OneBayArea

SCS HOUSING METHODOLOGY COMMITTEE
April 28, 2011 | 10:00 a.m. to 1:00 p.m.

San Francisco Bay Conservation and Development Commission
McAteer Petris Conference Room
50 California Street, Suite 2600, San Francisco, CA 94111

Lunch is Provided for Committee Members

	Estimated Time for Agenda Item
1. Convene Meeting (Doug Johnson, MTC) *Announcements, information, and summary of last meeting.*	**10:00 a.m.**
2. RHNA Timeline (Ken Kirkey, ABAG) *Revision to the RHNA timeline.*	**10:15 a.m.**
3. Proposed Allocation Methodology (Ken Kirkey, ABAG) *Allocation that incorporates the sustainability principles while promoting fair share.*	**10:30 a.m.**
4. Allocation of Subregional Shares (Ken Kirkey, ABAG) *Determine each subregion's share of the regional housing need.*	**11:30 a.m.**
5. Trades and Transfers (Paul Fassinger, ABAG) *Jurisdictions may request transferring units with one or more willing partners.*	**12:00 p.m.**
6. Basecamp (Hing Wong, ABAG) *Website to share HMC information and to collect feedback from HMC members.*	**12:30 p.m.**
7. Next Steps/Other Business/Public Comments	**12:45 p.m.**

Next Meeting:
Thursday, May 26, 2011 at 10:00 a.m.
BCDC, 50 California Street, Suite 2600, San Francisco 94111

The SCS Housing Methodology Committee (HMC) is comprised of local government planning staffs, elected officials and stakeholder groups. The HMC provides input to regional agency staff on the Regional Housing Need Allocation and related Regional Transportation Plan/Sustainable Communities Strategy work elements.

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Proposed RHNA / SCS Schedule – April 26, 2011

This schedule attempts to align the milestones for the RHNA with those of the SCS/RTP. The dates for each milestone take statutory requirements for public comment, local government response, etc. into account.

		RHNA Milestones (approx.)	**Related SCS/RTP Milestones**
1	Subregions Form	Mar. 2011	
2	Alternative Scenario Concepts Identified		June 2011
3	Block Grant Adopted		July 2011
4	Results of Transportation Project Assessment to MTC Planning Committee		Sept. 2011
5	HCD Issues RHND[1]	Oct. 2011	
6	Alternative Scenarios Released		Oct. 2011
7	Release SCS Preferred Scenario		Nov. 2011
8	ABAG Assigns Subregional RHNA Shares[2]	Nov. 2011	
9	ABAG/Subregions Release Draft Method[3] *Action to be taken by ABAG Executive Board: November 17, 2011*	Nov. 17, 2011	
10	ABAG/Subregions Release Final Method[4]	Jan. 19, 2012	
11	ABAG/Subregions Release Draft Allocation[5] *Action to be taken by ABAG Executive Board: January 19, 2012*	Jan. 19, 2012	
12	SCS Preferred Scenario Adopted		Feb. 2012
13	Local Requests for Revisions to Draft Allocation Due[6]	Mar. 19, 2012	
14	ABAG/Subregions Respond to Requests for Revision[7]	May 2012	
15	Hearings on Local Appeals of ABAG/Subregion Response[8]	TBD	
16	ABAG/Subregions Issue Final Allocation[9]	TBD	
17	ABAG Adopts Final Allocation @ Public Hearing[10] *Action to be taken by ABAG Executive Board: September 20, 2012*	Sept. 20, 2012	
18	Release Draft SCS/RTP		Nov. 2012
19	RTP/SCS Adopted		April 2013
20	Local Governments Adopt Housing Element Revision	Oct. 2014	

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1 The date for HCD to determine the RHND has been set at this date by mutual agreement between ABAG and HCD.

2 This date is set to occur at the same time that the 'preferred scenario' is adopted.

3 Please note that the survey must be conducted within the 6 months prior to this date.

4 GC section 65584.04(h) requires a public hearing and 60-day comment period on the draft method.

5 There is no statutory requirement that there be a gap between adoption of the final method and issuance of the draft RHNA.

