenario		April 2012
Technical analysis of Preferred Scenario	Summer 2012	Summer 2012
MTC/ABAG release Draft RTP/SCS	November 2012	November 2012
MTC/ABAG adopt Final RTP/SCS		April 2013



RTP/SCS Equity Working Group Roster

First	Last	Title	Agency/Org	Public	NGO	Health	Transport	Housing	Community	Geography
Carl	Anthony	Founder	Breakthrough Communities		X				X	Regional
Naomi	Armenta	Disabled Community Representative	MTC Policy Advisory Council				X		X	Alameda Co
Rajiv	Bhatia	Director of Occupational and Environmental Health	San Francisco Department of Public Health	X		X			X	San Francisco
Richard	Burnett	Disabled Community Representative	MTC Policy Advisory Council						X	Solano Co
Brent	Butler	Planning Manager	City of East Palo Alto	X				X		San Mateo Co
Carlos	Castellanos	Economy Representative	MTC Policy Advisory Council					X		Alameda Co
Gen	Fujioka	Senior Policy Advocate	Nat'l Coalition for Asian Pacific American Community Development		X			X	X	San Jose, San Francisco
Sandi	Galvez	Senior Associate	Bay Area Regional Health Inequities Initiative		X	X			X	East Bay
Allison	Hughes	Disabled Community Representative	MTC Policy Advisory Council						X	San Francisco
Lindsay	Imai	Transportation and Housing Program Associate	Urban Habitat		X		X		X	Regional
Dolores	Jaquez	Senior Community Representative	MTC Policy Advisory Council						X	Sonoma Co
Randi	Kinman	Low-Income Community Representative	MTC Policy Advisory Council						X	Santa Clara Co
Nathan	Landau	Senior Planner	AC Transit	X			X			East Bay
Tess	Lengyel	Manager of Programs and Public Affairs	Alameda County Transportation Commission	X			X			Alameda Co
Federico	Lopez	Disabled Community Representative	MTC Policy Advisory Council						X	Contra Costa
Evelina	Molina	Low-Income Community Representative	MTC Policy Advisory Council						X	Sonoma Co
Nick	Pagoulatos	Co-Executive Director, Dir. of Community Planning & Development	Dolores Street Community Services		X				X	San Francisco
Gerald	Rico	Minority Community Representative	MTC Policy Advisory Council						X	Napa Co
Frank	Robertson	Minority Community Representative	MTC Policy Advisory Council						X	Contra Costa
Michael	Wright	Director of Concord Community Reuse Project	City of Concord	X						Contra Costa

Attachment B: Draft Equity Measures for Alternative Scenarios

Version 06.28.11

Measure/Description	Key Questions Addressed	Target Population Breakout	Discussion
Theme: Affordable Housing and Transportation Choices			
<p>1. Housing + Transportation Affordability Result is a percentage expressing the average share of household income spent on housing and transportation costs combined. Results are compared between groups across all scenarios.</p>	<ul style="list-style-type: none"> Which scenario(s) reduce the share of income spent on housing and transportation by the greatest amount for the target population? Which scenario(s) provide similar or better results for the target population compared to the rest of the population? 	<ul style="list-style-type: none"> Low-income households (all) vs. non-low-income households Low-income/minority communities of concern vs. remainder of region Limited English proficiency/limited educational attainment communities vs. remainder of region Low-mobility communities vs. remainder of region 	<p>Advantages:</p> <ul style="list-style-type: none"> Dovetails with targets analysis (which combines low and moderately low income households) <p>Issues:</p> <ul style="list-style-type: none"> Relies on future-year assumptions/forecasts about housing cost and income distribution, as well as forecasted transportation costs Travel mode choice and access end up deeply embedded within the measure
Theme: Growing Equitably			
<p>2. Displacement Analysis Compares forecasted number of low-income households to current-year. Results are compared across all scenarios.</p>	<ul style="list-style-type: none"> Which scenario(s) result in zero displacement of low-income households? Which scenario(s) accommodate the greatest number of low-income households? 	<ul style="list-style-type: none"> Low-income households (all) 	<p>Advantages:</p> <ul style="list-style-type: none"> Dovetails with targets analysis <p>Issues:</p> <ul style="list-style-type: none"> May be difficult to characterize market forces in forecasts
Theme: Making the Jobs/Housing Connection			
<p>3. Jobs-Housing Fit Analysis</p>	<ul style="list-style-type: none"> Which scenario(s) provide the best fit for low-income households and entry-level jobs? 	<ul style="list-style-type: none"> Low-income Households (all) 	<p>Advantages:</p> <ul style="list-style-type: none"> Addresses inter-jurisdictional issues affecting locations of jobs and housing <p>Issues:</p> <ul style="list-style-type: none"> Methodology still under development
Theme: Healthy Communities			
<p>4. Vehicle Emissions (PM_{2.5} and PM₁₀) Emissions of fine and coarse particulate matter from on-road vehicles are estimated in terms of average amount (e.g. kg) per day per roadway link. Based on location of roadway links, results are compared between groups across all scenarios.</p>	<ul style="list-style-type: none"> Which scenario(s) reduce emissions by the greatest amount for the target populations? Which scenario(s) provide similar or better results for the target populations compared to the rest of the population? 	<ul style="list-style-type: none"> Low-income/minority communities of concern vs. remainder of region Limited English proficiency/limited educational attainment communities vs. remainder of region Low-mobility communities vs. remainder of region 	<p>Advantages:</p> <ul style="list-style-type: none"> Dovetails with targets analysis (which analyzes BAAQMD CARE communities) <p>Issues:</p> <ul style="list-style-type: none"> Spatially disaggregated emissions estimates are a proxy for—but do not equate to—forecasting air quality concentrations or health outcomes
Theme: Equitable Mobility			
<p>5. Non-commute Travel Time Result is an average travel time in minutes for non-commute trips, reflecting travel to all other destinations than work or school, including shopping, childcare, health and medical, and social/recreational trips.</p>	<ul style="list-style-type: none"> Which scenario(s) reduce average trip time to non-work destinations by the greatest amount for the target populations? Which scenario(s) provide similar or better results for the target populations compared to the rest of the population? 	<ul style="list-style-type: none"> Low-income households (all) vs. non-low income households Low-income/minority communities of concern vs. remainder of region Limited English proficiency/limited educational attainment communities vs. remainder of region Low-mobility communities vs. remainder of region 	<p>Advantages:</p> <ul style="list-style-type: none"> Can capture a broad cross-section of populations who benefit from improved connections to non-work destinations. <p>Issues:</p> <ul style="list-style-type: none"> Doesn't individually break out more specific kinds of trips or modes of interest to specific target populations.

