

## DRAFT MEMO

Date: August 16, 2011

To: ABAG Executive Board

From: Executive Director

Subject: Subregional Regional Housing Need Assessment (RHNA) Allocation

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### Summary

Staff is recommending that the subregions in the Bay Area (counties of San Mateo, Napa, and Solano) be encouraged to receive their housing allocation numbers using the same methodology by which the region's housing need is distributed to the other counties. To accomplish this policy goal, both the ABAG Board and the subregions will need to voluntarily agree to this method, and, if agreed to, such methodology will be incorporated into the RHNA Subregional Delegation Agreement between ABAG and the subregions.

### Overview

The Regional Housing Needs Allocation (RHNA) is a state mandate that requires each community to plan for its share of the state's housing need, for people at all income levels. The California Department of Housing and Community Development (HCD) determines the total housing need for each region in the state and, as the Council of Governments for the San Francisco Bay Area, it is ABAG's responsibility to distribute this need to local governments. ABAG is currently undertaking the RHNA for the years 2014-2022.

For RHNA, ABAG allocates jurisdictional totals within the region sufficient to house an eight-year projection of the regional housing need for all income groups. This process is known as the Housing Methodology. Additionally, the Housing Methodology must allocate housing units within the region consistent with the development pattern included in the Sustainable Communities Strategy (SCS). As in prior RHNA cycles, ABAG has convened a Housing Methodology Committee (HMC) consisting of planning staff and elected officials, with participation from stakeholders to assist in developing a method for allocating the region's housing need that meets the RHNA requirements and is consistent with the proposed SCS.

State RHNA law allows for local jurisdictions to join together to form subregions, which accept responsibility from ABAG for allocating their share of the region's housing need within the subregion. In this cycle, the counties of Napa, San Mateo, and Solano have chosen to act as designated subregions. The allocation within the subregion must meet the requirements of State law including the consistency requirement of the SCS. If the subregional process fails, ABAG is required to perform the allocation within the subregion.

In this report, staff is recommending a method to allocate a share of the region's housing need determination to each of the subregions.

### **Options for Allocating a Share of the Region’s Housing Need Determination to a Subregion**

To ensure consistency between the SCS and RHNA, the region’s RHNA methodology will be based on the land use pattern of the SCS Preferred Scenario. The SCS Preferred Scenario will forecast households and jobs for each jurisdiction over the planning period 2013 – 2040. The RHNA methodology will use this development pattern as an input to allocate a share of the region’s housing need determination<sup>1</sup> (RHND) to each jurisdiction, or to a subregion where one has formed.

The legal requirement for ABAG to allocate shares of the region’s housing need determination to each subregion remains unchanged from the last cycle. This section was not amended even though SB 375 required “consistency” between the RHNA and the SCS. The Housing Element law states:

“The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan.” *Government Code Section 65584.03(c)*

#### A. The Household Share Method

The Household Share method allocates to each subregion a percentage share of the RHND where the percentage is the same as the subregion’s percentage share of household growth in the Preferred Scenario being developed as part of the SCS for the period from 2014 to 2022 (HH Share Method). Since the subregional share would be determined without consideration of the RHNA methodology factors and the long term SCS growth pattern, the county’s share would be different than if the jurisdictions had participated in the regional allocation. This approach may shift some responsibility for housing to jurisdictions outside the subregion if the subregional share of the regional need determination is lower. It may also discourage members of the subregion from pursuing a locally-determined RHNA methodology if the regional approach offers a lower share. The option also seems to be less consistent with the SCS, since it offers only consistency with a growth period ending in 2022.

The primary advantage of this method is that it clearly complies with the statutory language.

#### B. The RHNA Share Method

The RHNA Share Method would apply the region’s RHNA methodology to the SCS Preferred Scenario and then determine the county’s share of the housing need determination (RHNA Share Method). This is the method that is being recommended to the ABAG Board for adoption for the rest of the region. In this option, the “distribution of households” as stated under Housing Element Law would follow the pattern of the RHNA methodology, and not the “forecasted land development pattern” of the SCS.

The RHNA Share Method is based on the policy goals of utilizing one consistent methodology that ties the region together and that is consistent with the SCS.

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<sup>1</sup> The determination of the Bay Area’s total housing need is expected from HCD in October 2011.

The RHNA Share Method supports the principle that a subregion should receive the same share of the region's housing need that it would receive if it participated in the region's RHNA allocation process. Based on this principle, the benefit of forming a subregion would be derived solely from the opportunity for greater local control over how units are distributed within the subregion. This policy would ensure that subregions neither shift additional units for the remainder of the region to allocate nor act as a deterrent for subregions to opt for greater local control by receiving a higher share of the regional total.

The primary disadvantage of the RHNA Share Method is that it does not clearly comply with the statutory language. For that reason, this method requires voluntary agreement by the subregions to accept the RHNA Share Method through execution of the Subregional Delegation Agreement.

### **Recommendation**

Staff is recommending that the ABAG Board allow the subregions to choose either method, but encourage the subregions to adopt the RHNA Share Method. The recommended method ensures equitable treatment between the subregions and the remainder of the region. The execution of the RHNA Subregional Delegation Agreement should reduce the risk of a future legal challenge if any of the subregions choose the RHNA Share Method.