6 Local jurisdictions have 60 days to review allocation and request revisions. GC section 65584.05(b)

7 ABAG has up to 60 days to respond to requests for revisions, may be compressed to 30 days. GC section 65584.05(c)

8 A hearing must take place no earlier than 45 days after a local jurisdiction files an appeal of a rejected request for revision, adding 15 days as the span of time for local jurisdictions to appeal compresses the interval between ABAG's response to requests for revisions and the conclusion of the appeal process to 60 days. GC section 65584.05(e) – (f)

9 Must occur within 45 days after completion of appeal process. Could be compressed to 0 days. GC section 65584.05(f)

10 Must occur within 45 days of issuance. No minimum interval required. In theory, could be virtually simultaneous with 'issuance'. GC section 65584.05(h)

OneBayArea

Date: April 25, 2011
To: SCS Housing Methodology Committee
From: Regional Agency Staff
Subject: Proposed Allocation Methodology for RHNA

This memo presents a RHNA allocation methodology that incorporates the sustainability principles of the Sustainable Communities Strategy (SCS), while promoting the "fair share" principles of RHNA. It describes the mechanics of the method, as well as how it addresses the statutory RHNA objectives.

Based upon input from the Housing Methodology Committee (HMC), ABAG's legal counsel, and the need to coordinate the RHNA with the region's first Sustainable Communities Strategy, staff is proposing a modification to the timeline for developing the RHNA method for the 2014-2022 allocation period. The adoption of the RHNA Draft Methodology will take place in conjunction with the release of the SCS Preferred Scenario. This modification is based upon the fact that it is not possible to pre-determine how the SCS Preferred Scenario will differ from the Initial Vision Scenario, a central point raised by the HMC.

As SCS Alternative Scenarios are developed through Fall 2011, the HMC will be presented with staff reports outlining how the land patterns in the various Alternative Scenarios would impact the proposed RHNA methodology. The SCS Preferred Scenario would serve as a primary input to the RHNA Draft Methodology providing for a strong link between the development of the SCS, RHNA, and RTP-related policies and incentives.

The SCS and RHNA

Over the past decade, the State of California has enacted several policies to reduce driving and support more focused growth. One of the most significant is Senate Bill 375 (SB 375), enacted in 2008. SB 375 calls for regions in California to adopt a Sustainable Communities Strategy (SCS) that incorporates a forecasted development pattern, or a land use plan, for the region with the federally mandated 25-year Regional Transportation Plan (RTP). Through this integration, the SCS seeks to reduce greenhouse gas emissions and provide housing for the region's entire future population to 2035. Along with requiring regional sustainability strategies, SB 375 synchronizes the legal requirements of RHNA with the RTP process and streamlines the California Environmental Quality Act for some housing and mixed-use projects.

Prior to the enactment of SB 375, however, it should be noted that the Bay Area's FOCUS program was an early multi-agency program that supported local government efforts to embrace compact, transit-served development patterns by directing incentives to infill Priority Development Areas (PDAs). The FOCUS program encourages local governments in the region to adopt plans and policies that produce complete, walkable communities where housing development is in infill locations near existing jobs and transit. The goals of the FOCUS program and the adopted targets for the Bay Area's SCS are consistent with the statutory RHNA objectives (see Table 1).

The FOCUS PDAs are the foundation for the sustainable growth pattern outlined in the Initial Vision Scenario of the SCS. Future housing growth in this scenario is primarily distributed to PDAs and Growth

Opportunity Areas that represent a majority of the transit-served and infill locations in the region where local governments are planning for mixed-use neighborhoods that provide a range of housing, employment, and transportation choices. Given the consistency among the guiding principles for FOCUS, SCS, and RHNA, it stands to reason that the forecasted land use distribution of the SCS could inform the housing allocation process for RHNA, as long as all the other statutory Housing Element requirements are also satisfied.

