



## SCS HOUSING METHODOLOGY COMMITTEE

San Francisco Bay Conservation and Development Commission  
McAteer Petris Conference Room  
50 California Street, Suite 3600, San Francisco, CA 94111

May 26, 2011 | 10:00 a.m.

### 1. Convene Meeting

Doug Johnson, MTC Senior Planner, called the meeting to order and requested that committee members use Basecamp to communicate between meetings in order to make the discussion at meetings efficient.

He then conducted a brief round of introductions.

### 2. Revised RHNA Timeline

Ken Kirkey, ABAG Planning Director, gave the committee an overview of the revised timeline for the Regional Housing Needs Allocation (RHNA) process. He mentioned that staff is in the process of incorporating local jurisdictional feedback and transportation and land use constraints to look at three potential patterns for the growth in the region. These three patterns will produce the Sustainable Communities Strategy (SCS) Alternative Scenarios.

Mr. Kirkey then gave a brief summary of the initial concepts behind these Alternative Scenarios. The first Alternative Scenario would be similar to the Initial Vision Scenario but would include local jurisdictional input and a better understanding of the constraints to growth in the Priority Development Areas (PDAs) and Growth Opportunity Areas (GOAs). The second would focus more on enhanced growth in the core City Centers and Regional Centers. The third would look at outer areas in the region that have experienced significant housing growth, and would consider methods to attract employment and services to those areas.

These initial concepts are to be reviewed and potentially adopted by the joint MTC Planning Committee and ABAG Administrative Committee in June, after which staff will begin an analysis of the Alternative Scenarios that will carry into the fall. The results of this analysis will be released for review in October, followed by public workshops and sufficient time for local jurisdictional input. This will precede the release of the draft land use element of the SCS Preferred Scenario in November. At that point, the draft RHNA methodology will also be released. Thus, after a potential hiatus in July and August, the HMC will reconvene to gain consensus around a methodology so that it can be released through action taken by the ABAG Executive Board on November 17, 2011. Also in November the subregional shares will be assigned, with the final RHNA methodology to be released in January 2012. ABAG and MTC will adopt the final SCS in February.

Mr. Kirkey then mentioned the block grant concept that will be released in July. The block grant will likely take a substantial portion of the discretionary funding in the Regional Transportation Plan (RTP) that is currently largely divided into different pots and programs, and will combine them into a block grant that will most likely be tied to the RHNA as well as to the PDAs and GOAs. He concluded that the block grant will be adopted in October or November, prior to adoption of the Preferred Scenario or the RHNA methodology.

A committee member requested that the dates of public meetings be released as soon as possible so that those involved may be adequately organized in advance.

In response to questions from committee members about what was required from the subregions and cities within the subregions to release the subregional allocation methodology in November, Mr. Kirkey responded that ABAG/MTC will need to have entered into a delegation agreement with the subregions by that time.

Some committee members expressed concern regarding the adoption schedule, specifically whether revisions to the RHNA allocation after the adoption of the SCS would result in inconsistencies. Mr. Kirkey responded that minor requests for revisions to the RHNA allocations likely would not significantly alter consistency between RHNA and the SCS.

In response to further questions about the incorporation of the RHNA methodology into the SCS, Mr. Kirkey mentioned that the income category component of the RHNA methodology will likely be incorporated, and committee members expressed general approval of shifting affordable housing allocations throughout the region in an equitable way. Ezra Rapport, ABAG Executive Director, contributed by confirming the important relationship between the SCS and RHNA, and that consideration of these issues is the purpose of the SCS Housing Methodology Committee.

### **3. Revised Allocation Methodology**

Mr. Kirkey began by summarizing the committee's comments from its April meeting regarding the proposed methodology, and how those concerns are reflected in the revised methodology. He recalled that the committee thought the sustainability component, expressed via growth in the PDAs and GOAs, should be recognized in the methodology. Though there was discussion regarding the percentage that would be split between PDAs and GOAs and other areas, he noted that staff analysis showed a very small difference in allocation based on shifting these percentages, and thus remained with the previously established component in which 70 percent of growth was directed to PDAs and GOAs.

He also mentioned discussions regarding other factors that could be included in the fair share portion of the allocation. One was the need to ensure a fair allocation across jurisdictions so that all jurisdictions, whether or not they include PDAs or GOAs, are responsible for providing at least some percentage of their housing formation. The approach being presented to the committee includes four other factors that could be incorporated into the fair share allocation: school quality, transit service, employment, and past RHNA performance in permitting for very-low- and low-income housing.

