



Association of Bay Area Governments  
Bay Area Air Quality Management District  
Metropolitan Transportation Commission

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## Joint Policy Committee / Regional Planning Program

Date: November 1, 2006  
To: Joint Policy Committee  
From: Regional Planning Program Director  
Subject: Regional Housing Needs Allocation (RHNA) and *Projections 2007*

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Government Code Section 66536 establishes the Joint Policy Committee (JPC) and requires that:

*The joint policy committee shall coordinate the development and drafting of major planning documents prepared by ABAG, MTC, and the Bay Area Air Quality Management District, including reviewing and commenting on major interim work products and the final draft prior to action by ABAG, MTC, and the Bay Area Air Quality Management District. These documents include, but are not limited to, the following:*

- (1) Beginning with the next plan update scheduled to be adopted in 2008, the regional transportation plan prepared by MTC and described in Section 66508 of the Government Code.*
- (2) The ABAG Housing Element planning process for regional housing needs pursuant to Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.*
- (3) The Bay Area Air Quality Management District's Ozone Attainment Plan and Clean Air Plan.*

With reference to item 2, ABAG staff—in association with a Housing Methodology Committee (HMC)—has prepared a draft methodology for the Regional Housing Needs Allocation (RHNA) and will be presenting it to the ABAG Executive Board the night before the November JPC meeting. This will commence a two-month comment period, with the ABAG Board expected to adopt a final methodology at its January meeting. As the JPC will not meet again until after the January ABAG meeting, now is the time for the JPC to review and comment.

ABAG staff is also asking its Executive Board to adopt *Projections 2007*. These smart-growth-policy-based forecasts of job, population and household growth will be the primary basis for RHNA, will provide the economic and demographic assumptions for the next Regional Transportation Plan (RTP), and will be used by the Air District for its plans and strategies. *Projections* is a pivotal regional planning tool and also merits JPC review and comment as a “major planning document.”

Staff reports to the ABAG Executive Board on RHNA (Attachment A) and *Projections* (Attachment B) are included with this memorandum. At the November 17<sup>th</sup> JPC meeting, ABAG staff will summarize these reports and update the Committee on Executive Board actions the night before. The JPC may choose to concur with these actions or recommend a different course. The JPC may also provide comments, make suggestions or ask questions on specific components or elements of either document.

Both the proposed RHNA methodology and *Projections 2007* are based upon and pursue the Network of Neighborhoods regional vision. As that vision is central to the JPC's mandate, comments which reference the vision and the relationship to regional smart-growth policy are most appropriate.

I RECOMMEND:

THAT the JPC review the draft regional housing needs allocation methodology and *Projections 2007* and advise staff on comments it wishes to provide the ABAG Executive Board.

## *Attachment A*

# ASSOCIATION OF BAY AREA GOVERNMENTS

Representing City and County Governments of the San Francisco Bay Area



## MEMO

**To:** ABAG Executive Board  
**From:** Paul Fassinger, Ken Kirkey, Christy Riviere  
**Date:** October 26, 2006  
**Re:** *Draft Regional Housing Needs Allocation Methodology*

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### **Recommendation**

Staff recommends that the ABAG Executive Board adopt Resolution 13-06 authorizing release of the Housing Methodology Committee's recommendation for a proposed Regional Housing Needs Allocation Methodology (RHNA) for the 2007-2014 period. Upon release, a not less than 60-day public comment period on the methodology will begin. The comment period will close on January 18, 2007. On that date, staff will bring to the Executive Board recommendations for the final methodology. The final methodology shall include responses to all comments received on the draft RHNA methodology and reasons for any significant changes.

### **Background**

As the region's Council of Governments, ABAG is responsible for allocating the state-determined regional housing need to all jurisdictions in the Bay Area. The HMC was established in May 2006 to assist staff in developing a recommended methodology for allocating the regional need for adoption by the ABAG Executive Board. The HMC was comprised of local elected officials, city and county staff, and stakeholder representatives.

### **Regional Housing Needs Allocation Process**

The Regional Housing Needs (RHN) process is a state mandate regarding planning for housing in California. The state, regional and local governments each have a role to play. Local governments have autonomy in planning for exactly how and where housing will be developed in their individual communities. The amount of housing cities and counties must plan for, however, is determined through the interplay of state, regional and local housing policy.

The State of California requires that all jurisdictions in the state update the Housing Elements of their General Plans. Housing Elements serve as the local plan for how a jurisdiction will meet its share of the region's housing need. The State of California, via the Housing and Community Development Department (HCD), determines each region's need for housing, primarily based on estimated population growth. COGs then allocate that need, for all income groups, amongst jurisdictions. Jurisdictions then plan for that need in their housing elements, which are state-certified by HCD.

### **RHNA Methodology Recommendation**

The regional housing needs allocation methodology is the tool used to assign each jurisdiction in the Bay Area its share of the region's total housing need. The actual tool is a mathematical equation that consists of weighted factors. There are also a set of "rules" that dictate how units will be allocated by income, within spheres of influence, voluntary transfer of units, and subregions. The HMC's recommendation encompasses these distinct components of the methodology.

In their recommendation, the HMC members considered local land use plans and policies, regional growth policies and the state's housing policies, as expressed in the state mandated RHNA objectives. Additional information on how these recommendations were derived is contained in the attached report.

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## **1. Weighted Factors**

Factors in the allocation methodology are the mathematical variables that allocate shares of the regional housing need (RHN). The factors reflect: 1) state mandated RHNA objectives; 2) RHNA statutory requirements; 3) local policy and 4) regional policy. In the methodology, each factor is given priority relative to the others. Priority is established through “weighting” in the formula. For example, if one of the factors, household growth, is determined to be more important than another factor, e.g., transit, the methodology can give household growth a higher weight than transit in the formula. The methodology may also equally weight the factors, therefore ensuring that all the factors are of equal priority.

### **A. Household Growth, 40 Percent**

Each local jurisdiction should plan for housing according to regionally projected household growth within its boundaries during the RHNA planning period (2007 – 2014). Household growth should be weighted 40 percent in the allocation. Household growth is used as a factor, as opposed to existing households or total households, to ensure that additional housing is not allocated where there are existing concentrations of homes in the region, but rather where growth is anticipated to occur. In this way household growth as a factor in the methodology ensures that the allocation is consistent with both local plans for growth and with regional growth policies, as those areas that are planning for household growth would receive a higher allocation than those areas not planning for growth. Household growth in ABAG’s *Projections* is most influenced by local land use plans and policies, including planned and protected agricultural lands, open space and parks, city-centered growth policies, urban growth boundaries, and any physical or geological constraints.

Regional policies have been incorporated into *Projections* since 2002, are assumed to go into effect by 2010, and therefore have some effect on regional housing growth estimates in the 2007-2014 RHNA period. Regional policies assume that there will be increased housing growth in existing urbanized areas, near transit stations and along major public transportation corridors. These regional policies are consistent with state housing policies to promote infill development, environmental and agricultural protection and efficient development patterns.