Attachment C: Proposed Geographic-Based Definitions of Target Populations for Equity Analysis of Alternative Scenarios
Draft for Discussion - 06/28/11

	(A) Target Population: Regional Total	(B) Target Population Share of Total Regional Population	(C) Regional Median Target- Population Share by Tract*	(D) Proposed Target Population Threshold	(E) Share of Regional Tracts Included by Threshold	(F) Share of Total Regional Population Located in Tracts Above Threshold	(G) Share of Regional Target Population Located in Tracts Above Threshold	(H) Share of Regional Target Population Located in Union of Communities
Communities of Concern								
Low income population (1)	1,544,352	23%	19%	30%	27%	23%	48%	60%
Minority population (1)	3,785,369	54%	52%	70%	30%	31%	47%	56%
<i>Communities of Concern Union**</i>					40%	40%		
Limited English Proficiency/Low Educational Attainment Communities								
Pop. speaking English less than "very well" (1)	1,159,188	18%	15%	20%	35%	36%	64%	72%
Pop. 25+ with less than HS diploma (1)	642,723	13%	10%	15%	36%	35%	67%	74%
<i>LEP/Low Educational Attainment Communities Union</i>					44%	46%		
Low Mobility Communities								
Population 5+ with a disability (2)	1,106,833	18%	17%	25%	13%	11%	19%	44%
Population 75+ (1)	409,225	6%	5%	10%	12%	10%	25%	46%
Zero Vehicle Households*** (1)	234,074	9%	5%	10%	28%	28%	69%	85%
<i>Low Mobility Communities Union</i>					39%	35%		

(1) Analysis based on 2005-09 American Community Survey data

(2) Analysis based on 2000 Census data

* This data is included to highlight the varying spatial distributions of different target populations within the region. A number in Column C much lower than Column B reflects greater spatial concentrations of the target population within the regional context; if the number in Column C is closer to that in Column B, the target population is more dispersed throughout the region.

** By comparison, Communities of Concern defined by 2000 Census used in the last two RTP Equity Analyses comprised 34% of all regional TAZs and 33% of regional population.

*** Regional total is expressed in households rather than population.



TO: Regional Advisory Working Group

DATE: June 28, 2011

FR: Gillian Adams, ABAG and Doug Johnson, MTC

RE: Regional Housing Needs Allocation

Please find enclosed three attachments that describe the work up to date for the Regional Housing Needs Allocation (RHNA) methodology. This work has been guided by the Housing Methodology Committee and will be presented to the ABAG Executive Board on July 21st, 2011.

The three attachments include:

1. Diagram of RHNA Allocation Methodology
Summary of RHNA methodology by steps
2. Memo: Recommended Allocation Methodology, June 14, 2011
Recommended methodology addressing sustainability and fair share distribution of housing need
3. Memo: Revised Allocation Methodology – Fair Share Factors, May 23, 2011
Description of fair share factors proposed for the distribution of housing need outside of Priority Development Areas.



Date: May 23, 2011
To: SCS Housing Methodology Committee
From: Ken Kirkey, ABAG Planning Director
Subject: Revised Allocation Methodology – Fair Share Factors

Overview

At the April 2011 Housing Methodology Committee (HMC), ABAG and MTC staff presented several versions of an initial allocation methodology that attempted to incorporate the sustainability framework that underlies the Bay Area’s Sustainable Communities Strategy (SCS) and the “fair share” principles that are integral to the Regional Housing Needs Allocation (RHNA) process. This memo summarizes the changes made to the allocation methodology based on the feedback provided by the HMC.