Table 1: Comparison of RHNA Objectives, SCS Performance Targets, and FOCUS Program Goals

RHNA Objectives	SCS Performance Measures	FOCUS Goals
• 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 • Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns • Promote an improved intraregional relationship between jobs and housing • Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.	• Reduce per-capita CO_2 emissions from cars and light trucks by 15% • House 100% of the region's projected 25-year growth by income level without displacing current low-income residents • Reduce premature deaths from exposure to particulate emissions: – Reduce premature deaths from exposure to fine particulates (PM2.5) by 10% – Reduce coarse particulate emissions (PM10) by 30% – Achieve greater reductions in highly impacted areas • Reduce by 50% the number of injuries and fatalities from all collisions (including bike and pedestrian) • Increase the average daily time walking or biking per person for transportation by 60% (average of 15 minutes per person per day) • Direct all non-agricultural development within the urban footprint (existing urban development and urban growth boundaries) • Decrease by 10% the share of low-income and lower-middle-income residents' household income consumed by transportation and housing • Increase gross regional product by 90% – average annual growth rate of approx. 2% (in current dollars) • Decrease per-trip travel time by 10% – Decrease average per-trip travel time by 10% for non-auto modes – Decrease auto vehicle miles traveled (VMT) per capita by 10%	• Strengthen and support unique existing communities • Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents • Increase housing supply and choices • Improve housing affordability • Increase transportation efficiency and choices • Protect and steward natural habitat, open space, and agricultural land • Improve social and economic equity • Promote economic and fiscal health • Conserve resources, promote sustainability, and improve environmental quality • Protect public health and safety

Household Distribution in the Initial Vision Scenario

The Initial Vision Scenario is designed to open the conversation among regional and local agencies and multiple stakeholders. This is a first land use proposal focused on the distribution of approximately 900,000 households by 2035; which assumes unconstrained resources for the production of housing and neighborhood development, high population growth, a strong economy, and smaller household sizes. This Initial Vision Scenario will be followed by the creation of Alternative Scenarios that take into account resource constraints as well as employment distribution, transportation and land use strategies, and alignment of funding with the proposed development pattern. The Alternative Scenarios will be discussed among regional and local jurisdictions and agencies and interested stakeholders with input and related analysis leading to the release of the SCS Preferred Scenario by December 2011.

The principal purpose of the Initial Vision Scenario is to articulate how the region could potentially grow over time in a sustainable manner, and to orient policy and program development to facilitate implementation. It is designed around places for growth identified by local jurisdictions. These places were mostly the PDAs already identified through the FOCUS program. They also included Growth Opportunity Areas that were defined by local governments specifically for inclusion in the Initial Vision Scenario.

For each of these areas, local jurisdictions selected the "Place Type" from the typology defined in the *Station Area Planning Manual 2007* that is most closely aligned with the local goals for reducing automobile dependency and creating complete neighborhoods that offer housing, jobs, and services in walkable districts near transit. Examples of Place Types are Regional Center, City Center, Transit Town Center, Mixed-Use Corridor, etc. In addition to those established Place Types, as part of the Initial Vision Scenario process, local jurisdictions proposed two additional Place Types, Rural Town Centers and Employment Centers, that capture the sustainability qualities of a few of the new Growth Opportunity Areas.

The Place Type framework outlines the different qualities that, when combined, help to create vibrant and successful transit-served neighborhoods. Each Place Type is defined by its scale, type of transit, mix of land uses, intensity and density of development, amenities, design guidelines, and targets for total housing units and jobs. By incorporating this spectrum of characteristics related to the quality of a particular area, the Place Types address many of the elements that contribute to creating complete communities, such as providing access to a mix of uses and a variety of transportation options, including transit, walking, and bicycling.

While the Place Types emphasize the specific context of a particular place, they also take into account the role that this place plays in relation to other transit-served areas in the region. For example, each Place Type is defined by a range of total employment and its economic role in the region. And the Place Types take into consideration the type of transit in the area, and whether it provides local service or access to destinations throughout the region. In this way, the Place Types provide a common language for a regional policy framework, and for how those policies relate to planning and implementation occurring at the local level.

