

SCS HOUSING METHODOLOGY COMMITTEE October 27, 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
for Agenda Item |
|--|-----------------------------------|
| 1. Convene Meeting (Miriam Chion, ABAG)
<i>Announcements, information, and summary of last meeting.</i> | 10:00 a.m. |
| 2. OneBayArea Grant Proposal (Doug Kimsey, MTC)
<i>Update on the OneBayArea Grant Proposal recently released for public review.</i> | 10:10 a.m. |
| 3. Progress Updates (Miriam Chion, ABAG) <ul style="list-style-type: none">• Revised Schedule• Regional Housing Need Determination from HCD• Updates and Revisions to Draft RHNA Methodology• Trades and Transfers• Data Survey | 10:45 a.m. |
| 4. Small Group Discussions on Draft Methodology (Miriam Chion, ABAG)
<i>Discussion about updated RHNA Methodology draft numbers and the proposed income allocation approach.</i> | 11:15 a.m. |
| 5. Develop HMC Recommendations to ABAG's Executive Board (Miriam Chion, ABAG)
<i>Report Back on Small Group Discussions.</i> | 12:15 p.m. |
| 6. Next Steps/Other Business/Public Comments | 12:45 p.m. |

Next Meeting:

Thursday, February 23, 2012 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
Doug Johnson, MTC, 510.817.5846, djohnson@mtc.ca.gov

Website: www.onebayarea.org/plan_bay_area/housing.htm



OneBayArea Grant Program

(Draft July 8, 2011)

Federal Transportation Funding and Program Policies (Attachment A)

Approximately every six years, U.S. Congress enacts a surface transportation act. The current act (SAFETEA) originally scheduled to expire on September 30, 2009 is still in effect through several legislative extensions. The funding provided to our area through this legislation includes Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) funds.

In December 2009 the Commission adopted an overall framework directing how approximately \$1.4 billion in STP and CMAQ funds were to be allocated over the following six years (2010-2015). The first three years (Cycle 1) of this period were committed to projects and programs and the overall framework provided policy direction for the second three years (Cycle 2).

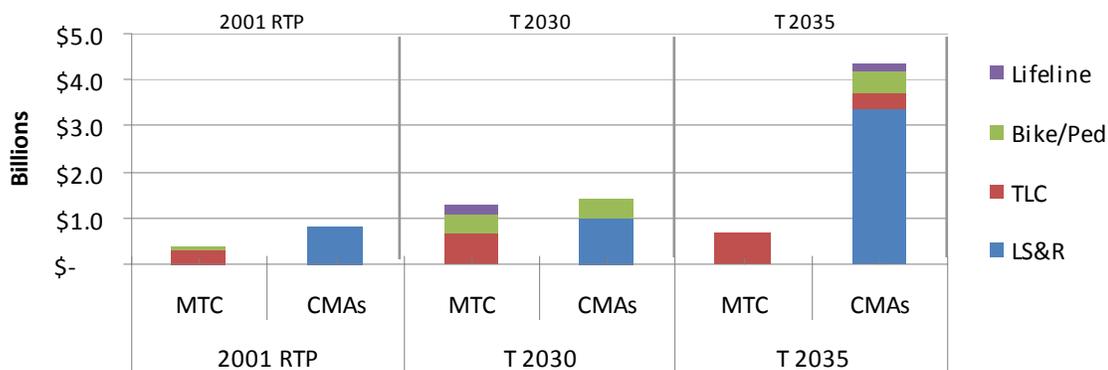
Staff proposes an alternative to the current Cycle 2 framework that better integrates the region's federal transportation program with land-use and housing policies by providing incentives for the production of housing with supportive transportation investments. Attachment A summarizes this framework and proposal for Cycle 2.

OneBayArea Grant Program

As shown in the chart below, over time the county congestion management agencies (CMAs) have been given increased responsibility for project selection for an increasing share of funding coming to the region.

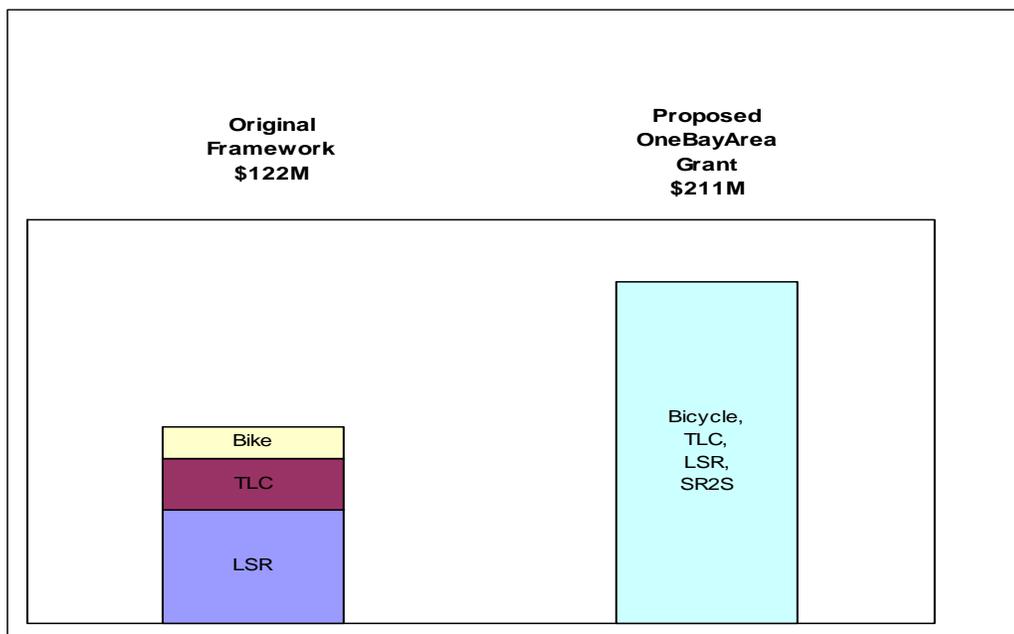
Program and Project Selection Evolves over Past Two Decades