Mr. Kirkey then explained that, in order to address the very large allocations to some jurisdictions and very small allocations to others based on the Initial Vision Scenario, staff began analysis on the establishment of an upper threshold of 125 percent of household formation, beyond which a jurisdiction would not be allocated extra units beyond the allocation to their PDA or GOA. Similarly, staff would propose to the committee the possibility for a minimum housing production floor to ensure all jurisdictions produce some level of their household formation growth. Finally, he acknowledged the seemingly broad support for the income category allocation that moves jurisdictions 175 percent towards the regional income distribution.

In response to the committee's questions regarding the 125 percent upper threshold, Mr. Kirkey explained that in jurisdictions which, through the allocation of their portion of the 70 percent of growth directed to their PDA or GOA reach 125 percent of their household formation, no further units from the remaining 30 percent of growth would be allocated to that jurisdiction. This does not mean that a jurisdiction cannot be allocated more than 125 percent of their household formation through the allocation to their PDA, that is, this component of the methodology does not act as a cap. Further, Mr. Kirkey clarified that the units

included in the 30 percent fair share components are not required to be outside of PDAs or GOAs, but rather are intended to ensure that jurisdictions without designated PDAs and GOAs are still allocated some level of growth.

Some committee members expressed interest in considering different proportions of growth to be split between PDA and GOA areas and other areas. In response to comments regarding reducing the percentage of growth designated to PDAs, Mr. Rapport observed that past regional planning through the Blueprint and FOCUS programs used the PDA framework to create a region more solidly based upon transit corridors and pedestrian friendliness, and that past forecasts for about 66 percent of growth to occur in PDAs do not vary significantly from the methodology being discussed for RHNA and the SCS.

A number of committee members expressed concern that by not having identified PDAs in their jurisdictions, some areas may be allocated less than their fair share of housing. Mr. Kirkey noted that the concept of a floor, or a base level of forecasted growth that a jurisdiction must be allocated, may address this concern. Mr. Rapport added that in order to encourage jurisdictions to identify PDAs in which to promote growth, the regional agencies are advocating providing assistance and support to those jurisdictions that do.

Finally, some committee members noted that very few of the jurisdictions reached the 125 percent upper threshold, and a request was made to analyze the allocation based on slightly lower upper-limit thresholds.

Gillian Adams, ABAG Regional Planner, then presented the revised methodology. She began by explaining how each quality of life factor being considered was created and applied to the methodology.

*Past Performance:* The factor considering past RHNA performance was based on the number of permits issued for very-low and low-income housing as a percentage of a jurisdiction's RHNA allocation for the 1999-2006 RHNA period. The factor was broken up so that jurisdictions that permitted smaller shares of their allocation in the 1999-2006 cycle received higher scores, resulting in higher allocations for the new RHNA cycle.

*Jobs:* The employment factor used a similar scoring scale. It accounted for number of jobs in a jurisdiction outside of that jurisdiction's PDAs or GOAs based on 2010 data. Jurisdictions with more employment opportunities received a higher score and thus a larger allocation.

*Transit:* The transit factor was created to account both for service frequency (measured by average daily headways based on 2009 data) and coverage (or the percent of intersections within a jurisdiction that have transit stops). Jurisdictions that received a high score on both coverage and frequency got a higher total score and thus a higher allocation based on this factor. Jurisdictions that achieved a high score on one transit measure but a low score on the other receive a mid-level score, and jurisdictions in which both transit scores were low received a lower overall score and thus a smaller allocation.

*Schools:* The final factor included was schools, and was calculated based on the average Academic Performance Index (API) score for a jurisdiction. Jurisdictions with low average API scores were allocated fewer units.

Scores for each of these factors were then applied to the number of households outside the jurisdictions PDAs and GOAs, and weighted differently in order to present different possible methodologies for analysis by the committee.

Mr. Kirkey clarified for the committee that the charts presented were based on redistribution of units by county, as opposed to regionally. He explained that staff had also done an analysis based on regional redistribution, and that this information would be shared with the committee via Basecamp.

Some committee members expressed concern regarding the inclusion of a schools factor, including suggestions that capacity or funding may be more relevant than API score, as well as the potential for overlap with the income allocation factor due to API scores' close correlation with income level.

Some HMC members raised other concerns regarding the factors, including the external constraints such as cost of land that would affect the performance factor, as well as suggestions to consider employment within a thirty-minute commute shed, as opposed to within single jurisdictions. Miriam Chion, ABAG Principal Planner, explained that the concept behind the employment factor was for communities with abundant jobs and the associated resources to support additional housing and thus receive a higher allocation.