The household growth distribution in the Initial Vision Scenario relies on the transit-oriented, predefined characteristics of the Place Types chosen by local jurisdictions. Focusing on PDAs and Growth Opportunity Areas, regional agencies distributed housing growth across the region based first on local visions, plans, and growth estimates. Second, regional agencies supplemented the local forecast for a

PDA or Growth Opportunity Area with additional units in order for the region to meet the housing target of 900,000 households by 2035. This additional growth was framed by the Place Type selected by a local jurisdiction. Growth was increased to fit within the range of total housing units associated with that Place Type. If the growth proposed by a local jurisdiction was below the level defined for its selected Place Type, regional agencies increased the level of growth at least to the minimum level of the Place Type. In addition, an assessment of a PDA's or Growth Opportunity Area's location in the region, access to employment, proximity to major transit corridors, proposed transit investments, and its overall size and development intensity informed the assignment of any additional units.

As a result, Priority Development Areas and Growth Opportunity Areas in the Initial Vision Scenario contain about 70 percent of the region's total growth (643,000 households) within approximately 4 percent of the total region's land area. These areas encompass about half of the region's total employment growth. The allocation of this 70 percent of the household growth represents the core of the regional land use policy and sustainability frame, informed by local decisions about the desired future characteristics of individual places.

Proposed Methodology

The proposed methodology approach for allocating the region's total housing need for the upcoming RHNA period continues and expands upon the inclusion of principles of compact growth and sustainability that began with the 2007-2014 RHNA methodology. The methodology for the last RHNA cycle emphasized growth in existing urbanized areas, as a way to reduce development pressure on the region's environmental and agricultural resources and to capitalize on existing infrastructure investments. It directed additional growth to areas near transit, to promote housing in areas that offer increased transportation choices. And it included factors related to existing and planned jobs, to encourage an improved jobs-housing balance.

In order to address the requirements of SB 375 through the Sustainable Communities Strategy, the proposed RHNA method for 2014-2022 would use the housing distribution share to PDAs and Growth Opportunity Areas from the SCS Preferred Scenario, and complement it with a household formation distribution that will address the "fair share" policy frame of RHNA more directly. The distribution of housing in Initial Vision Scenario is used in this memo as an example to illustrate the proposed methodology.

Allocation of Total Regional Need

The total housing need number for the region, the Regional Housing Need Determination, will be provided to ABAG by the California Department of Housing and Community Development (HCD) in October 2011. This final housing need number would be distributed to jurisdictions based upon the proposed method.

As with the allocation method for the 2007-2014 RHNA, directing growth to infill locations is a key component of protecting agricultural and natural resources. This methodology also recognizes the multiple benefits for local communities and the region as a whole of encouraging housing, particularly affordable housing, in the neighborhoods near transit that local communities have identified as priorities for development and investment to create complete communities. Targeting growth to these areas, which include a mix of housing and jobs as well as transit services that provide connections between homes and jobs, continues the emphasis on jobs-housing balance that was included in the allocation methodology for the 2007-2014 RHNA.

However, focusing only on the PDAs and Growth Opportunity Areas could mean that jurisdictions that were unable or unwilling to pick adequate Place Types for these areas or to designate any PDAs or Growth Opportunity Areas at all commensurate with their housing need, would not be allocated their "fair share" of the regional housing obligation. Thus an explicit "fair share" component is added by including a factor based on household formation. The two components of the methodology are described below:

1. Sustainability component: In the Initial Vision Scenario, as an example, 70 percent of the household growth was distributed to PDAs and Growth Opportunity Areas based on the locally selected Place Type, and its associated scale and characteristics, including employment growth. Growth in these areas is intended to promote the development of complete communities, including increased housing and transportation choices. Using the PDAs and Growth Opportunity Areas as the foundation for the allocation methodology encourages consistency between RHNA and local plans and visions for future growth.
    a. The first step in developing this component would be to calculate each PDA's or Growth Opportunity Area's share of the region's total growth as shown in the SCS Preferred Scenario. Again, this document uses the Initial Vision Scenario as an example to assess the methodology.
    b. This share would then be applied to the region's total housing need number for RHNA, as determined by HCD.