Revised Allocation Methodology

In the initial RHNA methodology proposed by ABAG and MTC for 2014-2022, 70 percent of the region’s total housing need will be allocated to the Priority Development Areas (PDAs) and Growth Opportunity Areas identified by local jurisdictions, while the remaining 30 percent of the total housing need will be allocated based on household formation growth.

At the April 2011 meeting, there was broad support from the HMC for using the PDA and Growth Opportunity Area sustainability framework for assigning most of the RHNA allocation to jurisdictions. However, most committee members expressed a desire to see other factors, including school quality, employment, transit, and past RHNA performance, in the methodology for allocating the remaining 30 percent of the total need to jurisdictions.

The revised methodology example retains the use of the PDAs and Growth Opportunities for allocating 70 percent of the total housing need as Part 1: Sustainability Component, and incorporates the suggested additional factors for the remaining 30 percent of need as Part 2: Fair Share Component. The approach used for including each factor is described below.

Part 1: Sustainability Component

Seventy percent of the region’s total housing need is allocated based on the total household growth for each PDA and Growth Opportunity Area over the eight-year RHNA period, as shown in the SCS Preferred Scenario (in this example, we are using the Initial Vision Scenario as a placeholder for the Preferred Scenario). The total amount of growth in a jurisdiction’s PDAs and Growth Opportunity Areas is then compared to the amount of growth forecasted for the jurisdiction based on household formation. Jurisdictions where the growth in PDAs and Growth Opportunity Areas represents more than 125 percent will not receive additional growth, but will retain the growth assigned to these areas. All other jurisdictions will receive additional growth based on the “fair share” factors applied to the remaining 30 percent of total housing need.

Part 2: Fair Share Component

To ensure that each community in the region does its fair share to provide affordable housing, 30 percent of the region's total housing need will be allocated based on household formation growth modified by the factors suggested by the HMC: school quality, employment, transit, and past RHNA performance. Each of these factors is described in more detail below.

School Quality

The school quality factor includes the Academic Performance Index (API) scores for 2009 for 1400 public elementary and middle schools in the Bay Area. The API scores for each school in a jurisdiction were averaged to provide a single school quality score for each jurisdiction in the region. Each jurisdiction received a "score" based on its average API:

- 900 or above = 5
- From 800 to 899 = 3
- From 700 to 799 = 1

In the allocation methodology, those jurisdictions with a higher average school quality score will receive a higher share of the region's housing need.

Employment

The employment factor is based on National Establishment Time Series (NETS) data for 2010. The NETS data is gathered by individual business and includes number of jobs, industry type, and location. Staff analyzed the data to determine the number of jobs in each jurisdiction that are within a PDA or Growth Opportunity Area and the number that are located outside one of these areas. Jurisdictions were rated based on the total number of jobs outside of a PDA or Growth Opportunity Area. Only the jobs outside of PDAs or Growth Opportunity Areas were considered because this factor is being used to allocate the 30 percent of total need that has not already been directed to these sustainable locations.

The score for each jurisdiction is assigned as follows:

- More than 40,000 jobs outside of a PDA or Growth Opportunity Area = 5
- Between 20,001 and 40,000 jobs outside of a PDA or Growth Opportunity Area = 4
- Between 10,001 and 20,000 jobs outside of a PDA or Growth Opportunity Area = 3
- Between 5,001 and 10,000 jobs outside of a PDA or Growth Opportunity Area = 2
- Less than 5,001 jobs outside of a PDA or Growth Opportunity Area = 1

Those jurisdictions that have a higher number of jobs outside of PDAs or Growth Opportunity Areas will receive a higher RHNA allocation.

Transit

The transit factor is based on measures of service frequency and overall coverage for an entire jurisdiction. Service frequency is measured by average daily headways (time in minutes between transit arrivals over a 24-hour weekday period) in 2009 by jurisdiction. The calculation is done at the

intersection level based on how frequently a transit vehicle arrives at that location; therefore, the average headway only takes into account intersections within a jurisdiction that have transit stops. Jurisdictions where the service frequency was higher than the median received a “high” score, while jurisdictions where the service frequency was lower than the median received a “low” score.

Transit coverage is measured by the percent of intersections within a jurisdiction that have transit stops. This information helps avoid overstating the overall availability of transit jurisdiction-wide based on the fact that some jurisdictions have a small number of stops that happen to have frequent transit. Jurisdictions where the service frequency was higher than the median received a “high” score, while jurisdictions where the service frequency was lower than the median received a “low” score.

Jurisdictions were then grouped into four categories, and given a score as shown below:

- High frequency + high coverage = 5
- High frequency + low coverage = 3
- Low frequency + high coverage = 3
- Low frequency + low coverage = 1

Those jurisdictions that have better transit service and coverage will receive a higher RHNA allocation.

RHNA Performance

This factor evaluates a jurisdiction’s performance in issuing permits to meet its RHNA allocations for very low- and low-income units for the 1999-2006 RHNA period. The scores were calculated using the information included in ABAG’s report *A Place to Call Home: Housing in the San Francisco Bay Area* (August 2007). Jurisdictions were scored on the following scale:

- 0% of RHNA permitted = 5
- 1 – 25% of RHNA permitted = 4
- 26 – 50% of RHNA permitted = 3
- 51 – 75% of RHNA permitted = 2
- 76 – 100% of RHNA permitted = 1
- More than 100% permitted = 0

Those jurisdictions that have permitted less of their past RHNA allocations will receive a higher RHNA allocation for this period. This is the only factor that was not scored on a scale of 1 – 5. The inclusion of a zero score for jurisdictions that permitted more than 100 percent of their RHNA allocations for very low- and low-income households gives this factor slightly more weight in the allocation methodology.

