

MEMO

To: ABAG Executive Board
From: Paul Fassinger, ABAG Research Director
Date: June 29, 2007
**Subject: Release of Draft Regional Housing Need Allocation
 and Start of Public Comment Period**

Overview

The State Department of Housing and Community Development, HCD, has determined that the Bay Area needs to plan for 214,500 – 227,500 housing units during the 2007 – 2014 planning period. HCD has also determined how many of these units are needed across four income categories, very low, low, moderate and above moderate. With this assignment of the regional need by the state, ABAG is responsible for allocating the total regional need to all jurisdictions in the Bay Area. This is to be done using the allocation method adopted by the Executive Board at their January 18, 2007 meeting.

The purpose of this memo is to allocate to all the jurisdictions in the Bay Area (excluding the San Mateo County Subregion) their housing needs, by income category, for the 2007 – 2014 period.

Total Regional Need

The regional housing need is divided into two parts—the existing need and the projected need. In determining the total regional need for the 2007 – 2014 period existing need is based on state estimates of total households in 2005, plus growth during 2006. Projected need is determined by household growth in the region. Household growth is determined by the components of population growth: 1) births or natural increase; 2) migration and 3) household formation rates. Using these factors, projected regional need of 212,500 housing units was determined. Adding in existing need, the total housing need for the region is 214,500 housing units.

In addition to the total need, HCD’s determination of housing need is given to the region by income category. The income categories are very low, low, moderate and above moderate. The percent of total units in each income category is based on the regional average distribution of households across the various income categories. Using the lowest end of the range, the regional need assignment, by income category is:

<u>Income Category</u>	<u>Percent</u>	<u>Units</u>
Very-Low	22.8%	48,840
Low	16.4%	35,102
Moderate	19.3%	41,316
<u>Above Moderate</u>	<u>41.5%</u>	<u>89,242</u>
Total	100%	214,500

ABAG staff recommends that the Executive Board adopt the minimum number of units, 214,500 housing units, by income category, for the 2007 - 2014 planning period.

Regional Allocations to Jurisdictions

Staff originally provided an example allocation based on the total need (230,743 housing units) from the last round of the RHNA cycle and the method adopted by the Board at its January 18, 2007 meeting. At its May 17, 2007 meeting, the board was presented with an allocation using the actual regional need determined by HCD (214,500 housing units) and the adopted method. Consistent with this method the staff made some adjustments to the calculations. These adjustments were necessary to correctly account for recent jurisdiction boundary changes, the complete number of transit areas, overlapping station areas and some changes to the estimates of jobs and housing in those areas.

Unfortunately the calculations were not complete at the time of the May meeting and the Executive Board directed the staff to return to the July meeting with corrected calculations.

The attached table reflects those corrections. Since the overall regional allocation is lower than we assumed in January, all jurisdictions with the exceptions of Fairfax and Campbell have lower allocations than in the January example. For Fairfax a boundary change has been made. For Campbell transit factors have been corrected. The percentage decreases from the January example vary due to the adjustments we have described. Notably, the decrease to San Francisco was larger than average and the decrease to San Jose was smaller.

Staff recommends that the Executive Board release the draft allocation of housing units to jurisdictions, as depicted in Attachment 1.

Recommendations & Next Steps

Staff respectfully recommends that the Executive Board:

- 1) Accept the State Department of Housing and Community Development determination of the regional housing need. Adopt the total regional need of 214,500 housing units, by income category.
- 2) Using the allocation method adopted at the January 18, 2007 Executive Board meeting, approve the allocation of the regional housing need to jurisdictions outside the San Mateo County Subregion.
- 3) Begin the 60 day public comment period. Jurisdictions will have until September 18, 2007 to request revisions to their allocations.
- 4) ABAG will have 60-days to respond to requests for revisions. After any revisions, local governments will have an additional 60 days to appeal the Revised RHNA numbers. In early 2008, ABAG will hold a public hearing on appeals. Final RHNA allocations will be made prior to April 2008. Prior to June 2008, final RHNA will need to be released by ABAG.

Conclusion

The draft allocation is the next step in implementing the methodology the Executive Board adopted in January of this year. Throughout this process we have consulted with local jurisdictions and provided information about the method and its likely results. We believe that the attached allocation fairly and accurately implants that methodology.