2. Fair share component: Using the Initial Vision Scenario as an example, the 30 percent of the regional growth that was distributed to areas *outside* of PDAs or Growth Opportunity Areas would be pooled at the regional level and redistributed, based on a jurisdiction's share of regional household formation growth.
    a. Each county would be assigned its proportion of household formation, calculated based on demographic analysis and data from the 2010 Census.
    b. Each jurisdiction would then be given a share of the county's total housing unit demand based on the jurisdiction's population from the 2010 Census.
    c. Each jurisdiction's share of the county total would then be used as a factor to distribute the housing growth for areas outside of PDAs and Growth Opportunity Areas. This would result in all cities in the county receiving a household growth allocation—regardless of the amount of growth already assigned in PDAs and Growth Opportunity Areas.
    d. Jurisdictions that have PDAs and Growth Opportunity Areas would also get a share of this household growth. However, if the total housing allocation for any jurisdiction reaches more than 150 percent of the amount of growth that the jurisdiction would expect based on its household formation growth, it could choose to reduce its number.
    e. The reduction of growth from Step D (above) would return to the regional pool for redistribution to those local jurisdictions that are below 150 percent of their household formation growth. This would be an iterative process.

Allocation by Income

Two primary objectives of the state's regional housing needs process are to increase the supply of housing and to ensure that local governments consider the housing needs of persons at all income levels. In addition to identifying each jurisdiction's share of the region's total housing need, the RHNA methodology must also divide this allocation into the four income categories defined by HCD. The

income allocation portion of the RHNA method is designed to ensure that each jurisdiction in the Bay Area plans for housing for people of every income.

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:

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

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

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.

Addressing the Statutory RHNA Objectives

This section discusses how this proposed methodology addresses the RHNA objectives identified in Housing Element law. These statutory objectives are to:

1. Increase housing supply and 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 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.[1]

[1] Government Code Section 66584(d)

Increasing Housing Supply and Choice

In general, PDAs and Growth Opportunity Areas are planning for a mix of housing types, with an emphasis on multi-family housing in neighborhoods with a mix of uses, which provides an alternative housing option to the single-family neighborhoods that predominate in many areas in the region. By encouraging housing production in PDAs and Growth Opportunity Areas, which offer a variety of transportation options (such as transit, bicycling, and walking), the methodology is consistent with a broader understanding of affordability that takes the combined costs of housing and transportation into account. In addition, the alignment of RHNA, the SCS, and the RTP provides an opportunity to direct available resources to support housing, particularly the production of affordable housing, in the most sustainable locations in the region. Finally, combining the sustainability component and the fair share component in the methodology ensures that each community contributes to providing housing, including affordable units, to meet the region's need.

Promoting Infill and an Efficient Development Pattern

Since the PDAs and Growth Opportunity Areas are, by definition, in infill locations, a RHNA method that emphasizes allocations to these areas achieves the goal of promoting infill. Encouraging housing growth in existing communities and near transit also capitalizes on existing infrastructure investments. Many of the homes in these locations will be in multi-family buildings, which will likely result in lower consumption of resources, such as energy and water. However, infill development in the region presents multiple challenges, including identifying appropriate parcels, navigating complex entitlement processes, developing neighborhood support, securing financing mechanisms, among others.

Protecting Environmental and Agricultural Resources

Encouraging growth in the infill locations in PDAs and Growth Opportunity Areas helps to reduce development pressure on agricultural and environmental resources. In the Initial Vision Scenario, 97 percent of all households added between now and 2035 would be within the existing urban footprint.

Promoting an Improved Relationship Between Jobs and Housing

Most PDAs and Growth Opportunity Areas are planned to include a mix of uses, including homes, offices, stores, and services. In the Initial Vision Scenario, these areas include half of the employment growth and all the major employment nodes that include housing. The concentrated mixed-use development in these areas provides an opportunity for households to locate closer to job sites. In addition, the fact that these areas are near transit ensures that residents have access to the broader range of employment opportunities available in adjacent communities as well. The regional agencies plan to undertake additional analysis of employment trends during development of the Alternative Scenarios for the SCS, which will inform the employment distribution to maximize the access and/or proximity between housing and jobs.