Combining the Factors

Each jurisdiction's scores on the four factors listed above are summed to determine their total factor score. For jurisdictions throughout the region, the data analysis determined that the total factor scores range from 3 to 16. The allocation adjustment assigned to each score is as follows:

Score	Allocation Adjustment
3	-80%
4	-70%
5	-60%
6	-50%
7	-40%
8	-30%
9	-20%
10	-10%
11	0%
12	10%
13	20%
14	30%
15	40%
16	50%

Depending on a jurisdiction's score, the corresponding allocation adjustment is applied to the amount of growth assigned to the areas outside of PDAs or Growth Opportunity Areas (from the Preferred Scenario plus the redistribution of growth from jurisdictions that have already been assigned more than 125 percent of their household formation growth).

The amount of growth assigned to the areas outside PDAs or Growth Opportunity Areas will be reduced for jurisdictions that have total factor scores below 11 (the median score for all jurisdictions). The allocations will increase for jurisdictions with higher total factor scores (above 11). Each county will retain its control total for the growth outside of PDAs and/or Growth Opportunity Areas.

Part 3: Determining the Total Allocation

A jurisdiction's total RHNA allocation is the sum of the Sustainability Component (units assigned to the PDAs and Growth Opportunity Areas) plus the Fair Share Component (units assigned to the areas outside of those sustainable places).

OneBayArea

Date: June 14, 2011
To: SCS Housing Methodology Committee
From: Ken Kirkey, ABAG Planning Director
Subject: Recommended Allocation Methodology

Overview

With guidance and input from the Housing Methodology Committee (HMC), ABAG and MTC staff have been assessing a variety of scenarios and factors for allocating the region's total housing need to local jurisdictions as part of RHNA. One of the fundamental challenges in developing the allocation methodology is balancing the need to direct growth to sustainable locations (and ensure consistency with the region's Sustainable Communities Strategy) with the need to meet the specific objectives of RHNA.

After reviewing the multitude of methodology options that have been generated, staff is putting forward a recommended RHNA methodology that seeks to achieve this balance as a way of facilitating discussion by the HMC on Basecamp and at its next meeting. Staff is seeking to develop consensus among HMC members about a conceptual framework for the RHNA methodology to present to ABAG's Executive Board on July 21, 2011.

Recommended Allocation Methodology

In developing the RHNA methodology, staff and the HMC have identified two components that would be used together to assign housing need to local jurisdictions. The first is the "Sustainability Component" that incorporates the Priority Development Areas (PDAs) and Growth Opportunity Areas and the second is the "Fair Share Component" that seeks to ensure that each jurisdiction in the region shares responsibility for accommodating the region's housing need.

In evaluating the different potential approaches and factors that could be incorporated into the methodology, staff sought to achieve the sustainability goals articulated as part of the SCS process by directing growth to jurisdictions with PDAs and Growth Opportunity Areas as a means to plan and build neighborhoods that offer a variety of housing and transportation choices. Using the Place Type framework from the SCS in the RHNA methodology is a key to ensuring consistency between the two planning documents and in encouraging actual development of these neighborhoods.

At the same time, it is important that jurisdictions with PDAs and Growth Opportunity Areas are not asked to shoulder too much of the responsibility for meeting the region's housing need. These are not the only areas in which housing choices are needed, and the RHNA methodology has a responsibility to share the regional need for housing among all jurisdictions.

Finally, for the RHNA methodology to be implemented successfully, it must be understandable to elected officials and explainable to members of the public. Staff has tried to select a recommended methodology that meets the sustainability and fair share goals articulated above, while remaining as logical and easy to explain as possible.



Approach for the Sustainability Component

With regard to the Sustainability Component, staff is recommending that:

- The percent of growth assigned to PDAs/Growth Opportunity Areas be based on the growth pattern in the SCS Preferred Scenario, with a maximum of 70 percent;
- The upper threshold for a jurisdiction would be if growth in PDAs/Growth Opportunity Areas meets or exceeds 110 percent of the jurisdiction's household formation growth.

Each of these elements is described in more detail below.

The percent of growth assigned to PDAs/Growth Opportunity Areas would be based on the growth pattern in the SCS Preferred Scenario, with a maximum of 70 percent

There has been general support among HMC members for the concept of directing growth into PDAs and Growth Opportunity Areas as the primary means to promote sustainable growth within the region. The sustainability framework of the PDAs and Growth Opportunity Areas is the basis for the SCS and the inclusion of this framework in the RHNA methodology promotes consistency between the two.