Past Long Range Plan Discretionary Funding Assignments



For Cycle 2, staff proposes to continue this trend by shifting a larger portion of discretionary federal funding to local jurisdictions for taking on a larger share of the region's housing production. Further, additional flexibility is proposed for CMAs to address their respective transportation needs. Specifically, the proposal would:

- **Shift more Funding to Locally Managed OneBayArea Grant Program:** Dedicate \$211 million or roughly 40% of the Cycle 2 funding program to a new OneBayArea Grant. The funding for the OneBayArea Grant is the result of merging many of the programs in the Cycle 2 framework into a single flexible grant program and is roughly a 70% increase in the funding distributed to the counties as compared to the Cycle 2 framework adopted by the Commission. By comparison, the status quo approach for Cycle 2 would result in 22% going to County Congestion Management Agency (CMA) programs down from 30% in Cycle 1
- **Add Flexibility by Eliminating Program Categories:** The One Bay Grant proposal provides additional flexibility under Cycle 2 by eliminating required program categories and combining funding for TLC, Bicycle, Local Streets and Roads Rehabilitation, and Safe Routes to School. See figure illustrating this change on the following page. Project selection will be limited to a degree by the project eligibility limitations of CMAQ which will make up approximately half of the funds that each county will receive.



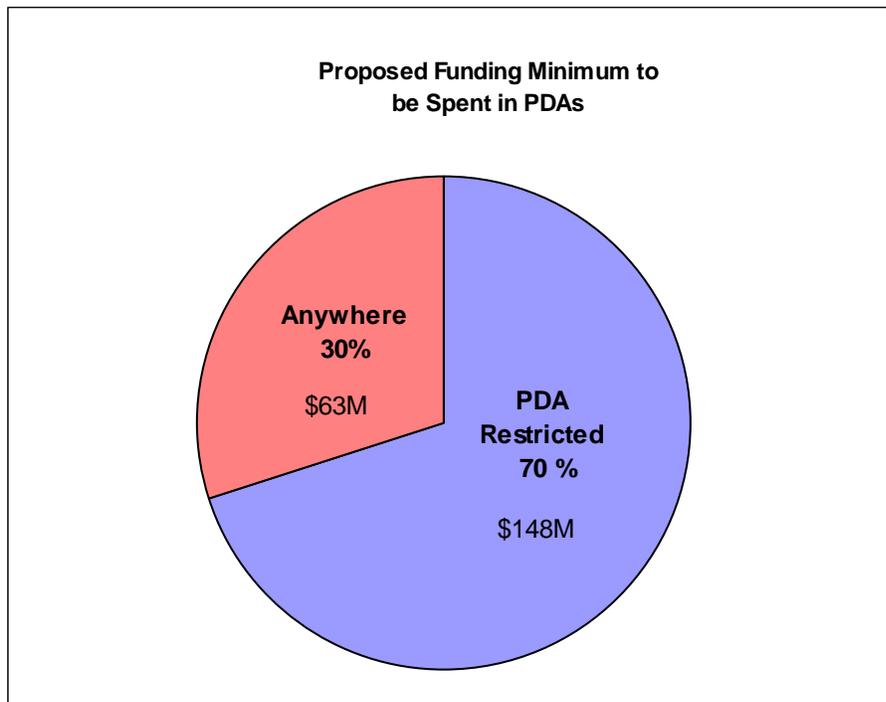
- **Leverage Outside Funds to Grow Program and Meet More Objectives:** Additional opportunities could be sought through other regional programs, other non-federal sources for affordable housing, and other local funds to augment program objectives. As a start, the Air District proposes \$6 million from its Regional Transportation for Clean Air (TFCA) Program. TFCA eligibility considerations will be guiding the use of these funds in the overall program.
- **Continue Key Regional Programs:** The remaining funding is targeted to continue regional programs such as Regional Operations, Freeway Performance Initiative, and Transit Capital Rehabilitation. Refer to Attachment A-2 for a description of these regional programs.
- **Establish a Priority Conservation Area Planning Program:** This new \$5 million program element will provide financial incentives for counties with populations under 500,000 for

preservation of resource area and farmland, as defined in California Government Code Section 65080.01.

Distribution Formula for the OneBayArea Grant (Attachments B, C, D)

Staff proposes a distribution formula for OneBayArea Grant funding (Attachment B) that includes housing incentives to support the SCS and promote effective transportation investments that support focused development. In order to ease the transition to this new funding approach, staff is also recommending a 50% population share factor in the formula:

1. Formula to Counties: The proposed distribution formula to the counties includes three components: 50% population, 25% Regional Housing Needs Allocation (RHNA) for 2007-2014, and 25% actual housing production. This approach provides incentives for both future housing commitments and actual housing production. The fund distribution will be refined using the new RHNA to be adopted by ABAG next spring along with the SCS. The new RHNA being developed, which covers years 2015-2022, places a greater emphasis on city centered growth. As a result, refinements are likely to result in modest revisions to the funding distribution consistent with these revised development patterns. The proposed OneBayArea Grant formula also uses actual housing data from 1999-2006, and has been capped such that each jurisdiction receives credit for housing up to its RHNA allocation. Subsequent funding cycles would rely on housing production from ABAG's next housing report to be published in 2013.
2. Priority Development Area (PDA) Minimum: Require that at least 70% of funding be spent on projects in Priority Development Areas (planned, potential and growth opportunity areas). Counties, at their discretion, can elect to use up to 5% of the PDA restricted funds for the development of priority conservation area (PCA) plans. Growth opportunity areas are tentatively considered as PDAs until ABAG completes final PDA designations next fall. See Attachment C for PDA program minimums for each county and Attachment D for a map and a list of the PDAs.



