

## SCS HOUSING METHODOLOGY COMMITTEE

May 26, 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

- |  | Estimated Time<br>for Agenda Item |
|--|-----------------------------------|
| <b>1. Convene Meeting (Doug Johnson, MTC)</b><br><i>Announcements, information, and summary of last meeting.</i>   | <b>10:00 a.m.</b>                 |
| <b>2. Revised RHNA Timeline (Ken Kirkey, ABAG)</b><br><i>Revisions to the RHNA timeline.</i>   | <b>10:15 a.m.</b>                 |
| <b>3. Revised Allocation Methodology (Gillian Adams, ABAG)</b><br><i>Revised methodology that incorporates additional factors for allocating housing need.</i>   | <b>10:30 a.m.</b>                 |
| <b>4. Allocation of Subregional Shares (Miriam Chion, ABAG)</b><br><i>Summary of proposed approach for determining each subregion's share of the regional housing need.</i>  | <b>11:45 a.m.</b>                 |
| <b>5. Equity Working Group Activities Related to Housing Target (Marisa Raya, ABAG and Jennifer Yeaman, MTC)</b><br><i>Overview of the work done by the SCS Equity Working Group relative to housing and the SCS Housing Target.</i> | <b>12:15 p.m.</b>                 |
| <b>6. Next Steps/Other Business/Public Comments</b>  | <b>12:45 p.m.</b>                 |

### **Next Meeting:**

Thursday, June 23, 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.

**Staff Liaison:** Hing Wong, ABAG, 510.464.7966, hingw@abag.ca.gov  
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**Website:** [www.onebayarea.org/plan\\_bay\\_area/housing.htm](http://www.onebayarea.org/plan_bay_area/housing.htm)



## Proposed RHNA / SCS Schedule

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.

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

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

<sup>2</sup> Please note that the survey of local governments regarding the statutory RHNA factors must be conducted within the 6 months prior to this date.

<sup>3</sup> This date is set to occur at the same time that the SCS Preferred Scenario is released.

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

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

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

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

<sup>8</sup> 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)

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

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



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

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## **Overview**

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

## **Revised Allocation Methodology**

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

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

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

### **Part 1: Sustainability Component**

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

## **Part 2: Fair Share Component**

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

### ***School Quality***

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

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

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

### ***Employment***

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

The score for each jurisdiction is assigned as follows:

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

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

### ***Transit***

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

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

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

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

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

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

### ***RHNA Performance***

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

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

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

**Combining the Factors**

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

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

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

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

**Part 3: Determining the Total Allocation**

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



Date: May 23, 2011  
To: SCS Housing Methodology Committee  
From: Ken Kirkey, ABAG Planning Director  
Subject: Allocation of Subregional Shares

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## **Overview**

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. This memo describes the process by which these subregions will receive a share of the region's total housing need.

## **Method for Subregional Allocations**

To ensure consistency between the Sustainable Communities Strategy (SCS) and RHNA, ABAG staff and the HMC have expressed support for 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 is derived solely from the opportunity for greater local control over how units are distributed within the subregion.

As in the prior RHNA period, each subregion is responsible for choosing its own RHNA methodology. The only difference compared to the last RHNA period is that, with the passage of SB 375, the subregion must demonstrate that its final housing need allocation plan is consistent with the SCS in the RTP, as stated in Government Code section 65584.04(i)(3).

## ***Allocation of Total Need to Subregions***

The legal requirement for ABAG to allocate shares of the region's total housing need to each subregion remains unchanged from the last cycle. 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)

For the 2014-2022 RHNA period, household distribution is based upon the Preferred Scenario of the Sustainable Communities Strategy (SCS). From the Preferred Scenario ABAG staff will calculate the distribution by county for 2022, which will define the allocation to each subregion.<sup>1</sup>

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<sup>1</sup> As a matter of statutory interpretation, ABAG has discretion in selecting the point in time at which it measures the proportionality of each subregion's households to the region's households.