### **B. Existing Employment, 20 Percent; Employment Growth, 20 Percent**

Each local jurisdiction should plan for housing to accommodate existing employment (2007) and regionally projected employment growth within its boundaries during the RHNA planning period (2007 – 2014). This would ensure that the need allocation gives jurisdictions with both existing concentrations of jobs and planned job growth a share of the regional housing need. This would direct housing to existing job centers and to areas with anticipated employment growth. These jobs allocation factors may address regional jobs-housing imbalance and facilitate access by proximity, for housing would be directed to communities with jobs and planned jobs, which may reduce vehicle miles traveled due to reduced inter- and intra-regional commuting.

### **C. Household Growth near Transit, 10 Percent; Employment Growth near Transit, 10 Percent**

Each local jurisdiction with an existing or planned transit station should plan for more housing near such stations. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors would be inclusive of “transit” as a policy issue. Using transit as a direct factor in the methodology would give transit a greater degree of policy weight. Those jurisdic-

tions with transit, existing and planned, would receive a relatively higher proportion of the housing needs allocation than those jurisdictions without existing or planned transit. The inclusion of “planned” transit in the methodology could potentially give a relatively higher allocation to an area where the planned transit does not materialize. However, if housing is built at appropriate densities before transit is put in place, the transit investment may become more financially feasible, for projected ridership would be higher.

## **2. Regional Income Allocations**

Each local jurisdiction should plan for income-based housing in the same ratio as the regional average income distribution. A methodology that assigns each jurisdiction’s regional housing need based on the regional average income distribution would be an “equal share” approach because it applies the same income distribution to each jurisdiction. Although considered an equitable approach, it does not consider existing concentrations of poverty.

## **3. Spheres of Influence**

Each local jurisdiction with the land-use permitting authority in a “Sphere of Influence” should plan for the housing needed to accommodate housing growth, existing employment and employment growth in such “Sphere of Influence” areas. A 100 percent allocation of the housing need to the jurisdiction that has land use control over the area would ensure that the jurisdiction that plans for accommodating the housing units also receives credit for any built units during the RHNA period.

## **4. Transfer of Units**

After the initial allocation of the regional housing need, a local jurisdiction may request approval to transfer units with willing partner(s), in a way that maintains total need allocation amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes package of incentives to facilitate production of housing units. This transfer rule would allow the transfer of allocated housing need between willing jurisdictions in conjunction with financial resources, while maintaining the integrity of the state’s RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories. Transfers done in this manner may facilitate increased housing production in the region.

## **5. Subregions**

The County of San Mateo, in partnership with all twenty cities in the county, has formed a subregion, as allowed by state statute. ABAG will assign a share of the regional need to the subregion “in a proportion consistent with the distribution of households” in *Projections 2007*. The subregion is then responsible for completing its own RHNA process that is parallel to, but separate from, the regional RHNA process. The subregion will create its own methodology, issue draft allocations, handle the revision and appeal processes, and then issue final allocations to the members of the subregion. The rules on how to handle the subregion allocation in the event the subregion fails are contained in the attached RHNA technical document.

**Draft Regional Housing Needs  
Allocation: Example Calcula-  
tion**

	Committee Proposal	Previous RHNA
11/8/06 3:47 PM <i>Regional Need</i>	230,743	230,743
ALAMEDA	2,182	2,162
ALBANY	260	277
BERKELEY	2,983	1,269
DUBLIN	3,326	5,436
EMERYVILLE	1,786	777
FREMONT	5,693	6,708
HAYWARD	3,537	2,835
LIVERMORE	3,564	5,107
NEWARK	928	1,250
OAKLAND	19,698	7,733
PIEDMONT	37	49
PLEASANTON	3,402	5,059
SAN LEANDRO	2,423	870
UNION CITY	2,135	1,951
UNINCORPORATED	1,938	5,310
<b>ALAMEDA COUNTY</b>	<b>43,335</b>	<b>46,793</b>
ANTIOCH	2,334	4,459
BRENTWOOD	2,895	4,073
CLAYTON	162	446
CONCORD	3,474	2,319
DANVILLE	550	1,110
EL CERRITO	626	185
HERCULES	427	792
LAFAYETTE	378	194
MARTINEZ	1,066	1,341
MORAGA	221	214
OAKLEY	749	1,208
ORINDA	233	221
PINOLE	304	288
PITTSBURG	2,237	2,513
PLEASANT HILL	588	714
RICHMOND	2,828	2,603
SAN PABLO	280	494
SAN RAMON	3,263	4,447
WALNUT CREEK	2,660	1,653
UNINCORPORATED	3,209	5,436
<b>CONTRA COSTA CNTY</b>	<b>28,295</b>	<b>34,710</b>
BELVEDERE	24	10

CORTE MADERA	227	179
FAIRFAX	65	64
LARKSPUR	701	303
MILL VALLEY	261	225
NOVATO	1,459	2,582
ROSS	25	21
SAN ANSELMO	137	149
SAN RAFAEL	1,571	2,090
SAUSALITO	181	207
TIBURON	124	164
UNINCORPORATED	1,001	521
<b>MARIN COUNTY</b>	<b>5,869</b>	<b>6,515</b>
AMERICAN CANYON	685	1,323
CALISTOGA	89	173
NAPA	1,901	3,369
ST HELENA	115	142
YOUNTVILLE	83	87
UNINCORPORATED	621	1,969
<b>NAPA COUNTY</b>	<b>3,494</b>	<b>7,063</b>
<b>SAN FRANCISCO</b>	<b>43,434</b>	<b>20,372</b>
<b>SAN MATEO COUNTY</b>	<b>18,177</b>	<b>16,305</b>
CAMPBELL	735	777
CUPERTINO	1,104	2,720
GILROY	1,634	3,746
LOS ALTOS	300	261
LOS ALTOS HILLS	77	83
LOS GATOS	530	402
MILPITAS	2,804	4,348
MONTE SERENO	39	76
MORGAN HILL	1,366	2,484
MOUNTAIN VIEW	2,967	3,423
PALO ALTO	3,836	1,397
SAN JOSE	33,748	26,114
SANTA CLARA	6,484	6,339
SARATOGA	275	539
SUNNYVALE	4,696	3,836
UNINCORPORATED	179	1,446
<b>SANTA CLARA COUNTY</b>	<b>60,775</b>	<b>57,991</b>
BENICIA	581	413
DIXON	686	1,464
FAIRFIELD	3,660	3,812
RIO VISTA	1,149	1,391
SUISUN CITY	657	1,004
VACAVILLE	2,734	4,636
VALLEJO	3,236	3,242

UNINCORPORATED	94	2,719
<b>SOLANO COUNTY</b>	<b>12,796</b>	<b>18,681</b>
CLOVERDALE	528	423
COTATI	438	567
HEALDSBURG	433	573
PETALUMA	2,085	1,144
ROHNERT PARK	1,835	2,124
SANTA ROSA	6,715	7,654
SEBASTOPOL	167	274
SONOMA	334	684
WINDSOR	721	2,071
UNINCORPORATED	1,314	6,799
<b>SONOMA COUNTY</b>	<b>14,569</b>	<b>22,313</b>
<b>REGION</b>	<b>230,743</b>	<b>230,743</b>

# Planning Housing in the San Francisco Bay Area

Draft Regional Housing Needs Allocation Methodology, 4<sup>th</sup> Revision

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## ***Technical Documentation***

November 2007



ABAG

## Introduction

The Regional Housing Needs Allocation (RHNA) process is a state mandate on planning for housing in California. The state, regional and local governments each have a role to play. Local governments have autonomy in planning for exactly how and where housing will be developed in their individual communities. The amount of housing cities and counties must plan for, however, is determined through the interplay of state, regional and local housing policy.