The OneBayArea Grant supports Priority Development Areas while providing flexibility to fund transportation needs in other areas.

Performance and Accountability

As noted at the outset, housing allocation according to RHNA and housing production will be the primary metric for distributing the OneBayArea Grant funding. In addition, staff recommends the following performance and accountability requirements.

1. Supportive Local Transportation and Land-Use Policies: Staff recommends that local agencies be required to have at least two of the following four policies adopted in order to be eligible for grant funds:
 - a) Parking/pricing policies (e.g. cash out, peak pricing, on-street/off street pricing differentials, eliminate parking minimums, unbundled parking) and adopted city and/or countywide employer trip reduction ordinances
 - b) Adopted Community Risk Reduction Plans (CRRP) per CEQA guidelines
 - c) Have affordable housing policies in place or policies that ensure that new development projects do not displace low income housing
 - d) Adopted bicycle/pedestrian plan and complete streets policy in general plans pursuant to Complete Streets Act of 2008

2. Approved Housing Element: Also, a HCD-approved housing element consistent with RHNA/SB375 law is a proposed condition for any jurisdiction receiving Cycle 2 OneBayArea grants. This may be met as follows: 1) adoption of a housing element that meets the current RHNA before the new RHNA is adopted, or 2) the adoption of a housing element that meets the new RHNA after its approval early in 2012. Jurisdictions have 18 months after the adoption of the SCS to meet the new RHNA; therefore, compliance is expected and required by September 2014. Any jurisdiction failing to meet either one of these deadlines will not be allowed to receive grant funding. Lastly any

jurisdiction without adopted housing elements addressing the new RHNA by September 2014 will be ineligible to receive any funding after Cycle 2 until they have adopted a housing element.

Implementation Issues

Below are issues to be addressed as we further develop the OneBayArea Grant concept:

1. Federal Authorization Uncertainty: We will need to closely monitor development of the new federal surface transportation authorization. New federal programs, their eligibility rules, and how money is distributed could potentially impact the implementation of the OneBayArea Grant Program as proposed.
2. Revenue Estimates: Staff assumes a steady but modest nominal revenue growth rate of 4% annually. Given the mood of Congress to downsize federal programs, these estimates are potentially overly optimistic if there are significant reductions in STP / CMAQ apportionments over the Cycle 2 time period. Staff recommends continuing to move forward with the conservative revenue assumptions and make adjustments later if needed.

Attachments

OneBayArea Grant Proposal

New Act STP / CMAQ Cycle 2 Draft Funding Proposal July 8, 2011

(amounts in millions \$)

Funding Available: Cycle 1: \$466M (after \$54M Carryover) Cycle 2: \$548M Air District: \$6M	Existing Framework				Cycle 2 One Bay Area		Cycle 2 Total
	Cycle 1		Cycle 2 Status Quo		MTC	One Bay Area Grant*	
	MTC	CMA Block Grant	MTC	CMA Grant			
1 Regional Planning *	23		26		5	21	26
2 Regional Operations	84	0	74	0	74	0	74
3 Freeway Performance Initiative (FPI)	51	0	66	0	66	0	66
4 Transit Capital Rehabilitation *	0	0	125	0	125	0	125
5 Local Streets and Roads Rehabilitation*	6	94	7	70	3	74	77
6 Climate Initiatives *	80		40		25	12	37
7 Regional Bicycle Program *	0	20	0	20	0	20	20
8 Transportation for Livable Communities (TLC) *	51	28	64	32	15	85	105
9 Transportation Oriented Development (TOD) Fund	10	0	0	0	5		
10 Priority Conservation Area Planning Pilot							
11 MTC Res 3814 Transit Payback Commitment	6	0	25	0	25	0	25
Total	324	142	426	122	343	211	554
	70%	30%	78%	22%	62%	38%	

Grant Totals:	Cycle 1 Block Grant		Cycle 2 Status Quo		Cycle 2 One Bay Area	
		142	30%	122	22%	211

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* Air District funding of \$6 million adds capacity to support OneBay Area Grant.

1) Regional Planning:

\$21M (\$7M per year) for CMA Planning to be distributed to CMAs through OneBayArea Grant.

4) Transit Capital Rehabilitation:

100% Transit Rehab assigned as Regional Transit Rehabilitation, as Transit is network based and regional

5) Local Streets and Roads Rehabilitation

\$3M for a scaled back PTAP program

6) Climate Initiative:

\$5M for SFGO in Regional. Eastern Solano CMAQ to Solano TA part of OneBayArea Grant.

7) Regional Bicycle Program:

\$20M as CMAQ rather than TE as originally proposed in Framework

8) Transportation for Livable Communities (TLC)

TLC program eliminated - All TLC funds to OneBayArea grant

Attachment A-2: Regional Programs

Regional Planning to support planning activities in the region carried out by the Association of Bay Area Governments (ABAG), the San Francisco Bay Area Conservation and Development commission (BCDC), and MTC. CMAs would access their OneBayArea grant to fund planning activities.

Regional Operations: This program includes Clipper, 511, Incident Management and a scaled-back Pavement Technical Assistance Program (PTAP).

Freeway Performance Initiative This program emphasizes the delivery of ramp metering projects on the State Highway System throughout the Bay Area to gain the most efficiency out of the existing highway network.

Priority Conservation Area Planning: Staff is recommending a new pilot for the development of priority conservation area (PCA) plans for counties with populations under 500,000 to ameliorate outward development expansion and maintain their rural character.

Transportation for the Livable Communities (TLC) and the Affordable Transportation Oriented Development (TOD) Housing Fund: The bulk of the TLC Program's funding will shift to the OneBayArea Grant. The remaining funds under MTC's management are proposed to continue station area planning and/or CEQA assistance to PDAs and support additional investments in affordable housing.