However, one of the challenges in developing the methodology up to this point is the fact that the amount of growth in a PDA or Growth Opportunity Area is likely to change from what is shown in the Initial Vision Scenario. The idea of assigning 70 percent of housing need to PDAs and Growth Opportunity Areas was derived from the land use pattern described in the Initial Vision Scenario, where 70 percent of future growth is in these sustainable locations, while 30 percent is in other areas. Since the Preferred Scenario must consider constraints on development within the region, this ratio may be somewhat different. It should be noted however, that in Projections 2009, PDAs still constituted approximately 66 percent of the growth in the region.

In light of this potential for change in the amount of growth assigned to PDAs and Growth Opportunity Areas in the SCS Preferred Scenario, staff is recommending that the percent of housing need assigned based on growth in the PDAs and Growth Opportunity Areas would match the percentage of the region's future growth assigned to these sustainable locations in the Preferred Scenario of the SCS. However, in order to provide stability to the planning process, the maximum ratio that would be used for PDA/Growth Opportunity Area growth in the RHNA methodology would be 70 percent. This approach links the RHNA methodology to the fundamental sustainability framework and development pattern that underlie the SCS.

Upper threshold per jurisdiction would be 110 percent of growth in PDAs/Growth Opportunity Areas

If growth in PDAs/Growth Opportunity Areas is more than 110 percent of a jurisdiction's forecasted household formation growth, the jurisdiction would not have to accommodate additional growth based on "fair share" factors (the 30 percent household growth outside of PDAs/GOAs as modified by policy factors). Any growth forecasted for that jurisdiction in locations outside of the PDAs/Growth Opportunity Areas would be redistributed to jurisdictions throughout the region that have not met the 110 percent threshold.

Using a percentage higher than 100 percent as the upper threshold encourages more sustainable growth in PDAs and Growth Opportunity Areas, and recognizes the positive impact on the region of those jurisdictions that are accommodating significant growth in these sustainable locations. Setting the

threshold at 110 percent rather than 125 percent shifts more of the RHNA allocation to areas without PDAs/Growth Opportunity Areas and to jurisdictions where the PDAs/Growth Opportunity Areas are planning for a lower proportion of total growth. This helps to ensure that responsibility for accommodating the housing need is distributed more evenly and equitably throughout the region.

Approach for the Fair Share Component¹

For the Fair Share Component, staff is recommending that:

- The minimum threshold would be 40 percent of household formation growth
- Units would be redistributed throughout the region, rather than within the same county

With regard to the factors that would be used to allocate units based on the portion of growth outside of the PDAs and Growth Opportunity Areas, staff is putting forward two options for discussion:

- Option 1: household formation growth (no additional factors)
- Option 2: RHNA performance, employment, and transit weighted equally

Each of these elements is described in greater detail below.

Minimum threshold is 40 percent of household formation growth

Each jurisdiction is assigned units to meet at least 40 percent of its household formation growth. If a jurisdiction does not reach this threshold based on the factors included in a particular RHNA methodology scenario, this minimum is applied, and the number of units assigned to other jurisdictions is reduced proportionally.

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. Forty percent was selected because it ensures that each jurisdiction is doing a reasonable amount of fair share housing to meet the region's housing need.

Units would be redistributed throughout the region, rather than solely within the same county

Aligning the redistribution region-wide rather than within a given county would serve to reinforce a sustainable development pattern for the region beyond the PDAs and Growth Opportunity Areas. Redistributing region-wide means that the differences among jurisdictions in different parts of the region are taken into account, and the methodology has a greater impact on shifting units among communities. Redistributing housing need at a regional level serves to better recognize the region's communities that have good transit access and /or a significant employment base but are not PDAs or Growth Opportunity Areas.

Fair Share Option 1: Household Formation Growth

In this scenario, the RHNA allocation related to the portion of growth that is expected to occur outside of the PDAs and Growth Opportunity Areas would be based on the amount of growth shown in these areas in the Preferred Scenario. However, the upper threshold of 110 percent and the lower threshold of 40 percent would be applied to the growth assigned to each jurisdiction in the Preferred Scenario.

¹ For more information about how each of these factors is derived, see the memo "Revised Allocation Methodology – Fair Share Factors" from the May 2011 HMC meeting.

As noted above, this methodology directs growth to the region's most sustainable locations, while the use of the upper and lower limits helps to ensure that each jurisdiction is allocated its fair share of the region's housing need. The benefit of this option is that it is easier to explain than the scenarios that include additional factors. From one perspective, the results of this simpler formula are reasonably comparable to those from incorporating the more complex policy factors of Option 2. The HMC should determine whether the adjustments caused by inclusion of the more complex and potentially controversial policy factors outweigh the benefits of using a simpler formula.

Fair Share Option 2: RHNA performance, employment, and transit all weighted equally

In this scenario, the RHNA allocation related to the portion of growth that is expected to occur outside of the PDAs and Growth Opportunity Areas would be based on a formula that equally weights factors related to RHNA performance, employment, and transit.

In the past several RHNA periods, many local governments have expressed a desire to include a factor that gives jurisdictions credit for achieving their RHNA targets. This approach would offer lower allocations to jurisdictions that have permitted more of their 1999-2006 RHNA allocation of very low- and low-income units.