Periodically, the State of California requires that all jurisdictions in the state update the Housing Element of their General Plans. Within these Housing Elements, the state mandates that local governments plan for their share of the region's housing need, for people of all income categories. In the case of the San Francisco Bay Area, ABAG, as the region's Council of Governments, and the State Housing and Community Development Department (HCD), determines the region's need for housing. This determination of need is primarily based on estimated population growth. ABAG then allocate that need, for all income groups, amongst jurisdictions. The jurisdictions then plan for that need in their local housing elements, which are eventually state-certified by HCD.

This technical document details the process for developing the draft Regional Housing Needs Allocation, describes the Housing Methodology Committee's allocation methodology recommendations and rationale for each component, and offers information on ABAG's *Projections*.

- I. RHNA Schedule
- II. RHNA State Goals & Regional Policy
- III. Statutory Factors & Survey of Factors
- IV. The Housing Methodology Committee
- V. Draft Allocation Methodology
- VI. Regional Projections

### I. RHNA Schedule

On September 29, 2006, ABAG received approval of a two-year extension for completing the RHNA process from the Department of Housing and Community Development (HCD). The following milestones are consistent with that two-year extension:

- **November 16, 2006:** Adoption of draft allocation methodology by ABAG Executive Board; start of a 60-day public comment period
- **January 18, 2007:** ABAG Executive Board adopts final methodology
- **March 1, 2007:** Determination of regional housing need
- **June 30, 2007:** Release of draft allocations
- **June 30, 2008:** Release of final allocations
- **June 30, 2009:** Housing element revisions due to HCD

### II. RHNA State Goals & Regional Policy

There are four statutory objectives of RHNA. As shown below, these objectives include increasing housing supply, affordability, and housing types; encouraging efficient development and infill; promoting jobs-housing balance; and reducing concentrations of poverty.

These objectives are consistent with the Bay Area’s regional policies regarding growth. Following the *Smart Growth Strategy/Regional Livability Footprint Project* that was completed in 2002, ABAG’s Executive Board resolved to use these regional policies as the basis for *Projections*. Since that decision, *Projections* assumes that, over time, local land use policies will move the region closer toward regional policies.

The shift to policy-based *Projections* has important implications for growth and development in the region. *Projections* now forecasts more growth in existing urbanized areas and near transit, and less in agricultural areas. This is consistent with the RHNA objectives that call for an increase in the supply of housing, jobs-housing balance, more infill development, and protection of the environment, and efficient development patterns. Since the *Projections* forecast is the basis for the RHNA allocations, these same regional policies will influence how housing units are distributed within the region.

RHNA Objectives	Regional Policies
(1) Increase 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 each jurisdiction receiving an allocation of units for low and very low income households. (2) Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns. (3) Promote an improved intraregional relationship between jobs and housing. (4) Allocate a lower proportion of housing need to an	<ul style="list-style-type: none"> <li>• Support existing communities</li> <li>• Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents</li> <li>• Increase housing affordability, supply and choices</li> <li>• Increase transportation efficiency and choices</li> <li>• Protect and steward natural habitat, open space, and agricultural land</li> <li>• Improve social and economic equity</li> <li>• Promote economic and fiscal health</li> <li>• Conserve resources, promote sustainability, and</li> </ul>

<p>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.</p>	<p>improve environmental quality</p> <ul style="list-style-type: none"> <li>• Protect public health and safety</li> </ul>
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### III. Statutory Factors & Survey of Factors

#### 1. Statutory Factors

The RHNA statutes delineate specific factors that the HMC had to consider for inclusion in the allocation methodology, including:

- Water and sewer capacity
- Land suitable for urban development or conversion to residential use
- Protected open space – lands protected by state and federal government
- County policies to protect prime agricultural land
  - Distribution of household growth
  - Market demand for housing
  - City-centered growth policies
  - Loss of affordable units contained in assisted housing
  - High housing cost burdens
  - Housing needs of farm workers
  - Impact of universities and colleges on housing needs in a community

With the advice of the HMC, ABAG staff considered how to incorporate the statutory factors into the allocation methodology, how to allocate units by income, and how to address issues such as spheres of influence, the relationship to subregions, and voluntary transfers of housing units between jurisdictions. Their goal has been to develop an allocation methodology that is consistent with the RHNA objectives and statutory requirements while also reflecting local conditions and the regional goals for growth.

See **Section IV. 1. Weighted Factors** for a detailed description of how the factors are included in the recommended methodology.

#### 2. Survey of Factors

On September 15, 2006, ABAG sent a memorandum and survey form to each planning director of every local jurisdiction in the region. The memorandum explained the use of factors in the RHNA allocation methodology, described the status of the HMC’s deliberations, set forth the criteria for using a factor in the methodology, and solicited local input on the statutory factors and suggestions for additional factors. ABAG received responses from 42 local jurisdictions (A detailed summary of survey responses is available at <http://www.abag.ca.gov/planning/housingneeds> or by contacting ABAG staff.)

The Governor signed AB 2572 into law on September 29, 2006. The legislation adds a statutory factor: housing needs generated by the presence of a private university or a campus of the California State University or the University of California.

The HMC concluded that student populations need not be added as an explicit factor in the allocation methodology. The reason is that the existence of universities and resulting student populations are included in ABAG's household population estimates. Therefore, ABAG will circulate its explanation of the effects of this factor and a survey form for this factor during the review period of the draft methodology. Responses will be due in time for ABAG staff to evaluate them and to make any necessary changes to the methodology.

The 42 survey responses varied widely. Many commented on the HMC deliberations, supporting or opposing specific measures under consideration, and offering alternative methodological approaches. Others commented on the existing and near-term market conditions for housing in their jurisdictions.

The comments that focused on how specific factors should be explicitly considered in the methodology can be summarized as follows:

### Summary Survey Responses

<b>1. Jobs/Housing Relationship</b>	
(a) use employed residents to measure jobs/housing balance	3
(b) take into account home based businesses/employment	1
(c) use commute shed to assess jobs/housing balance	2
<b>2. Constraints due to Sewer/Water/Land Capacity</b>	
(a) respondents identified specific sewer/water constraints	2
<b>3. Public Transit/Transportation Infrastructure</b>	
(a) respondents confirmed they were planning for TOD	5
<b>4. Market Demand for Housing</b>	0
<b>5. City-Centered Development</b>	
(a) described local city-centered policies	6
(b) described specific policies, agreements, etc. on development in spheres of influence (SOI)	7
(c) stated there were no written agreements on SOIs	1
<b>6. Loss of Assisted Housing Units</b>	
(a) identified at risk units at varying degrees of specificity	10
(b) do not use as a factor	1
<b>7. High Housing Cost Burden</b>	
(a) use CHAS data	1
<b>8. Housing Needs of Farmworkers</b>	
(a) identified local efforts for farmworker housing	4
<b>9. Others</b>	
(a) use congestion levels	1
(b) reward past performance in meeting RHNA goals	1
(c) RHNA allocation should at least equal planned growth	1

Several of the possible allocation factors proposed in the surveys were considered by the HMC, but not explicitly incorporated in the draft methodology. These factors include those related to:

- Jobs-housing balance: 1(a) – (c)

- Sewer/water constraints: 2
- City-centered development: 5(a) – (c)
- Loss of assisted housing units: 6
- High housing cost burdens: 7
- Housing needs of farm workers: 8
- Traffic congestion: 9(a)
- Rewards for past RHNA performance: 9(b)

The HMC has included the following suggested RHNA factors as explicit components of the draft methodology but may not have used them in precisely the way suggested by the respondents:

- Public transit/transportation infrastructure: 3

The HMC did not consider 9(c).