Climate Initiatives: The objective of the Climate Initiatives Program launched in Cycle 1 was to make short-term investments that reduce transportation-related emissions and vehicle miles traveled, and encourage the use of cleaner fuels. Through the innovative projects selected and evaluation process, the region is building its knowledge base for the most effective Bay Area strategies for the Sustainable Communities Strategy and next long-range plan. The proposed funding for the Cycle 2 Climate Initiative Program would allow some continuation of these efforts at the regional level and protect a prior commitment to the SFGo project.

Transit Capital Rehabilitation: The Commission deferred transit rehabilitation needs from Cycle 1 to Cycle 2 in order to allow more immediate delivery of some of the other programs. The program objective, as in the past, is to assist transit operators to fund major fleet replacements, fixed guideway rehabilitation and other high-scoring capital needs that cannot be accommodated within the FTA Transit Capital Priorities program.

MTC Resolution 3814 Transit Payback Commitment: Consistent with the Cycle 2 framework, MTC is proposing to program \$25 million to Lifeline, small operators, and SamTrans right-of-way settlement to partially address a commitment originally envisioned to be met with state spillover funds.

**Attachment B
PROPOSAL**

**OneBayArea Grant Distribution Formula
Cycle 2 (FYs 2013, 2014, 2015)**

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	\$42.4	\$25.4
Contra Costa	\$31.5	\$16.6
Marin	\$6.4	\$5.0
Napa	\$4.2	\$2.9
San Francisco	\$24.6	\$11.8
San Mateo	\$17.2	\$11.1
Santa Clara	\$55.3	\$28.1
Solano	\$13.8	\$9.0
Sonoma	\$15.8	\$12.3
Bay Area Total	\$211.0	\$122.1

Difference From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	\$17.1	-
Contra Costa	\$14.9	-
Marin	\$1.4	-
Napa	\$1.3	-
San Francisco	\$12.8	-
San Mateo	\$6.1	-
Santa Clara	\$27.2	-
Solano	\$4.8	-
Sonoma	\$3.5	-
Bay Area Total	\$88.9	-

% Change From Status Quo Grant Program

County	50%-25%-25% (Pop. RHNA - Housing Production Capped)	Status Quo Grant Program
Alameda	67%	-
Contra Costa	89%	-
Marin	27%	-
Napa	43%	-
San Francisco	109%	-
San Mateo	55%	-
Santa Clara	97%	-
Solano	53%	-
Sonoma	29%	-
Bay Area Total	73%	-

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Notes:

Status quo program based on framework for Cycle 2 adopted by the Commission and continuation of Cycle 1 county block grant policies.

RHNA is based on current 2007-20014 targets

Population data from Department of Finance, US Census 2010

Housing production 1999-2006 is capped at 1999-2006 RHNA thresholds

Attachment C

PROPOSAL

PDA Investments for the OneBayArea Grant

50%-25%-25% (Pop.- RHNA - Actual Housing Production Capped) Distribution

Apportionment Area	County Grant Amount	Allocation Areas	
		PDA 70% Minimum	Anywhere in County
Alameda	\$42.4	\$29.7	\$12.7
Contra Costa	\$31.5	\$22.0	\$9.4
Marin	\$6.4	\$4.5	\$1.9
Napa	\$4.2	\$2.9	\$1.2
San Francisco	\$24.6	\$17.2	\$7.4
San Mateo	\$17.2	\$12.0	\$5.1
Santa Clara	\$55.3	\$38.7	\$16.6
Solano	\$13.8	\$9.6	\$4.1
Sonoma	\$15.8	\$11.0	\$4.7
Regional Total	\$211.0	\$147.7	\$63.3

Attachment D: Priority Development Areas

Alameda County

Jursidiction or Area Name	PDA Status
Alameda	
Naval Air Station	Planned/Potential
<i>Northern Waterfront</i>	<i>Growth Opportunity Area</i>
Albany	
<i>San Pablo Avenue & Solano Avenue</i>	<i>Growth Opportunity Area</i>
Berkeley	
Adeline Street	Potential
Downtown	Planned
San Pablo Avenue	Planned
South Shattuck	Planned
Telegraph Avenue	Potential
University Avenue	Planned
Dublin	
Downtown Specific Plan Area	Planned
Town Center	Planned
Transit Center	Planned
Emeryville	
Mixed-Use Core	Planned
Fremont	
Centerville	Planned
City Center	Planned
Irvington District	Planned
<i>Ardenwood Business Park</i>	<i>Growth Opportunity Area</i>
<i>Fremont Boulevard & Warm Springs Boulevard Corridor</i>	<i>Growth Opportunity Area</i>
<i>Fremont Boulevard Decoto Road Crossing</i>	<i>Growth Opportunity Area</i>
<i>South Fremont/Warm Springs</i>	<i>Growth Opportunity Area</i>
Hayward	
Downtown	Planned
South Hayward BART	Planned
South Hayward BART	Planned
The Cannery	Planned
<i>Carlos Bee Quarry</i>	<i>Growth Opportunity Area</i>
<i>Mission Corridor</i>	<i>Growth Opportunity Area</i>
Livermore	
Downtown	Planned
Vasco Road Station Planning Area	Potential
Newark	
Dumbarton Transit Oriented Development	Potential
Old Town Mixed Use Area	Potential
<i>Cedar Boulevard Transit</i>	<i>Growth Opportunity Area</i>
<i>Civic Center Re-Use Transit</i>	<i>Growth Opportunity Area</i>

Oakland

Coliseum BART Station Area	Planned
Downtown & Jack London Square	Planned
Eastmont Town Center	Planned
Fruitvale & Dimond Areas	Planned
MacArthur Transit Village	Planned
Transit Oriented Development Corridors	Potential
West Oakland	Planned

Pleasanton

Hacienda	Potential
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San Leandro

Bay Fair BART Transit Village	Potential
Downtown Transit Oriented Development	Planned
East 14th Street	Planned

Union City

Intermodal Station District	Planned
<i>Mission Boulevard</i>	<i>Growth Opportunity Area</i>
<i>Old Alvarado</i>	<i>Growth Opportunity Area</i>