With regard to employment, the Place Type framework for PDAs and Growth Opportunity Areas encourages housing and job growth in sustainable locations. However, there are still areas outside of these locations that have significant employment concentrations. Employment in these locations creates a demand for housing, so the methodology would allocate a higher number of units to jurisdictions that have a higher number of jobs outside of PDAs and Growth Opportunity Areas. Staff recognizes that employment impacts on housing should be considered for the commute shed as a whole, but given the relatively small weight of this factor, the work associated with developing a formula relating to the commute shed is impractical.

Finally, higher allocations would be directed to jurisdictions that have better transit service and coverage. Although the Sustainability Component of the methodology already includes transit as a factor, since it is explicit by definition that PDAs and most Growth Opportunity Areas are well-served by transit, staff felt that it was important to include it as its own factor in the methodology, given the importance of transit access to achieving the region's sustainability goals. This factor captures areas within the region that have quality transit service, but that have not been designated a PDA or Growth Opportunity Area.

Staff recognizes the value of providing housing opportunities, particularly for very low-, low-, and moderate-income households in high quality school districts. However, our analysis suggests that inclusion of a factor related to schools would be problematic for a number of reasons. In the State of California, school quality is generally linked to Academic Performance Index (API) scores. In many Bay Area school districts, average API scores vary widely among schools within a district. A number of Bay Area cities are served by more than one school district and in some cases multiple school districts.

Because RHNA is jurisdictionally based, the ability to align housing need allocations with high performing schools is indirect at best. In addition, using schools as criteria could have the effect of labeling some school districts as "bad" without recognizing a number of demographic, funding, and intra-district issues in addition to those described above. Staff believes that combining the Sustainability Component and

one of the Fair Share Options described above with the Income Allocation approach described below would serve to ensure that housing need is allocated in a manner that provides for potentially increased access to communities with good transit access, employment opportunities, and quality schools and services.

Income Allocation²

The final component of the RHNA methodology is the allocation of units by income. As noted previously, ABAG and MTC staffs are recommending that we continue to use the income allocation formula from the 2007-2014 RHNA process. This method is based on a comparison between a jurisdiction's income distribution and the region-wide income distribution. To address concentrations of poverty, each jurisdiction is given 175 percent of the difference between their household income distribution and the region-wide household income distribution.

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. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same 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.

A similar calculation can be made for a jurisdiction that has a relatively low proportion of households in the very low income category. If this jurisdiction has 9 percent of its households in the very low income category, when this is subtracted from the regional percentage in this income category, the result is 14. When this difference is multiplied by 175 percent, the result is 25. That amount is added to the jurisdiction's proportion of households in the very low income category, for a total of 34. Therefore, 34 percent of their allocation must be affordable to households with very low income.

Next Steps

- Small group discussion at HMC about the key aspects of the methodology articulated above.

² For more details about how the income allocation is calculated, see the pp. 5- 6 of the memo "Proposed Allocation Methodology for RHNA" from the April 2011 HMC meeting.

RHNA Allocation Methodology

Apply Sustainability Split

What proportion of the region's total housing need will be directed to PDAs/GOAs?

- 70% growth in PDA/GOA
- 60% growth in PDA/GOA
- 50% growth in PDA/GOA

Apply Upper Threshold

Does the PDA/GOA number in SCS meet or exceed upper threshold relative to jurisdiction's household formation growth?

Yes

No

PDA/GOA growth as a percent of household formation growth, above which RHNA obligation is satisfied

- 125%
- 110%

Apply Factor Emphasis/Weighting

Option 1

Use total households outside PDAs/GOAs in SCS for Fair Share Component

Options 2-7

Apply factors to total households outside PDAs/GOAs to determine jurisdiction's Fair Share Component

Add to PDA/GOA growth for jurisdiction's total RHNA

Options 2-7

Various combinations between schools, past RHNA performance, employment, and transit

Apply Lower Threshold

Is growth in jurisdiction equal to or greater than their lower limit relative to jurisdiction's household formation growth?

No

Yes

RHNA is equal to lower limit applied to jurisdiction's household formation growth

These remaining jurisdictions RHNA numbers are rebalanced to accommodate the lower limit jurisdictions

RHNA is jurisdiction's PDA/GOA number

Each jurisdiction must provide for a minimum of 40% of the household formation growth