***Income Allocation to Subregions***

To address fair share goals and ensure consistency between the region's RHNA allocation and the share of housing need allocated to the subregions, ABAG staff proposes to apply the same income allocation methodology across all counties regardless of their status as a subregion. To address concentrations of poverty, each jurisdiction is given 175 percent of the difference between its household income distribution and the region-wide household income distribution, for each of the four income categories. The income allocation methodology as described here would be incorporated into the delegation agreement with the subregions.<sup>2</sup>

Applying the 175 percent shift in determining the subregion's income distribution helps to overcome the existing income disparities among counties (and the jurisdictions in those counties) and move jurisdictions closer to the regional distribution. If a subregion's income allocation were based solely on its existing income distribution—without applying the 175 percent shift—the region would be unable to effectively share responsibility for providing affordable housing and avoiding over-concentration of these units in some jurisdictions.

By balancing income distribution throughout the region and addressing existing concentrations of low-income households, this allocation would help the region meet the RHNA objectives of increasing housing affordability in all cities and counties within the region in an equitable manner, promoting socioeconomic equity, and allocating 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 [Government Code 65584(d)].

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<sup>2</sup> The statute related to the formation of a subregion state that “the delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion” [65584.03(b)].



Date: May 18, 2011  
To: SCS Housing Methodology Committee  
From: Marisa Raya, Regional Planner, ABAG  
Jennifer Yeamans, Lifeline and Equity Planner, MTC  
Subject: Equity Working Group Activities Related to Housing Target

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As part of our effort to integrate the different SCS-related tasks and inform committees on overlapping areas of interest, staff has prepared a short summary of the work of the SCS Equity Working Group relative to housing and the SCS Housing Target.

### **Equity Analysis Overview**

The Equity Working Group's tasks include advising staff on an appropriate methodology for an Equity Analysis of Plan Bay Area (the SCS/RTP), recommending policies, and supporting engagement. MTC has conducted an equity analysis for each of the last four regional transportation plans, consistent with federal guidelines that require agencies to analyze the benefits and burdens of regional investments on low income communities and communities of color. Measures included in past RTP equity analyses included access to jobs and non-work activities, vehicle emissions, and housing and transportation affordability, in addition to a financial analysis of the Plan's investment strategy.

For Plan Bay Area, thus far staff has conducted an Equity Analysis for the Initial Vision Scenario. This analysis identified whether the benefits and burdens of the future scenario are fairly distributed between income groups relative to the ten adopted SCS Performance Targets. Further work to be carried out over the next several months will refine the set of measures to be evaluated and incorporate other populations and communities of concern beyond the low-income population. The goal of this effort is to match the highest-priority equity issues identified by the Equity Working Group as well as current and recent regional studies with measures that can inform how the Alternative Scenarios perform with respect to equity. In order to be able to carry out the technical analysis in a timely fashion, the analysis framework will be finalized in July.

#### *Housing Target Results for Initial Vision Scenario*

There are two SCS Performance Targets related to housing: Target #2, "To provide housing for the region's future growth at all income levels without displacing existing low-income populations," and Target #7, "To reduce the combined costs of housing and transportation (H+T) for lower income groups by 10 percent."

Because the provision of housing for all future growth is one of the assumptions on which the Initial Vision Scenario is based, analysis of the scenario revealed little for Target #2. With this assumed provision of housing, the combined H+T reduction for low-income groups is five percent.

There has not yet been any analysis of the displacement target. The proposed methodology for measuring displacement is to forecast the number of low-income residents in a given census tract in 2035 and measure whether this is greater or fewer than the number of low-income residents in 2010. A displacement analysis could also highlight areas with high displacement pressure.

### **Housing Target Monitoring in Project Performance Assessment**

The Equity Working Group has also reviewed the Project Performance Assessment, an evaluation of individual transportation projects and programs against regional goals. The goals are represented by the adopted SCS Performance Targets, including the Housing Target. The proposed criteria for evaluating a project or program's impact on housing are:

- Project provides accessibility to and from areas with planned housing growth
- Level of planned housing growth in areas served
- Past jurisdiction RHNA Performance in 1999-2006 cycle

Each transportation project and program in the assessment will receive a score for Housing Target support. This score will be included with performance against the other targets, a cost/benefit assessment, and an equity analysis for each project.