Alameda County Unincorporated

<i>Castro Valley BART</i>	<i>Growth Opportunity Area</i>
<i>East 14th Street and Mission Boulevard Mixed Use Corridor</i>	<i>Growth Opportunity Area</i>

Contra Costa County

Jurisdiction or Area Name

PDA Status

Antioch

Hillcrest eBART Station

Planned

Rivertown Waterfront

Potential

Concord

Community Reuse Area

Potential

Community Reuse Area

Potential

Downtown BART Station Planning

Growth Opportunity Area

North Concord BART Adjacent

Growth Opportunity Area

West Downtown Planning Area

Growth Opportunity Area

El Cerrito

San Pablo Avenue Corridor

Planned

Hercules

Central Hercules

Planned

Waterfront District

Planned

Lafayette

Downtown

Planned

Martinez

Downtown

Planned

Moraga

Moraga Center

Potential

Oakley

Downtown

Potential

Employment Area

Potential

Potential Planning Area

Potential

Orinda

Downtown

Potential

Pinole

Appian Way Corridor

Potential

Old Town

Potential

Pittsburg

Downtown

Planned

Pittsburg/Bay Point BART Station

Planned

Railroad Avenue eBART Station

Planned

Pleasant Hill

Buskirk Avenue Corridor

Potential

Diablo Valley College

Potential

Richmond

Central Richmond

Planned

South Richmond

Planned

23rd Street

Growth Opportunity Area

San Pablo Avenue Corridor

Growth Opportunity Area

San Ramon

City Center

Planned

North Camino Ramon

Potential

Walnut Creek

Walnut Creek: West Downtown

Planned

Contra Costa County Unincorporated

Contra Costa Centre

Planned

Downtown El Sobrante

Potential

North Richmond

Potential

Pittsburg/Bay Point BART Station

Planned

West Contra Costa Transportation Advisory Committee: San Pablo Avenue
Corridor

Planned/Potential

Marin County

Jursidiction or Area Name	PDA Status
<i>San Rafael</i>	
Civic Center/North Rafael Town Center	Planned
Downtown	Planned
<i>Marin County Unincorporated</i>	
Urbanized 101 Corridor	Potential
<i>San Quentin</i>	<i>Growth Opportunity Area</i>

Napa County

Jursidiction or Area Name	PDA Status
<i>American Canyon</i>	
Highway 29 Corridor	Potential

San Francisco County

Jursidiction or Area Name	PDA Status
<i>San Francisco</i>	
19th Avenue	Potential
Balboa Park	Planned
Bayview/Hunters Point Shipyard/Candlestick Point	Planned
Downtown-Van Ness-Geary	Planned
Eastern Neighborhoods	Planned
Market & Octavia	Planned
Mission Bay	Planned
Mission-San Jose Corridor	Planned
Port of San Francisco	Planned
San Francisco/San Mateo Bi-County Area (with City of Brisbane)	Planned
Transbay Terminal	Planned
Treasure Island	Planned
<i>Citywide</i>	<i>Growth Opportunity Area</i>

San Mateo County

Jursidiction or Area Name	PDA Status
Brisbane	
San Francisco/San Mateo Bi-County Area (with San Francisco)	Potential
Burlingame	
Burlingame El Camino Real	Planned
Daly City	
Bayshore	Potential
Mission Boulevard	Potential
<i>Citywide</i>	
East Palo Alto	
Ravenswood	Potential
<i>Woodland/Willow Neighborhood</i>	
Menlo Park	
El Camino Real Corridor and Downtown	Planned
Millbrae	
Transit Station Area	Planned
Redwood City	
Downtown	Planned
<i>Broadway</i>	<i>Growth Opportunity Area</i>
<i>Middlefield</i>	<i>Growth Opportunity Area</i>
<i>Mixed Use Waterfront</i>	<i>Growth Opportunity Area</i>
<i>Veterans Corridor</i>	<i>Growth Opportunity Area</i>
San Bruno	
Transit Corridors	Planned
San Carlos	
Railroad Corridor	Planned
San Mateo	
Downtown	Planned
El Camino Real	Planned
Rail Corridor	Planned
South San Francisco	
Downtown	Planned
<i>Lindenville Transit Neighborhood</i>	<i>Growth Opportunity Area</i>
CCAG of San Mateo County: El Camino Real	Planned/Potential

Santa Clara County

Jursidiction or Area Name	PDA Status
Cambell	
Central Redevelopment Area	Planned
<i>Winchester Boulevard Master Plan</i>	<i>Growth Opportunity Area</i>
Gilroy	
Downtown	Planned
Los Altos	
<i>El Camino Real Corridor</i>	<i>Growth Opportunity Area</i>
Milpitas	
Transit Area	Planned
<i>Hammond Transit Neighborhood</i>	<i>Growth Opportunity Area</i>
<i>McCandless Transit Neighborhood</i>	<i>Growth Opportunity Area</i>
<i>McCarthy Ranch Employment Center</i>	<i>Growth Opportunity Area</i>
<i>Midtown Mixed-Use Corridor</i>	<i>Growth Opportunity Area</i>
<i>Serra Center Mixed-Use Corridor</i>	<i>Growth Opportunity Area</i>
<i>Tasman Employment Center</i>	<i>Growth Opportunity Area</i>
<i>Town Center Mixed-Use Corridor</i>	<i>Growth Opportunity Area</i>
<i>Yosemite Employment Center</i>	<i>Growth Opportunity Area</i>
Morgan Hill	
Morgan Hill: Downtown	Planned
Mountain View	
Whisman Station	Potential
<i>Downtown</i>	<i>Growth Opportunity Area</i>
<i>East Whisman</i>	<i>Growth Opportunity Area</i>
<i>El Camino Real Corridor</i>	<i>Growth Opportunity Area</i>
<i>Moffett Field/NASA Ames</i>	<i>Growth Opportunity Area</i>
<i>North Bayshore</i>	<i>Growth Opportunity Area</i>
<i>San Antonio Center</i>	<i>Growth Opportunity Area</i>
Palo Alto	
Palo Alto: California Avenue	Planned
<i>Palo Alto: El Camino Real Corridor</i>	<i>Growth Opportunity Area</i>
<i>Palo Alto: University Avenue/Downtown</i>	<i>Growth Opportunity Area</i>
San Jose	
Berryessa Station	Planned
Communications Hill	Planned
Cottle Transit Village	Planned
Downtown "Frame"	Planned
East Santa Clara/Alum Rock Corridor	Planned
Greater Downtown	Planned
North San Jose	Planned
West San Carlos and Southwest Expressway Corridors	Planned
<i>Bascom TOD Corridor</i>	<i>Growth Opportunity Area</i>
<i>Bascom Urban Village</i>	<i>Growth Opportunity Area</i>
<i>Blossom Hill/Snell Urban Village</i>	<i>Growth Opportunity Area</i>
<i>Camden Urban Village</i>	<i>Growth Opportunity Area</i>
<i>Capitol Corridor Urban Villages</i>	<i>Growth Opportunity Area</i>