Promoting Socioeconomic Equity

Since the PDAs and Growth Opportunity Areas are planned to be complete communities—with a range of services, jobs, schools, parks and other amenities, new homes in these areas would provide a higher level of access to services—particularly for low-income households—than other areas in the region. The block grant package that regional agencies are currently developing as an incentive for jurisdictions willing to accept more housing growth would be used for investments that increase livability for existing and future residents. A key consideration for these investments would be to ensure that the new growth and improvements do not lead to the involuntary displacement of existing members of the community.

As noted above, locating homes near transit increases the overall affordability for a household, when the combined costs of housing and transportation are considered. The inclusion of household growth as a factor ensures that all communities in the region are doing their "fair share" to meet the region's housing need. And, the income allocation promotes a more balanced mix of incomes in each jurisdiction, and avoids over-concentrating income groups, by aggressively moving each jurisdiction closer to the regional income distribution. Thus, taken as a whole, the RHNA methodology attempts to improve socioeconomic equity both by improving the existing neighborhoods in which many lower income households currently live and by increasing the integration of lower income households into traditionally higher income neighborhoods.

Consideration of Statutory RHNA Factors

The RHNA statute requires the inclusion of specified "factors" in the methodology. The region has the discretion to determine how much weight is given to each statutory factor in the methodology. Staff will perform an analysis of the draft methodology that results from the above-described process to assure compliance with the statutory requirement. The statutory factors are listed in Attachment A.

Pending Tasks

1. Funding support

Regional agencies are creating a block grant to support local jurisdictions in their efforts to provide affordable housing close to transit and to create complete communities. These incentives are one opportunity to align the RHNA allocations, which occur at the jurisdictional level, with the goal of seeing development in the sub-jurisdictional PDAs and Growth Opportunity Areas. Regional agencies are analyzing specific criteria to align the RHNA numbers for local jurisdictions with PDAs and the distribution of resources. This task will be completed by the summer 2011.

2. Employment analysis

Regional agencies are assessing the implications of the recent economic decline and economic restructuring on future employment growth and distribution in the region. The employment analysis will inform the commute patterns and job accessibility throughout the region.

3. Equity analysis

Regional agencies are conducting an Equity Analysis for the SCS Scenarios. This includes an assessment of development impacts on low-income and other disadvantaged communities. This analysis could inform the final RHNA.

Discussion Questions

- Does the proposed methodology adequately balance the need for jurisdictions to do their fair share to meet the region's housing needs with promoting a pattern of sustainable development?
- Is the 70 percent focused on PDAs/Growth Opportunity Areas an appropriate approach and share for the allocation of future housing and affordable housing? What analysis will be required to refine the approach and share?
- Does the household formation distribution methodology for the 30 percent share address equity appropriately? What analysis will be required to assess regional equity?
- Should more affordable housing be directed to jurisdictions without PDAs/Growth Opportunity Areas in recognition that these infill areas may not have sufficient resources?
- How should the methodology address vacant/foreclosed units?

Attachment A

Government Code Section 65584.04

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction's existing and projected jobs and housing relationship.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:

(A) Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.

(C) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

(4) The market demand for housing.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

(6) The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

(7) High-housing cost burdens.

(8) The housing needs of farmworkers.

(9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

(10) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

OneBayArea

Date: April 22, 2011
To: SCS Housing Methodology Committee
From: Regional Agency Staff
Subject: Allocation of Subregional Shares

Summary and Recommended Action

The formation of subregions presents two issues for the committee: (a) the current schedule for the regional housing need allocation (RHNA) process, and (b) how to determine each subregion's share of the regional housing need. With respect to the first, ABAG staff is considering modifying the current RHNA schedule.