In each instance where a respondent described specific localized data in support of its response to a survey question, e.g. 2, 6(a) and 8(a), the respondent did not identify sources for comparable data for other jurisdictions. Therefore, staff could not conclude that the proffered factor met the statutory requirement for comparability and availability. Consequently, the proposed factor was not used.

#### **IV. Housing Methodology Committee**

As the region's Council of Governments, ABAG is responsible for allocating the state-determined regional housing need to all jurisdictions in the Bay Area. The HMC was established in May 2006 to assist staff in developing a recommended methodology for allocating the regional need for adoption by the ABAG Executive Board. The HMC was comprised of local elected officials, city and county staff, and stakeholder representatives from each county in the region. It includes members from each county so that it adequately represents the entire region.

The members of the Housing Methodology Committee were:

Barbara Kondylis, Supervisor, District 1 (Solano), ABAG Executive Board  
Scott Haggerty, Supervisor, District 1 (Alameda), ABAG Executive Board  
Jeffery Levine, Housing Department, City of Oakland, Alameda  
Jennifer Hosterman, Mayor, City of Pleasanton, Alameda  
Dan Marks, Director of Planning & Development, City of Berkeley, Alameda  
Julie Pierce, Council Member, City of Clayton, Contra Costa  
Phillip Woods, Principal Planner, City of Concord, Contra Costa  
Gwen Regalia, Council Member, City of Walnut Creek, Contra Costa  
Linda Jackson, Principal Planner, City of San Rafael, Marin  
Paul Kermoyan, Community Development Dir., City of Sausalito, Marin  
Stacy Lauman, Assistant Planner, County of Marin, Marin  
Jean Hasser, Senior Planner, City of Napa, Napa  
Diane Dillon, Supervisor, County of Napa, Napa  
Howard Siegel, Community Partnership Mgr., County of Napa, Napa  
Amit Ghosh, Assistant Planning Director, San Francisco, San Francisco  
Doug Shoemaker, Mayor's Office of Housing, City of San Francisco, San Francisco  
Amy Tharp, Director of Planning, City of San Francisco, San Francisco  
Duane Bay, Housing Director, San Mateo County, San Mateo

Andrea Ouse, City Planner, Town of Colma, San Mateo  
Mark Duino, Planner, San Mateo County, San Mateo  
Laurel Prevetti Deputy Dir., Planning, Building and Code Enforcement, City of San Jose, Santa Clara  
Regina Brisco, Housing Planner, City of Gilroy, Santa Clara  
Steve Piasecki, Planning Director, City of Cupertino, Santa Clara  
Matt Walsh, Principal Planner, Solano County, Solano  
Chuck Dimmick, Councilmember (Vacaville) Solano City/County Coord. Council, Solano  
Eve Somjen, Assistant Director, City of Fairfield, Solano  
Mike Moore, Community Development Dir., City of Petaluma, Sonoma  
Jake MacKenzie, Council Member, City of Rohnert Park, Sonoma  
Jennifer Barrett, Deputy Director – Planning, County of Sonoma, Sonoma  
Geeta Rao, Policy Director, Nonprofit Housing of Northern California, Stakeholder  
Kate O’Hara, Regional Issues Organizer, Greenbelt Alliance, Stakeholder  
Margaret Gordon, Community Liaison, West Oakland Indicators Project, Stakeholder  
Andrew Michael, Vice President, Bay Area Council, Stakeholder  
Paul B. Campos, VP, Govt. Affairs & Gen. Counsel, Home Builders Association, Stakeholder

## **V. The Regional Needs Allocation Methodology**

The RHNA methodology assigns each jurisdiction in the Bay Area its share of the region’s total housing need. The methodology includes an allocation tool that is a mathematical equation that consists of weighted factors. There are also “rules” regarding allocation of units by income, how to handle units in spheres of influence, voluntary transfers of units, and subregions. The draft methodology encompasses these distinct components of the methodology.

In their recommendation, the HMC members considered local land use plans and policies, regional growth policies and the state’s housing policies, as expressed in the state mandated RHNA objectives.

### **5. Weighted Factors**

Factors in the allocation methodology are the mathematical variables that partly determine how the regional housing need (RHN) is allocated to local jurisdictions. The factors reflect: 1) state mandated RHNA objectives; 2) RHNA statutory requirements; 3) local policy and 4) regional policy.

In the methodology, each factor is given priority relative to the others. Priority is established through “weighting” in the formula. For example, if one of the factors, e.g., household growth, is determined to be more important than another factor, e.g., transit, the methodology can give household growth a higher weight than transit in the formula. The methodology may also equally weight the factors, therefore ensuring that all the factors are of equal priority.

The factors and weights (expressed in parenthesis) recommend by the HMC are:

- Household growth (40%)
- Existing employment (20%)
- Employment growth (20%)
- Household growth near existing and planned transit (10%)
- Employment growth near existing and planned transit (10%)

Household growth, existing employment, and employment growth are estimated in ABAG’s regional household and employment forecasts, *Projections*.

### **A. Household Growth, 40 percent**

Each local jurisdiction should plan for housing according to regionally projected household growth within its boundaries during the RHNA planning period (2007 – 2014). Household growth should be weighted 40 percent in the allocation.

The use of housing as a RHNA factor represents consistency with local, regional, and state policies regarding where housing growth will and should occur in the region. Where and how much housing growth will occur in the region is estimated by ABAG's forecasting model, as documented in *Projections*. Specifically, household growth is based on: 1) local land use policies and plans; 2) demographic and economic trends, such as migration, birth and death rates, housing prices, and travel costs; and 3) regional growth policies.

Household growth in ABAG's *Projections* is most influenced by local land use plans and policies, including planned and protected agricultural lands, open space and parks, city-centered growth policies, urban growth boundaries, and any physical or geological constraints.

Regional policies incorporated into *Projections* since 2002, are assumed to go into effect by 2010, and therefore have some effect on regional housing growth estimates in the 2007-2014 RHNA period. Regional policies assume that there will be increased housing growth in existing urbanized areas, near transit stations and along major public transportation corridors. These regional policies are consistent with state housing policies to promote infill development, environmental and agricultural protection and efficient development patterns.

The impacts of regional policy assumptions in *Projections* are: a) potential environmental and agricultural resource protection by directing growth away from existing open and agricultural lands; b) the encouragement of efficient development patterns through increased infill development and higher densities in existing communities; and c) the potential for increased transportation choices, e.g. walking and public transit, through more housing development near transit and jobs.

The household estimates in *Projections* account for all people living in housing units, including students. Thus, the portion of the student population that occupies part of a local jurisdiction's housing stock is counted as such and as a source of future household formation. The portion of the student population that occupies "group quarters," such as college dormitories, are not included in household population counts. This is consistent with state policy regarding RHNA that excludes "group quarters" from being counted as housing units.