Capitol/Tully/King Urban Villages
Oakridge/Almaden Plaza Urban Village
Saratoga TOD Corridor
Stevens Creek TOD Corridor
Westgate/El Paseo Urban Village
Winchester Boulevard TOD Corridor

Growth Opportunity Area
Growth Opportunity Area

Santa Clara

Central Expressway Focus Area
El Camino Real Focus Area
Great America Parkway Focus Area
Lawrence Station Focus Area
Santa Clara Station Focus Area
Tasman East Focus Area

Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area

Sunnyvale

Downtown & Caltrain Station
El Camino Real Corridor
Lawrence Station Transit Village
East Sunnyvale ITR
Moffett Park
Peery Park
Reamwood Light Rail Station
Tasman Station ITR

Planned
Planned
Potential
Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area
Growth Opportunity Area

VTA Cores, Corridors, and Station Areas (estimate)

Potential

Solano County

Jurisdiction or Area Name	PDA Status
<i>Benicia</i>	
Downtown	Planned
<i>Northern Gateway</i>	<i>Growth Opportunity Area</i>
<i>Dixon</i>	
<i>Fairfield</i>	
Downtown South (Jefferson Street)	Planned
Fairfield-Vacaville Train Station	Potential
North Texas Street Core	Potential
West Texas Street Gateway	Planned
<i>Rio Vista</i>	
<i>Suisun City</i>	
Downtown & Waterfront	Planned
<i>Vacaville</i>	
Allison Area	Planned
Downtown	Planned
<i>Vallejo</i>	
Waterfront & Downtown	Planned
<i>Solano County Unincorporated</i>	

Sonoma County

Jursidiction or Area Name	PDA Status
<i>Cloverdale</i>	
Downtown/SMART Transit Area	Planned
<i>Cotati</i>	
Downtown and Cotati Depot	Planned
<i>Healdsburg</i>	
<i>Petaluma</i>	
Central, Turning Basin/Lower Reach	Planned
<i>Rohnert Park</i>	
Sonoma Mountain Village	Potential
<i>Santa Rosa</i>	
Downtown Station Area	Planned
Mendocino Avenue/Santa Rosa Avenue Corridor	Potential
Sebastopol Road Corridor	Planned/Potential
<i>North Santa Rosa Station</i>	<i>Growth Opportunity Area</i>
<i>Sebastopol</i>	
Nexus Area	Potential
<i>Sonoma</i>	
<i>Windsor</i>	
Redevelopment Area	Planned
<i>Sonoma County Unincorporated</i>	
<i>8th Street East Industrial Area</i>	<i>Growth Opportunity Area</i>
<i>Airport/Larkfield Urban Service Area</i>	<i>Growth Opportunity Area</i>
<i>Penngrove Urban Service Area</i>	<i>Growth Opportunity Area</i>
<i>The Springs</i>	<i>Growth Opportunity Area</i>

OneBayArea

Date: October 24, 2011
To: SCS Housing Methodology Committee
From: Ken Kirkey, ABAG Planning Director
Subject: RHNA Methodology Progress Updates

Overview

Staff has been working on several items related to RHNA and the RHNA methodology, which are described in more detail below. These include:

- Revising the schedule
- Consulting with HCD about the Regional Housing Need Determination (RHND)
- Updating and revising the draft RHNA methodology
- Developing guidelines for transfers of RHNA allocations among jurisdictions
- Creating a data survey for local governments

Revised RHNA Schedule

ABAG and MTC recently updated the schedule for the Sustainable Communities Strategy (SCS) and RHNA in order to allow more time to gather input from jurisdictions, stakeholders and the public about the Alternative Scenarios prior to the selection of the SCS Preferred Scenario (Attachment A). The change in the schedule also helps to synchronize discussion and approval of three major SCS components: the SCS Preferred Scenario, the RHNA Draft Methodology, and the OneBayArea Grant.

Regional Housing Need Determination from HCD

The California Department of Housing and Community Development (HCD) is responsible for providing each region with the Regional Housing Need Determination (RHND) for the eight-year RHNA period. This determination is based on population projections produced by the Department of Finance (DOF). By statute, ABAG has an opportunity to consult with HCD about how their assumptions and methodology in developing the need determination compare to the regional population forecasts that are used in the Regional Transportation Plan (RTP).

ABAG has spoken several times with staff at HCD, and is nearing completion of the consultation process. The draft housing need determination is approximately 200,000 housing units for the eight-year period. This is lower than the total need for the 2007-2014 RHNA period, and less than the placeholder (250,000) that we have been using in our draft RHNA methodology calculations. This is primarily because HCD's methodology included assumptions about vacancy rates that take into account the recent economic downturn and the significant number of foreclosed and vacant units in the region.