**Sustainable Communities Strategy
Regional Advisory Working Group
Meeting Notes
June 7, 2011**

Topic	Comment	Staff Response
Plan Bay Area: Proposed Alternative Scenarios	<ul style="list-style-type: none"> ● Need Clarity on graphics for 10 & 11. Is the only target you are trying to show the GHG target? Is everything else just conceptual ● The plan has 10 targets. Maintenance -- Framing of scenarios is 80-85% of the RTP dollars on maintenance. Does 80% meet the target? Will it make a difference on how you can measure it in your target? ● The bars set a line where the target is but you don't really know what the target is. Saying if you will meet the targets is premature. Define assumptions and variables carefully. Policy levers need to be clear. Look at all constraints – not just housing. See where all the differences are between the two options. ● Graphics prejudice analysis. Graphics are not telling the story you're putting across. Gives wrong impression. Scenario 4 – ran out of room for climate. What is the urban core? Is there a map? ● Would like to see a scenario that meets RHNA & Fair Housing Requirements. More information about why the Housing Methodology Committee and the RAWG appear to be so disjointed would be helpful. ● On land use option #5, The Outer Bay Area Growth Model, would help to modify this so that it would center on housing and job growth around or next to regional transit opportunities. ● On Process; when planning committee votes, staff will flush out the 	<ul style="list-style-type: none"> ● For Scenario 1 & 2 it's both GHG & Housing targets. For 1 we didn't meet the GHG and for 2 we are trying to meet both. ● On the next set of alternatives we will be trying to meet the 15% GHG target but we may not meet the housing target. ● 80% does not meet that target. It will make a difference. Probably will not meet the maintenance target but will move us closer. ● Good points. While there are 5 options where we end up will be iterative ● Graphic was intended to be illustrative of the intent to meet specific goals. Good comment on the urban core. No clear definition with ABAG & MTC. Alternative 4 looks to the inner core and Alternative 5 looks to the outer Bay Area. ● The Plan is actually to release the details in October.