Household growth is used as a factor, as opposed to existing units or total units, to ensure that additional housing is not planned where there are existing concentrations of homes in the region, but rather where growth is anticipated to occur. In this way household growth as a factor in the methodology ensures that the allocation is consistent with both local plans for growth and with regional growth policies, as those areas that are planning for household growth would receive a higher allocation than those areas not planning for growth.

### **B. Employment, 40 percent (Existing Employment, 20 percent; Growth, 20 percent)**

Each local jurisdiction should plan for housing to accommodate existing employment (2007) and regionally projected employment growth (2007-2014) within its boundaries during the RHNA planning period.

This would ensure that the need allocation gives jurisdictions with both existing concentrations of jobs and planned job growth a share of the regional housing need. This would direct housing to existing job centers and to areas with anticipated employment growth. These jobs allocation factors may be effective in addressing regional jobs-housing imbalance. These factors would also facilitate access by proximity, for housing would be directed to communities with jobs and planned jobs, which may reduce vehicle miles traveled due to reduced inter- and intra-regional commuting.

As a factor, employment has the ability to assign regional housing needs to jurisdictions in a way that provides a better balance between housing and employment. In the Bay Area, as in many metropolitan areas, employment centers have historically not produced enough housing to match job growth. Limited housing production near existing jobs and in areas with continued employment growth has escalated Bay Area housing costs and has triggered increased housing production in outlying Bay Area communities and in surrounding counties, including San Joaquin, Stanislaus, and San Benito. This has led to longer commutes on increasingly congested freeways, inefficient use of public transportation infrastructure and land capacity, and negative impacts on health, equity, air quality, the environment and overall quality of life in the Bay Area.

In the allocation methodology, employment can be used in varying degrees of aggressiveness to address regional jobs-housing imbalance. The HMC considered three options: 1) employment growth, 2) existing jobs (2007) and 3) total jobs in the RHNA period (existing jobs in 2007 and growth from 2007 to 2014). Employment growth as a factor would assure that jurisdictions that are planning for employment growth also plan for commensurate housing. However, this would be ineffective in addressing historic regional jobs-housing imbalances, and therefore it is the least aggressive option. Existing jobs as an allocation factor would give relatively higher allocations to existing job centers and would therefore be the most aggressive toward historic jobs-housing imbalances; however it does not take into account future job growth. Total jobs as a factor would give relatively higher allocations to both jurisdictions that are currently job centers and those with planned job growth. Therefore, this is a moderately aggressive approach relative to the other two options.

The HMC recommends a balance between the least and most aggressive options by separately weighting employment growth and existing employment. This would attempt to address historic jobs-housing imbalances and would seek to avert future imbalances. While an aggressive approach, it is relatively less aggressive than the use of total jobs as a factor. A total jobs factor would primarily direct growth to existing job centers, which would receive the entire 40 percent weight for employment, as opposed to the 20 percent recommended weight.

### **Existing Employment, 20 Percent**

The location and amount of existing jobs in the region is estimated by ABAG's forecasting model, as documented in *Projections*. Specifically, existing employment is based on: 1) existing regional and local job data, and 2) regional and local economic trends, attractiveness of commercial/industrial locations, including labor force costs, housing prices, travel costs, access to potential employees, markets, and similar businesses.

The inclusion of existing employment as a RHNA factor ensures that regional housing need is allocated in a manner consistent with regional policies and state RHNA objectives. Planning for more housing in communities with existing jobs can address historic jobs-housing imbalances. More housing in existing job centers may also encourage infill and efficient development patterns through higher densities in existing communities. There is also the potential for reduced inter- and intra-regional vehicle miles traveled and shorter commutes, as more housing would be planned in prox-

imity to existing jobs. More housing near jobs may also encourage alternative modes of travel, including walking and public transportation, as most existing jobs centers in the region are also transit rich. Planning for housing near existing jobs also places less development pressure on outlying areas, especially in rural areas with agricultural lands and protected open space.

### **Employment Growth, 20 Percent**

The location and amount of employment growth in the region is projected by ABAG's forecasting model, as documented in *Projections*. Specifically, employment growth is based on: 1) local land use policies and plans; 2) economic trends, such as national and regional industrial assumptions, attractiveness of commercial/industrial locations, including labor force costs, housing prices, travel costs, access to potential employees, markets, and similar businesses; and 3) regional policy.

Inclusion of local land use policies and plans and economic trends in ABAG's employment growth forecast ensures that the use of employment growth as a RHNA factor is consistent with local policies, plans, and local capacity for job growth. Employment growth in *Projections* considers all the land protection and growth policies, physical constraints, and the employment-related factors identified by the state and the HMC for inclusion in the allocation methodology, including existing jobs centers, home-based businesses, employed residents, housing prices, household income and employment at private universities, and campuses of the California State University and the University of California.

The inclusion of employment growth as a RHNA factor ensures that the regional housing need is allocated to areas where job growth is forecasted to occur during the RHNA period. These areas would have the responsibility of providing housing for the additional jobs that are added to the region. These areas are typically served by the region's transit infrastructure. Matching housing to jobs would still have the potential for reducing vehicle miles traveled and encouraging alternative modes of travel. This employment factor would place housing in existing communities, but would place less of the housing in the most urbanized cities in the region.

As with household growth, inclusion of regional policies in ABAG's *Projections* ensures that the use of employment growth as a RHNA factor is consistent with both state and regional policies regarding growth, infill development, and efficient use of land. This is because regional policies in *Projections* assume that relatively more job growth will occur in existing urbanized communities and near transit, while less growth is projected in outlying communities with no transit infrastructure, including those with agricultural areas and open space. In addition, regional assumptions would promote greater use of public transportation through increased job development near transit.

### **C. Household Growth near Transit, 10 Percent; Employment Growth near Transit, 10 Percent**

Each local jurisdiction with an existing or planned transit station should plan for more housing near such stations. As a factor, "household growth near transit" allocates 10 percent of the regional housing need to jurisdictions based on their forecasted household growth near existing or planned transit stations. As a factor, "employment growth near transit" allocates 10 percent of the regional housing need to jurisdictions based on their forecasted employment growth near existing or planned transit stations.

Transit is defined as areas with fixed-alignment public transit, both existing and planned. The transit services included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light

rail, and ferries. Planned transit stations include all fixed transit stations in the Metropolitan Transportation Commission's Regional Transportation Plan, Track One.

Growth near transit is defined as household or employment growth within one-half mile of an existing or planned transit station, but eliminating any overlap between stations located within one mile of each other.

Incorporating a transit factor directly into the methodology would, in effect, give extra weight to this state and regional objective. This is because a transit-based policy is already incorporated into ABAG's policy-based *Projections*. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors would indirectly include "transit" as a policy issue in the allocation methodology. Using transit as a direct factor in the methodology would give transit a greater degree of policy weight. Those jurisdictions with transit stations, existing and planned, would receive a relatively higher proportion of the housing needs allocation than those jurisdictions without existing or planned transit stations.

Despite some objections, the HMC recommends that transit be used as a direct factor. This was due, in part, to the expectation that impacts of the policy assumptions in *Projections* will not begin to take effect until 2010. Directing growth to areas with public transit in the allocation methodology would ensure that this regional policy influences development patterns during the 2007-2014 RHNA period.