The draft income distribution for the region is similar to what it was for the 2007-2014 RHNA period:

	2014 – 2022 RHNA	2007 – 2014 RHNA
Very Low	24.8%	22.8%
Low	15.4%	16.4%
Moderate	17.8%	19.3%
Above Moderate	42.0%	41.6%

We expect to have a final need determination from HCD in a few weeks.

Updates and Revisions to the Draft RHNA Methodology

Since the September HMC meeting, staff has made several updates and refinements to the draft RHNA methodology and the resulting draft allocation numbers.

Scoring the Fair Share Factors

First, staff made some revisions to the approaches for scoring the Fair Share Factors. Previously, the factors were scored on a 1 to 5 scale. However, we received many comments from members of the HMC that this approach of trying to group jurisdictions together did not accurately reflect the important differences among jurisdictions and led to unintended results. In response to this concern, we have changed the scoring so that it is based on a jurisdiction's actual result for the factor (e.g., its total number of non-PDA jobs), rather than this result filtered through the 1 to 5 scale.

For the RHNA Performance and Non-PDA Employment factors, each jurisdiction was ranked from 1 to 109 based on its performance on the factor. In a change from the previous methodology, this rank was then used as the basis for creating the "Score Adjustment" (a scale between -100% and 100%) that is applied to the jurisdiction's Non-PDA Total Growth. This modified approach was selected because it is better able to account for jurisdictions that had either very high or very low results on these factors that tended to skew the results for the rest of the jurisdictions when using the previous scoring method.

The third change staff made to the scoring approach was to base the RHNA Performance factor on total very low- and low-income units permitted, rather than the percent of a jurisdiction's allocation that was permitted. Since this factor applies to only the Fair Share Component, staff believes that using the total permits issued is a more accurate way to represent the positive impact of increasing the total amount of affordable housing in the region.

More detail about the changes to the scoring approach is available in Section E of the revised *RHNA Methodology Technical Documentation*.

Sphere of Influence Adjustments

Second, we have incorporated the Sphere of Influence (SOI) adjustments based on the rules proposed for each county. As a reminder, these rules are:

1. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI was assigned to the cities.
2. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI was assigned to the county.

3. In Marin County, 50 percent of the allocation of housing need generated by the unincorporated SOI was assigned to the city and 50 percent was assigned to the county.

Income Allocation

Finally, we have used the draft regional income distribution that we received from HCD to show each jurisdiction's total draft RHNA allocation by income category, using the proposed method of the 175 percent shift. As a reminder, in this method, each jurisdiction is given 175 percent of the difference between their household income distribution and the region-wide household income distribution. This income allocation method gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Conversely, jurisdictions that have a lower proportion of households in an income category would receive a larger allocation of housing units in that same category.

The *RHNA Methodology Technical Documentation* and the spreadsheets that demonstrate how the methodology works have been updated to show all of the methodology changes described above.

Transfers of RHNA Allocations

As part of the RHNA allocation process, a local government has the option of transferring a portion of its allocation to another jurisdiction willing to accept it. The transfer must maintain the total need allocation amongst all transfer parties as well as other requirements of the RHNA process.

There are very specific provisions in the RHNA statute about how these transfers can occur during the period between the jurisdiction's receipt of its final allocation and the due date of its housing element (see Government Code Section 65584.07 for more details). As the law currently stands, after the adoption of RHNA, no city-to-city transfers are allowed, only transfers from county-to-city, or due to annexation or incorporation. However, there is more flexibility regarding trades and transfers that occur prior to adoption of the final RHNA allocation. Before adoption, transfers can occur via city-to-city, city-to-county, county-to-city, and county-to-county.

For transfers that occur prior to the final allocation, staff is proposing to use the same policy regarding transfers that was included in the RHNA methodology for the 2007-2014 period, with the addition of a provision stating that the transfer must comply with the objectives of the SCS. This approach 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.

With this policy, 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. 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.
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 and the objectives of the Sustainable Communities Strategy.

Data Survey

As part of the RHNA process, ABAG is required to survey local governments for information on specific factors to be considered in developing the allocation methodology.

By statute, the survey must include the following questions¹:

- What is the jurisdiction's existing and projected jobs housing relationship?
- What are the opportunities and constraints to development of additional housing due to sewer and water capacity, land suitability, or preservation?
- What is the distribution of household growth, particularly related to opportunities to maximize the use of public transportation and existing transportation infrastructure?
- What is the market demand for housing?
- What agreements are there in place between your county and the cities in your county which direct growth toward the incorporated areas of the county?
- What is the loss of affordable units contained in assisted housing developments?
- What is the high-housing cost burden?
- What is the housing need for farm workers?
- What are the housing impacts of colleges and universities?
- Are there any other factors you believe should be considered?

The draft survey instrument is included as Attachment B. We are seeking your feedback about whether the form clearly communicates the information that we are requesting, and any suggestions you have about improving how the survey questions are presented.

The survey will be sent out to all planning directors and community development directors in November. City managers and county administrators will also receive a copy of the survey. The responses will be due back by January 31, 2012.

¹ For more detail about the survey requirements, see Government Code Section 65584.04(d),

2014-2022 RHNA / SCS Schedule

This schedule aligns 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.