Analysis

Allocation to Subregions

Three subregions consisting of a county and all the cities within the county have formed in the San Francisco Bay Area for the purpose of conducting the regional housing need allocation (RHNA) for their constituent local jurisdictions: Napa, San Mateo and Solano. The process requires ABAG to allocate shares of the housing need determination (RHND) for the entire region to each of the subregions as follows:

> "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)

The legal requirement is unchanged from the last cycle.

As a matter of statutory interpretation, ABAG has discretion in how it measures the proportionality of each subregion's households to the region's households. If the proportions change over the RHNA planning period, ABAG has the discretion to choose the ratio at the beginning, end, any point in between, or a calculated proportionality that is consistent with the proportionality over the entire period, e.g. mathematical average, statistical mean, etc.

In the prior RHNA cycle:

- The regional transportation plan's (RTP) household distribution was from *Projections 2007* which was completed prior to the commencement of the RHNA process and was available for use in the subregional share allocation process.
- ABAG used the proportionality at the beginning of the RHNA planning period.

For this RHNA cycle:

- The RTP's household distribution will come from the Sustainable Communities Strategy's (SCS) 'forecasted development pattern' – which I understand will be the 'preferred scenario' which is currently under development.
- Under the current RHNA schedule, ABAG assigns subregional shares in September 2011. However, the preferred scenario is currently scheduled for February 2012.

Finally, there may be some questions about the subregions' discretion over the method(s) for their subregional allocations. Please be advised that each subregion may develop its own RHNA methodology. A subregion's legal discretion over the methodology has changed in only one respect: the resolution "approving the final housing need allocation plan shall demonstrate that the plan is consistent with the sustainable communities strategy in the regional transportation plan." Government Code section 65584.04(i)(3)

OneBayArea

Date: April 21, 2011

To: Housing Methodology Committee

From: Regional Agency Staff

Subject: Trades and Transfers

Summary

Staff is recommending that after the initial allocation, each local jurisdiction may request that it be allowed to transfer units with one or more willing partners. The transfer must take place in a way that maintains the total need allocation amongst all transfer parties as well as other requirements of the RHNA process.

Initial Allocation

An initial allocation will be made to jurisdictions. This will be after a draft methodology is agreed upon and a regional need has been assigned by the California Department of Housing and Community Development (HCD). Prior to the draft allocation, a variety of illustrative calculations will be made, but local jurisdictions will not have enough information to make trades.

The transfer rule allows for the transfer of housing need between willing jurisdictions.
It maintains the integrity of the state's RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories.

Request for transfer of RHNA allocations between jurisdictions must adhere to the following provisions:

1. Have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.

2. All members of the transfer group must retain some allocation of very low and low income units.

3. 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.

4. Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

5. Transfers must comply with Sustainable Communities Strategy objectives.

Sustainable Communities Strategy
Housing Methodology Committee

INTRODUCTION TO BASECAMP

Background
The Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) have launched a collaborative website for the Sustainable Communities Strategy (SCS) Housing Methodology Committee using software called Basecamp. The purpose of this website is to share HMC information and to collect feedback amongst the committee members. This online forum is intended to facilitate engagement among HMC members outside of the monthly meetings.

Basecamp Structure
This HMC Basecamp website will include all HMC members as well as regional staff from ABAG, MTC, the Bay Area Air Quality Management District (BAAQMD) and the Bay Conservation and Development Commission (BCDC). Only HMC members and regional staff can access this forum.

Participants should have received an invitation from ABAG staff to join the Basecamp website for the Housing Methodology Committee. Each user will be asked to create a username and password to access the site. Some HMC members may already have been part of Basecamp for their respective counties as part of SCS. They would just need to add the HMC project to their Basecamp menu.

Once logged in, members of the Basecamp website will see several tabs at the top of the page. The primary tabs that will be used are the "Messages" tab and the "Files" tab. On the Messages page, staff will be posting documents or messages that are meant for feedback or discussion. On the Files page, staff will be posting reference documents.

Each member can post messages and documents to share. Members can choose to notify all Basecamp website members or a subset of individual members via email. However, all members will still be able to view all messages and documents posted. Please note that once something has been posted and have gone out via email, it may be retractable on this website but not the email distribution.