Use of these factors would address the state RHNA objectives and regional goals of encouraging the use of public transit and the efficient use of transportation infrastructure. Directing housing need to areas near transit would also promote infill development, as existing transit stations are primarily in existing urbanized areas in the region.

The effect of the addition of planned transit stations in the allocation methodology is that a relatively higher share of the regional allocation is given to jurisdictions that will receive investments for public transportation. Inclusion of planned stations gives communities that will have new transit stations an opportunity to ensure that they plan sufficient housing to support the extension of transit services. In addition, given the long time-frame for implementation of service extensions, it makes sense to begin the land use planning around proposed stations before the transit stations are put in place. This is in support of both state and regional policies to ensure efficient use of transportation infrastructure and to encourage increased transit use. There is a multitude of data supporting the theory that higher population densities have a net positive impact on transit ridership.

The HMC was divided in its support for including a transit, and particularly planned transit, as part of the allocation methodology. Many of the committee members believed that the regional growth policies embedded in *Projections* sufficiently addressed both state and regional policies promoting transit use and efficient use of transportation infrastructure. It was felt by some members that having transit as a direct factor would give too much weight to transit and would also unfairly burden communities with both existing and planned transit. Planned transit was also contentious because some of the planned transit stations included in MTC's Regional Transportation Plan may not be built, including many of the e-BART stations planned for eastern Contra Costa County. However, others on the HMC felt that if housing is built at appropriate densities before transit is put in place, the transit investment may become more financially feasible, for projected ridership would be higher.

#### **D. The Allocation Formula**

The household growth, employment and transit factors are weighted together to create an allocation formula. Each factor describes a jurisdiction's "share" of a regional total. For example, if the region expects to grow by 100 households, and one city in the region is to grow by 10 households in the same period, then that city's "share" of the region's growth is 10 percent.

A jurisdiction's share of the Regional Housing need is assigned according to its percentage share of regional:

$$\text{(Household Growth x .40) + (Employment Growth x .20) + (Existing Employment x .20) + (Household Growth near Transit x .10) + (Employment Growth near Transit x .10)}$$

Growth is during the RHNA planning period (2007 - 2014). The transit factors refer to growth that occurs within ½ mile of planned or existing fixed transit stations in the jurisdiction. Planned stations are those in the RTP 2005 - Track 1.

## **2. Regional Allocations of Housing Units based on Affordability**

There are two primary goals of the RHNA process: 1) increase the supply of housing and 2) ensure that local governments consider the housing needs of persons at all income levels.

The HMC recommends that each local jurisdiction should plan for income-based housing in the same ratio as the regional average income distribution (as described by the 2000 Census). A methodology that allocates each jurisdiction's regional housing need based on the regional average income distribution would be an "equal share" approach because it applies the same income distribution to each jurisdiction. Although considered an equitable approach, it does not consider existing concentrations of poverty.

The following income allocation of regional housing needs to jurisdictions is recommended:

- **Very Low, 23 Percent**  
Households with income up to 50 percent of the county's area median income (AMI)
- **Low, 16 Percent**  
Households with income between 50 and 80 percent of the county's AMI
- **Moderate, 19 Percent**  
Households with income between 80 and 120 percent of the county's AMI
- **Above-Moderate, 42 Percent**  
Households with income above 120 percent of the county's AMI

This recommendation is based on the recognition that the need for affordable housing is a problem shared by the region as a whole, and is not localized to specific jurisdictions. By assigning every community an equal share of the regional need for affordable units, the methodology promotes the idea that every jurisdiction should do its "fair share" to provide housing.

During the discussion of the income-based allocation, some HMC members expressed concern that a potential drawback of the proposed "equal share" strategy is that it might allocate affordable housing to jurisdictions that are less likely to build the units. If this were the case, the income allocation would therefore hinder the region's ability to provide enough housing affordable to meet the region's housing needs. However, there was general agreement that the benefits of this approach outweighed the

potential negative impact. In addition, the HMC members felt that this issue could be worked out through the provisions in the methodology that allow for voluntary transfer agreements between individual jurisdictions.

The HMC discussed the possibility of using the proportion of households with a high housing cost burden in a jurisdiction to adjust the income allocation for each jurisdiction. As a result, areas with higher numbers of households with a cost burden would receive a larger share of affordable units. This factor is based on the premise that directing more affordable housing units to these jurisdictions would provide more housing options to residents in those areas.

However, the HMC was opposed to adjusting allocations based on high housing cost burdens because there was concern that, as noted above, including a factor based on existing conditions in a jurisdiction would ultimately lead to the over-concentration of low-income households in an area. In addition, committee members were committed to the idea that the need for affordable housing is a regional problem that each local government should have an equal share in addressing.

### **3. Spheres of Influence**

Every city in the Bay Area has a “sphere of influence (SOI)”. A city’s SOI can be either contiguous with or beyond the city’s boundaries. It is the areas that the city is responsible for planning, as it is the probable future boundary of the city, including areas that may eventually be annexed by the city. The SOI is designated by the county Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts within a county. If there is planned household or employment growth within the unincorporated portion of an SOI during the RHNA period, the allocation methodology must include a rule for allocating housing needs to the affected city or county.

Therefore, the HMC recommends that each local jurisdiction with the land-use permitting authority in a SOI should plan for the housing needed to accommodate housing growth, existing employment and employment growth in such areas. A 100 percent allocation of the housing need to the jurisdiction that has land use control over the area would ensure that the jurisdiction that plans for accommodating the housing units also receives credit for any built units during the RHNA period.

There are differences in whether a city or county has jurisdiction over land use and development within unincorporated SOIs. In response to these variations, the HMC recommends the following SOI rules:

1. In Napa, Santa Clara, Solano, and Sonoma Counties, the allocation of housing need generated by the unincorporated SOI will be assigned to the cities.
2. In Alameda, Contra Costa, and Marin Counties, the allocation of housing need generated by the unincorporated SOI will be assigned to the county.<sup>1</sup>

The HMC recognizes that, although these guidelines reflect the general approaches to SOIs in each county, adjustments may be needed to better reflect local conditions. Requests for SOI allocation adjustments may arise during the RHNA comment or revision period. Therefore, the HMC recommends that the methodology include the following criteria for handling such requests:

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<sup>1</sup> The County of San Mateo (formed a RHNA subregion) and the City and County of San Francisco (irrelevant) have been omitted.

1. Adjustments to SOI allocations shall be consistent with any pre-existing written agreement between the city and county that allocates such units, or
2. In the absence of a written agreement, the requested adjustment would allocate the units to the jurisdiction that has permitting authority over future development in the SOI.

#### **4. Transfer of Units**

After the initial allocation, each local jurisdiction may request that it be allowed to transfer units with willing partner(s), in a way that maintains total need allocation amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes a package of incentives to facilitate production of housing units. This transfer rule would allow the transfer of allocated housing need between willing jurisdictions in conjunction with financial and non-financial resources, while maintaining the integrity of the state's RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories. Transfers done in this manner may facilitate increased housing production in the region.