Other observations included the small changes in allocation that the factors created, and that perhaps a simplified methodology was preferable. Other HMC members expressed their opinion of the factors' importance in allocating housing to areas of opportunity. On this note a suggestion was made to weight the factors more heavily as compared with the household formation factor.

Mr. Kirkey summarized and responded to the committee's comments by saying firstly that staff would provide maps showing where growth occurred in the Initial Vision Scenario, and would provide an overview of the results of analyzing various percentage splits between the sustainability component and the fair share component. He said staff would compare different levels of upper thresholds for the Sustainable Places allocation, and would provide information on various lower base limits as a percentage of household growth formation, and bring the results back to the committee. Mr. Kirkey then requested that the committee use Basecamp before the next meeting to discuss the utility of the factors, as well as preferences regarding their weighting.

#### **4. Allocation of Subregional Shares**

Mr. Johnson then introduced the memo on subregional shares, and commented that perhaps an alternate means of communication was necessary for ABAG/MTC staff to discuss this issue specifically with representatives of the subregions.

Ms. Chion then discussed the allocation of subregional shares. She explained that this process includes two components: the method for subregional allocation, and the application of income distribution criteria.

*Method for Subregional Allocation:* Ms. Chion noted that there seemed to be consensus among HMC members regarding the desire for consistency in allocation among counties so that a county's total allocation would be based on the regional RHNA methodology, regardless of their status as a subregion.

*Income Distribution Criteria:* Ms. Chion explained that some questions have emerged about the proper methodology with which to apply income distribution criteria to the subregions. Staff's understanding had been that there was general consensus to retain the methodology from the last RHNA cycle, which used a 175 percent income allocation approach. However, she noted that based on some concerns and desire for further analysis, this item should be moved to the next HMC meeting.

## **5. Equity Working Group Activities Related to Housing Target**

Marisa Raya, ABAG Regional Planner, and Jennifer Yeamans, MTC Lifeline and Equity Planner, discussed the Equity Working Group's activities in the process of developing the SCS. Ms. Raya explained that, while the RTP has always included an equity analysis, the analysis for the SCS will be expanded to include the distribution of affordable housing. Further, this equity analysis will take place earlier in the SCS process so that the results can be analyzed and incorporated into the Preferred Scenario. Ms. Raya noted that an equity analysis should fundamentally consider the distribution of benefits and burdens between low-income and non-low-income households, and how the SCS Alternative Scenarios would affect these populations

The Equity Working Group has also been involved in the development of the Project Performance Assessment, which will for the first time incorporate housing. The assessment will evaluate major projects and programs included in the RTP against regional goals, including the housing target. Each project's performance is measured against each target, and undergoes a cost-benefit analysis as well as a separate equity analysis.

The Equity Working Group developed three criteria for considering project performance in regards to housing. The first is whether or not the project provides accessibility to and from areas with planned housing growth. The second is the level of planned housing growth in the area served. Finally the assessment will consider the jurisdiction's past RHNA performance based on total number of units built. Staff felt that it was important for the HMC to be aware that each scenario will be analyzed in terms of these targets and criteria related to equity.

A committee member noted that there has been progress in alleviating previous concerns about bringing the equity analysis earlier in the process of developing the Preferred Scenario.

Another committee member expressed concern at the level of integration between the SCS and RHNA. Mr. Kirkey responded that one way to incorporate RHNA into the SCS is through the income allocation approach, which would be used both in the RHNA methodology and in the Alternative Scenarios. He continued that the equity analysis on the Alternative Scenarios should ultimately shape the Preferred Scenario, which will allow consideration not just of the short-term RHNA cycle, but also the 25-year SCS.

An HMC member that also serves on the Equity Working Group added that some of the main points under discussion in the Equity Working Group include connections between the SCS and RHNA, the consideration of an analysis based on ethnicity, and issues of displacement, as well as concerns about the self-selection of PDAs.

In response to a question regarding the definition of an equitable regional outcome for an Alternative Scenario, Ms. Raya explained that staff will consider how each Alternative Scenario performs against a number of equity targets. Because there are competing issues and land patterns, the analysis allows each Alternative Scenario to be considered in terms of various aspects of equity.

## **6. Next Steps/Other Business/Public Comment**

Mr. Johnson concluded this meeting of the HMC by requesting that discussions continue on Basecamp.