	<p>details. What is the timeline for the public to comment / discuss the details?</p> <ul style="list-style-type: none"> ● If we don't meet housing target, how do we meet GHG target? How far off are we from meeting GHG target? It would be helpful to see this in terms of percentages. ● Alternative #5 appears business as usual. ● Core concentration seems to be an urban utopia. <p>General comment: TDM and parking pricing? Nervous when seeing yellow which suggest a lot of changes in social habit. Suggests getting further away from public's comfort zone.</p> <ul style="list-style-type: none"> ● Slide 11: We don't really know until the modeling is done if options will meet the targets. Graphic should be changed to say it is a goal. ● Analytic tools to find ways on how RHNA to preferred scenario. We need another scenario which brings in the RHNA process or they won't match. Telecommuting, parking and TDM should be considered. ● All of the work being done in the Housing Methodology Committee (HMC) on affordable housing needs to be brought back into how the scenarios are being developed. Either making that process explicitly part of #2 or creating another alternative which explicitly takes what were doing in the HMC and asks what that would look like as an SCS. ● What does it mean to have an alternative with a housing target that doesn't meet RHNA? How can we have an SCS Preferred Scenario that doesn't meeting the housing target and yet have a RHNA that's consistent with the SCS which <i>has</i> to meet the housing target? <p>● Can we please get a GIS map of the Initial Vision Scenario that shows where the growth is distributed graphically so that we can look at the regional footprint?</p>	<ul style="list-style-type: none"> ● Analysis needs to be done – as we move Rollout to public is in October. RHNA: agency staff would agree that there is a deliberate effort to sync up with this. Bring back in future to connect the dots. <p>● It really is a goal. Substantial amount of folks in the region that want it looked at.</p> <p>● There will be coordination RHNA and SCS. Looking at bar graphs – blue/green/yellow are unclear. What are constrains for affordable housing? Roughly half requires a subsidy. Region doesn't have subsidy in place. Want approach aggressive enough to determine funding. Forecast needs to be based on reality. Haven't defined distributions in SCS in categories of income. How does it compare to outer bay area and its markets? Information and feedback we'll need on approaches to inform analysis.</p> <p>● Maps are currently being produced</p>
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	<ul style="list-style-type: none"> ● Scenarios and transportation options: Recommend that you not include transportation option #5. Pair option for Outer Bay Area Growth with Investment Option 3. On Policy Initiative where “other” is noted – take out “other” and explicitly state what the scale up of TDM, Parking Policy or Climate Initiatives would be. ● At BAPDA when the question came up about what “Housing target may not be met” meant, several of the directors said something like unrealistic numbers will disappear. Is there any control on how low the numbers may go when putting together scenarios? <ul style="list-style-type: none"> ● If it goes to 80-90 % Explain housing that will be displaced. ● Concerned that proposed scenarios are not based on assumptions which everyone understands. Seems there should be 4 scenarios and the constraints should be applied to each of the 4. Thought comment about taking 80-85% investment – if there is not a realistic assumption it looks like a guess. Reiterated the need for maps. ● Define what urban core and inner bay mean. Assumptions in general are something that we all need to see. Can’t make broad based assumption that putting jobs in the outer bay is a bad idea. ● Important that scenario 5 shows growth happening in PDAs and supporting transit. Putting jobs in Solano county would mean that commutes are shorting which contributes to improvements in GHG. ● Appreciates that staff recognize we won’t meet housing target. But, to get closer to the housing target, we will need to do better on the other targets as well. <p>Requests to see it made explicit what suite of policy options tools are planned to bridge the gap to 15%. The combination of policy tools and resources you can put into the mix will change what target we can attain.</p> <ul style="list-style-type: none"> ● Scenarios – Option 3 – hoping there would be guidance on how much we can adjust past FOCUS initiative. Would there be limitations 	<ul style="list-style-type: none"> ● Probably not as low as ½. Feedback is not sending us that way. Some numbers work – depending on resources. The attempt is to really show where the region needs to go and also have a forecast which is connected. Direct relationship with forecast that is understood by people in the region. ● It will have to be modeled.
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	<p>if a community wants to change their focus (i.e., from jobs to housing)? Needs to be a limit on regressing from past FOCUS work. Interested in looking at ways to manage the lane capacity in the Bay Bridge corridor to encourage HOVs. Interested in working in pedestrian improvements in some transportation option bundles. FPI – SF has put forth an idea around a transit performance initiative. They have put together a TPI version of the FPI and propose it be included conceptually in as many of the alternatives as possible, especially #4.</p> <ul style="list-style-type: none"> ● #5 noticed there is inclusion of expansion beyond Resolution 3434. Main concern transit expansion policy discussion is needed at the regional level. Have planning work while looking at TSP – reopening and expanding Resolution 3434 what projects and policies will look like. ● Policy initiatives – road pricing – favor exploring that before electric vehicle opportunities. What might that look like. Seeking clarity. ● Concerned about decision makers looking at chart and saying they will use just the yellow. Hold it constant and not make it look like we can expand it. Communities who have not PDAs/GOAs will want to grow. Should be back-up to say if you grow jobs and housing must grow transit as well. ● Slide 10 – disappointed only 1 scenario achieves both housing and GHG targets. IVS met one target. Can we add policies to that? Consider the full suite of policy options to meet housing target. Support that land use patterns follow the same methodology as HMC before the RHNA process. Whichever the total number is, the pattern of distribution in at least one of the scenarios, should meet the pattern of distribution being discussed in the HMC that takes into account both the sustainability and the equity and fair share pieces. Having good conversation on the big picture of the scenarios – is it possible to have an opportunity to get into some of the details over the coming months? <ul style="list-style-type: none"> ● Will each scenario incorporate RHNA land use distribution by Population distribution by income? 	<ul style="list-style-type: none"> ● Yes
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	<ul style="list-style-type: none"> ● Proposed scenario 2 don't put constraints on parking – just make the folks who drive, pay for the parking. People who ride transit shouldn't have to pay for parking through their taxes. Concerned about housing element as well. ● When the analysis on the Alternative Scenarios is created and then presented, when / how will the public or the decision makers know what effect the outcomes will have toward a Preferred Scenario? ● Will the land use scenarios look at what would happen if there were more growth outside of the PDA/GOA areas; focused growth in a way that takes advantage of regional transit investments and other regional resources? ● Would it be Scenario 2 pushing that; and only in the urban core? ● You said that 60% of the TFC regional revenues would be considered committed and that the local would be considered discretionary but the memo said they would be considered 	<ul style="list-style-type: none"> ● We will try to separate identified variables and assumptions as clearly as possible. We will be bringing key issues to this committee as well as key issues to policy makers and through public meetings onsite. Broad public meetings throughout the region will be scheduled after the release of the Alternative Scenario results in October. There will be opportunity for public input until the approval of the Preferred Scenario in February. ● The core concentration will look at that as well as the input and feedback we are getting on the Initial Vision Scenario. We don't currently know what that will look like, however we will be looking at what the land use development options are in order to progress on land use, relative to the GHG target and with the housing target. ● What is confusing people is looking at the range of approaches in the scenario concepts. The scenarios are distinct but are really a spectrum. i.e., Scenario 2 conceptually, will encompass growth in PDAs and Growth Opportunity Areas and other areas in other parts of the region. The Out Bay Area approach will include growth in the core of the region as well. It's only a question of the levels and the effect of those levels of growth. ● TFC Local (40%) is in committed; TFC Regional (60%); The Committed is .3 and discretionary is .1. This is based on input from the Air District.
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<p>Plan Bay Area: Draft Revenue Projections</p>	<p>discretionary. Please clarify.</p> <ul style="list-style-type: none"> ● Inflation rate; averaging 2 separate historical periods. Why wasn't a shift-shared approach as used in other forecasts. Page 1 of memo. ● If assuming counties reauthorize sales tax are you also assuming that funding stays in those counties? How do you assume those funds will be spent? ● Trying to tie it back to alternative scenarios. Scenarios will effect VMT, which affects gasoline consumption, which affects how much money you have to spend alternatives transportation investment plan. ● Fuel prices – this assumes fuel prices increase of 8% over next decade and then drops to 3 %. What is the rationale? It seems that price inflation would accelerate. ● Presumably this is required for RTP – Is there something similar required about housing in order to satisfy fiscal constraints for the SCS. Would like to see something similar on funding needs for affordable housing construction. ● Assumptions – peak oil rising at an exponential rate. Worry about federal deficit – what affect might that have on federal discretionary spending. <ul style="list-style-type: none"> ● Do you have somewhere, a compilation of fund sources shown on the summary slide, the amount for each fund source, committed or discretionary, what restrictions there are on the fund source and what expenditures that fund source was assigned to cover in Transportation 2035? ● Request to see the materials for the RAWG meetings ASAP. 	<ul style="list-style-type: none"> ● Trying to land between Bay Area and National Average. ● Using the words committed and discretionary. There is regional discretion. Voters of each county will make decision. ● Will take into consideration as to how we spend committed funds. <ul style="list-style-type: none"> ● Forecast state revenue portion for RTPs. Based on available ratios out there. Based on information – from NPOs throughout the state. <ul style="list-style-type: none"> ● Yes. It is available as part of the Planning Commission packet at the MTC website.
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