The HMC recommends the following criteria for responding to requests for revisions that transfer units among local jurisdictions:

1. Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.
2. Transfers must include units at all income levels in the same proportion as initially allocated.
3. All members of the transfer group must retain some allocation of very low and low income units.
4. The proposed transfer must include a specifically defined package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
5. If the transfer results in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by findings by the members of the transfer group that address the RHNA objectives. For example, the findings might include (a) there is such an urgent need for more housing choices in those income categories that the opportunity to effect more housing choices in these categories offsets the impacts of over-concentration, or (b) the package of incentives and/or resources are for mixed income projects, or (c) the package of incentives and/or resources are for "transitional" housing for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the package of incentives and/or resources are for additional units that avoid displacement or "gentrification" of existing communities.
6. For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.
7. Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

In addition to guaranteeing that transfers meet the RHNA statutory objectives, these criteria promote regional policies to increase housing supply and provide more housing choices. The criteria state that the transfer must include the resources necessary to improve housing choices and, specifically, in a way that would not otherwise be possible without the transfer. The long-term affordability restrictions on very low and low income transferred units ensure that these units will contribute to a fundamental increase in affordable housing choices.

The criteria also emphasize development of affordable units and are therefore consistent with the state RHNA objective that every jurisdiction does its “fair share” to provide affordable housing. The requirement that jurisdictions must retain some very low and low income units and the stipulation that transfers must maintain the same income distribution as is initially allocated ensure that a jurisdiction cannot abdicate its responsibility to provide affordable units. The criteria also ensure that the benefits created by the transfer outweigh any possible negative effects of an over-concentration of lower income households.

## 5. Subregions

The County of San Mateo, in partnership with all twenty cities in the county, has formed a subregion, as allowed by state statute. The subregion has designated the City/County Association of Governments (C/CAG) as the entity responsible for coordinating and implementing the subregional RHNA process.

As required by statute, ABAG will assign a share of the regional need to the San Mateo subregion “in a proportion consistent with the distribution of households” in *Projections 2007*. The subregion is responsible for completing its own RHNA process that is parallel to, but separate from, the regional RHNA process. The subregion will create its own methodology, issue draft allocations, handle the revision and appeal processes, and then issue final allocations to members of the subregion.

Although the subregion is working independently of the regional RHNA process, ABAG is ultimately responsible for ensuring that all of the region’s housing need is allocated. Thus, if the subregion fails at any point in its attempt to develop a final RHNA allocation for the subregion, ABAG must complete the allocation process for the members of the subregion.

In the event that the San Mateo subregion fails to complete the RHNA process, the HMC recommends the methodology include the following guidelines for handling the allocation of units to jurisdictions within the subregion:

1. If the members of the subregion adopts a “default allocation,” ABAG will allocate using the default allocation. A “default allocation” is the allocation which a member of the San Mateo RHNA subregion receives if it “opts out” of the subregion.
2. If the subregion fails before ABAG has made any allocation, ABAG combines the subregional share with the rest of the regional need and allocates the total regional need to the entire region using ABAG’s RHNA methodology.
3. If the subregion fails after ABAG has made its initial allocation, ABAG separately allocates the subregional share among only the members of the subregion. ABAG uses its RHNA methodology to do so.

This approach is recommended by the HMC because it minimizes the extent of any reallocations that could occur as a result of subregional failure and preserves the integrity of the respective efforts of ABAG and C/CAG. Keeping San Mateo separated once ABAG has completed its initial allocation also provides the most certainty to all jurisdictions about what their allocation will be.

## VI. Regional Projections

Every two years, ABAG produces a long-run regional forecast called *Projections*. The *Projections* forecast provides specific information for population, households, employment and other related variables. In *Projections 2007*, values are reported for year 2000, and then for each five year increment to 2035.

Several related models are used to perform the forecast. The economic model balances demand for the production of goods and services with the supply of productive capacity. The demographic model uses birth rates, death rates and migration data to forecast future population using a cohort-survival model. A great deal of data is required by the models, including information on economic relationships and trends, population-related information like births, deaths and migration, as well as land use and land use policy data.

Since *Projections 2003*, ABAG has assumed the “Network of Neighborhoods” land use pattern, as developed through the *Smart Growth Strategy/Regional Livability Footprint Project*. This pattern expects higher levels of housing production. It also assumes that an increasing proportion of regional growth occurs near transit and in existing urban areas. In the *Projections 2007* forecast, additional housing production and a shift in the pattern of development primarily occurs in the later part of the forecast. Earlier in the forecast, population growth is generally consistent with the California Department of Finance (DOF) forecast. The distribution of growth is generally consistent with local general plans.

ABAG has continually collected information on local land use as part of its modeling efforts. The forecast is produced for nearly 1400 census tracts in the region and shows the existing land use and the capacity of each tract to support additional population or economic activities.

Because the forecast is based on local land use information, forecasted growth occurs in locations that are consistent with local plans. However, even with 1400 census tracts, only so much detailed information can be included. We may know that moderate growth can occur in an area without specifically understanding that a portion of that area is a nature preserve. We may know that growth should not occur in an area, but it may not be clear whether it is due to a physical limitation, or a general plan policy.

## ***Attachment B***

# **ASSOCIATION OF BAY AREA GOVERNMENTS**

Representing City and County Governments of the San Francisco Bay Area



## **M E M O**

**To: ABAG Executive Board**  
**From: Paul Fassinger, Research Director**  
**Date: November 1, 2006**  
**Re: Adoption of the *Revised Projections 2007 Forecast***

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**The staff is asking the Executive Board to adopt the resolution approving the Revised Projections 2007 forecast.**

The Draft Projections 2007 forecast has been revised in response to the comments received from local governments, and other interested groups. Both demographic and employment forecasts have been reduced from the draft numbers presented at the September Executive Board meeting (Appendix A).

- The forecast continues to be a realistic estimate of future growth in the region.
- The forecast continues to assume that market trends and public policy will result in a higher proportion of development occurring as infill to existing communities and being located around transit – the Network of Neighborhoods pattern.
- The forecast is still designed to be consistent with local land use policies.
- This projections forecast is of particular importance because its results will be an input to the Regional Housing Needs Allocation (RHNA) and to the next Regional Transportation Plan (RTP).

### **Revisions**

On September 15, ABAG staff sent Draft Projections 2007 materials to each city and county planning department, as well as each county's Congestion Management Agency (CMA), each county's Local Area Formation Commission (LAFCO), members of the Housing Methodology Committee (HMC), and a variety of groups and individuals that had expressed an interest.

The materials included total population, household and total job forecasts for each jurisdiction's existing boundaries, and separately for their sphere of influence, or other subregional area. The materials also include a brief description of the overall forecast and the relationship between the forecast, regional policy assumptions and local general plans.

The review materials also included a survey of the nine factors that are required for consideration in the RHNA process. Staff and the Housing Methodology Committee agreed that it would be most appropriate to provide the draft forecast along with the survey so that reviewers would have better information with which to formulate their answers.

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Comments were due on October 20<sup>th</sup>. In order to encourage participation, the staff sent e-mail reminders and agreed to accept comments after the initial deadline. Responses were made to each agency that commented prior to the completion of the revised forecast. The staff has received 57 sets of comments. Appendix B provides a summary of the comments and the response made by staff in each case.

Revisions are made when comments show a clear error, a conflict between local and regional policies, or we can demonstrate that the forecast is inconsistent with the forecast for a comparable jurisdiction. This is a process that reflects some level of professional judgment on the part of ABAG staff and those jurisdictions providing comments.