		ABAG RHNA Milestones	SubRHNA Milestones	SCS/RTP Milestones
1	Subregions Form		Mar. 2011	
2	Present SCS Alternative Scenario Concepts for Initial Review			June 10, 2011
3	Release Block Grant Concept			July 2011
4	Review RHNA Methodology Concepts at ABAG Executive Board	Sept. 2011		
5	Dept. of Housing and Community Development (HCD) Issues RHND ¹	Oct. 2011		
6	Transportation Project Assessment to MTC Planning Committee			Oct./Nov. 2011
7	Release SCS Alternative Scenario Results for Public Review			Dec. 2011
8	County Public Workshops			Jan. 2012
9	Release Draft SCS Preferred Scenario & OneBayArea Grant Proposal			Mar. 2012
10	Release Preliminary Draft RHNA Method	Mar. 2012		
11	MTC and ABAG Adopt SCS Preferred Scenario & OneBayArea Grant			May 2012
12	EIR Kick-Off (Scoping) Public Meeting			May 2012
13	ABAG Releases Draft Method and Assigns Preliminary Subregional Shares ² <i>Action to be taken by ABAG Executive Board</i>	May 17, 2012		
15	Public hearing on Draft Method and Preliminary Subregional Shares at ABAG Regional Planning Committee ³	June 6, 2012		
16	ABAG Adopts Final Method <i>Action to be taken by ABAG Executive Board</i>	July 19, 2012		
17	ABAG Releases Draft Allocation ⁴ <i>Action to be taken by ABAG Executive Board</i>	July 20, 2012		
18	Deadline for Local Requests for Revisions to Draft Allocation ⁵	Sept. 18, 2012		
19	Release Draft SCS/RTP and Draft EIR			Nov. 2012
20	Release Draft Air Quality Conformity Analysis			Jan. 2013
21	ABAG Responds to Requests for Revisions ⁶	By Nov. 15, 2012		
22	Deadline for Local Appeals to Draft Allocation	Jan. 11, 2013		
23	Respond to Comments on Draft SCS/RTP EIR and Air Quality Conformity Analysis			Feb. 2013
24	Public Hearing on Local Appeals of ABAG Response to Revision Requests ⁷	Between Feb. 20 -25, 2013		
25	Deadline for Subregions to Submit Final Allocation and Resolution of Consistency with the SCS to ABAG for Review and Possible Consultation		Feb. 1, 2013	
26	ABAG Issues Final Allocation ⁸	April 12, 2013		
27	Adopt RTP/SCS, Certify EIR, Make Conformity Determination			April 2013
28	ABAG Adopts Final Allocation at Public Hearing ⁹ <i>Action to be taken by ABAG Executive Board</i>	May 16, 2013		
29	Local Governments Adopt Housing Element Revision	Oct. 2014		

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

² The survey of local governments regarding the statutory RHNA factors must be conducted within the 6 months prior to this date. GC §65584.04(b)

³ GC §65584.04(h) requires a public hearing and 60-day comment period on the draft method.

⁴ There is no statutory requirement that there be a gap between adoption of the final method and issuance of the draft RHNA.

⁵ Local jurisdictions have 60 days to review allocation and request revisions. GC §65584.05(b)

⁶ ABAG has up to 60 days to respond to requests for revisions, may be compressed. GC §65584.05(c)

⁷ A hearing must take place no earlier than 40 days and no more than 45 days after the deadline to file appeals. GC §65584.05(e)

⁸ Must occur within 45 days after completion of appeal process. Could be compressed to 0 days. GC §65584.05(f)

⁹ Must occur within 45 days of issuance of final allocation. No minimum interval required. GC §65584.05(h)

SCS Regional Housing Need Allocation Feedback

Jurisdiction: _____ Date: _____

Name of Person Filling Out Survey: _____

Title: _____

E-mail: _____ Phone: _____

As part of the Regional Housing Need Allocation (RHNA) process, ABAG is required to survey local governments for information on specific factors to be considered in developing the allocation methodology. None of the information received may be used as a basis for reducing the total housing need established for the region.

Please complete this survey for your jurisdiction. This form may be filled out using Adobe Acrobat or Adobe Acrobat Reader. If you have any questions, contact Hing Wong at hingw@abag.ca.gov or (510) 464-7966. **Please send this survey back by January 31, 2012** via e-mail attachment to hingw@abag.ca.gov, fax to (510) 433-5566, or mail to P.O. Box 2050, Oakland, CA 94604. Thank you!

RELATIONSHIP BETWEEN JOBS AND HOUSING

(1) What is the existing and projected relationship between jobs and housing in your jurisdiction for jobs within your jurisdiction?

(2) What is the existing and projected relationship between jobs and housing in your jurisdiction for jobs outside of your jurisdiction?

(3) What is the distribution of household growth, particularly as it relates to opportunities to maximize the use of public transportation and existing transportation infrastructure? The total shares should add up to 100 percent.

Priority Development Areas (PDAs): _____ %
 Growth Opportunity Areas (GOAs): _____ %
 Other parts of the jurisdiction near transit: _____ %
 Other parts of the jurisdiction not near transit: _____ %

OPPORTUNITIES AND CONSTRAINTS

(4) Check off which areas include opportunities and/or constraints to the development of additional housing:

	Opportunities	Constraints	Comments
Sewer	<input type="checkbox"/>	<input type="checkbox"/>	_____
Water	<input type="checkbox"/>	<input type="checkbox"/>	_____
Land Suitability	<input type="checkbox"/>	<input type="checkbox"/>	_____
Preservation	<input type="checkbox"/>	<input type="checkbox"/>	_____

DEMAND

(5) What would be the market demand for housing for your jurisdiction compared to the previous 10 years?

	Higher	Same	Lower
Within the next decade (2012-2022)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beyond the next decade (2023-2040)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(6) Do you expect loss of affordable units contained in assisted housing developments?

No
 Yes If yes, then explain:

(7) Estimate the percent of your residents who confront a high-housing cost burden, which is spending more than 30 percent of their total income for housing.

_____ %

(8) Is there a need for farmworker housing in your jurisdiction?

No

Yes If yes, then explain:

(9) What are the impacts of colleges and universities on your housing need?

High – major colleges within your jurisdiction

Medium – major colleges in surrounding jurisdictions

Low – major colleges not in the vicinity

AGREEMENTS

(10) What agreements are there in place between your county and the cities in your county which direct growth toward the incorporated areas of the county?

COMMENTS

Are there any other factors you believe should be considered?