The forecast is designed to be a realistic estimate of future growth. Therefore it will not necessarily achieve general plan build-out in each jurisdiction. Likewise, since the forecast extends to 2035, it may exceed the stated level of growth in jurisdictions where the general plan period is significantly shorter.

### **Reconciling the Forecast with Regional Policies**

At its May meeting, the Executive Board adopted forecast assumptions that included increases to the expected level of long term housing production and a higher proportion of development for infill areas and around transit (the Network of Neighborhoods). The overall level of housing production and the assumed location of development are consistent with our understanding of local land use policies. We do not expect to achieve regional jobs housing balance during the forecast period – we just expect that balance to improve. We do not expect that all future housing will be around transit stations – we just expect that the percentage will increase.

We have compared the forecast with local plans and found it to be consistent, particularly in the first fifteen years. Very few local plans extend beyond 2015 or 2020. In the materials we sent out for review, we encouraged local governments to make comparisons to their general plans. In those cases where it was demonstrated that the forecast was inappropriate, changes were made.

The overall forecast continues to be driven by data on the Bay Area's demographics and the structure of its industries, which dictates how we respond to the demand for the region's goods and services, and the potential for new migrants to come to the region. Likewise, the location of development in the region is determined by the amount of available space, and the comparative costs and benefits of locating homes and jobs.

Several elements are required to change the regional development pattern from its historical trend. Perhaps the most important element is the character of local land use plans. While we may support a particular land use policy as a region, it is not realistic to just assume it is being carried out at the local level. Increasingly, development trends and policies appear support the Network of Neighborhoods land use pattern, but the evidence is not strong enough to assume things like regional jobs housing balance in the Projections 2007 forecast.

## RHNA Survey Comments

Responses to the RHNA survey were also considered in revising the Projections forecast. We received 50 responses to the survey. Some issues were raised concerning individual jurisdictions. Where appropriate, revisions were made to the forecast. The responses to the survey did not result in any general change to the staff's understanding of future regional growth patterns.

## Projections 2007 Revised Forecast

The revised household forecast is summarized in Tables 1 and 2. They show the revised

<b>1. Revised Household Forecast</b>								
COUNTIES	2000	2005	2010	2015	2020	2025	2030	2035
ALAMEDA	523,366	543,790	565,280	590,550	615,790	644,030	672,700	701,090
CONTRA COSTA	344,129	368,310	385,950	406,220	426,380	447,590	466,730	485,640
MARIN	100,650	103,180	105,360	108,070	110,660	113,010	115,190	117,050
NAPA	45,402	49,270	51,470	53,650	55,740	57,210	58,640	59,650
SAN FRANCISCO	329,700	338,920	348,330	357,810	367,430	377,050	386,680	396,310
SAN MATEO	254,104	260,070	267,260	277,150	287,570	297,010	304,840	312,250
SANTA CLARA	565,863	595,700	628,870	665,000	701,470	732,830	769,750	806,210
SOLANO	130,403	142,040	152,510	162,830	172,200	180,460	188,340	196,220
SONOMA	172,403	181,800	192,660	199,730	206,840	212,380	216,320	219,980
<b>REGION</b>	<b>2,466,020</b>	<b>2,583,080</b>	<b>2,697,690</b>	<b>2,821,010</b>	<b>2,944,080</b>	<b>3,061,570</b>	<b>3,179,190</b>	<b>3,294,400</b>

<b>2. Changes to the Household Forecast</b>								
COUNTIES	2000	2005	2010	2015	2020	2025	2030	2035
ALAMEDA	0	0	0	-350	-600	-2,650	-4,700	-6,750
CONTRA COSTA	0	0	-50	-250	300	850	1,150	1,450
MARIN	0	0	-200	-420	-630	-830	-1,020	-1,220
NAPA	0	0	0	0	0	0	0	0
SAN FRANCISCO	0	0	0	0	0	0	0	0
SAN MATEO	0	0	0	-500	-2,000	-2,000	-2,000	-2,000
SANTA CLARA	0	0	0	0	0	0	0	0
SOLANO	0	0	-2,800	-4,400	-4,900	-5,200	-5,500	-5,800
SONOMA	0	0	0	0	0	0	0	0
<b>REGION</b>	<b>0</b>	<b>0</b>	<b>-3,050</b>	<b>-5,920</b>	<b>-7,830</b>	<b>-9,830</b>	<b>-12,070</b>	<b>-14,320</b>

household estimates and the changes from the previous draft. While there were increases as well as decreases to the estimates for individual jurisdictions, Table 2 shows that in total the regional forecast was reduced by 14,320 households in the year 2035. Once changes are made to the household forecast it typically results in changes to the population estimates.

Tables 3 and 4 show the revised estimates and changes for the job forecast. Again, individual jurisdictions saw increases as well as decreases to their forecasts. In total, the regional employment forecast decreased 76,210 by the year 2035 .

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### 3. Revised Employment Forecast

COUNTIES	2000	2005	2010	2015	2020	2025	2030	2035
ALAMEDA	750,160	730,270	782,520	846,160	908,380	974,190	1,042,130	1,107,580
CONTRA COSTA	371,310	379,030	404,500	438,920	475,200	512,360	552,100	592,390
MARIN	134,180	135,470	141,690	146,720	151,810	157,170	162,830	168,780
NAPA	66,360	70,690	75,360	80,440	85,460	90,090	94,310	98,570
SAN FRANCISCO	642,500	553,090	593,370	636,840	684,310	733,020	782,560	832,860
SAN MATEO	386,590	337,350	363,110	392,210	423,600	454,870	488,120	522,650
SANTA CLARA	1,044,130	872,860	938,330	1,017,060	1,098,290	1,183,840	1,272,950	1,365,810
SOLANO	136,740	150,520	161,390	173,840	187,810	201,340	215,000	227,870
SONOMA	221,490	220,460	237,000	256,170	276,780	298,350	320,070	344,290
<b>REGION</b>	<b>3,753,460</b>	<b>3,449,740</b>	<b>3,697,270</b>	<b>3,988,360</b>	<b>4,291,640</b>	<b>4,605,230</b>	<b>4,930,070</b>	<b>5,260,800</b>

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### 4. Changes to the Employment Forecast

COUNTIES	2000	2005	2010	2015	2020	2025	2030	2035
ALAMEDA	0	0	-1,020	-1,230	-3,440	-4,660	-9,370	-18,580
CONTRA COSTA	0	0	-3,000	-2,000	-1,000	-1,000	0	0
MARIN	0	-2,300	-4,800	-8,500	-10,300	-12,410	-13,810	-15,020
NAPA	0	-500	-1,000	-1,000	-1,200	-1,200	-1,000	-1,000
SAN FRANCISCO	0	0	-2,000	-8,000	-13,000	-20,000	-28,000	-35,000
SAN MATEO	0	0	-60	-1,060	-2,250	-4,050	-5,770	-6,110
SANTA CLARA	0	0	0	0	0	0	0	0
SOLANO	0	0	0	200	200	100	-700	-500
SONOMA	0	0	0	0	0	0	0	0
<b>REGION</b>	<b>0</b>	<b>-2,800</b>	<b>-11,880</b>	<b>-21,590</b>	<b>-30,990</b>	<b>-43,220</b>	<b>-58,650</b>	<b>-76,210</b>

## Conclusion

The staff asks the Executive Board to adopt the resolution approving the revised forecast.