

SCS HOUSING METHODOLOGY COMMITTEE January 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

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|--|-------------------|
| 1. Convene Meeting (Doug Johnson, MTC)
<i>Discussion of the committee objectives, structure and schedule.</i> | 10:00 a.m. |
| 2. Relationship of SCS-RHNA-RTP (Ezra Rapport, ABAG) | 10:15 a.m. |
| 3. Requirements of the RHNA Process (Paul Fassinger, ABAG)
<i>Committee to discuss staff memo describing the RHNA process and recent changes in the law.</i> | 11:00 a.m. |
| 4. Review the Last Cycle of the RHNA (Paul Fassinger, ABAG)
<i>Committee to discuss staff memo describing the last RHNA Cycle and offer ideas.</i> | 11:45 a.m. |
| 5. Subregional Area Formation (Local Staff)
<i>Staff from San Mateo County, Napa County, Solano County and Santa Clara County will discuss the current status of their efforts to form subregions.</i> | 12:30 p.m. |
| 6. Next Steps/Other Business/Public Comments | 12:50 p.m. |

Next Meeting:

Thursday, February 24, 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 Needs Allocation and related Regional Transportation Plan/Sustainable Communities Strategy work elements.

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OneBayArea

Sustainable Communities Strategy



A Local-Regional Partnership

January 2011

About the SCS

- Identify areas in region sufficient to house all region's population, including all four economic segments
- Development and conservation strategy for Bay Area
- Establishes performance measures, including GHG
- Emphasizes on-the-ground changes to encourage sustainability
- 25-year horizon for growth

About RHNA

- Promotes increased housing supply, for all income levels
- State-mandated process
- ABAG required to develop methodology for allocating housing units to each jurisdiction
- Local governments must identify locations for housing in their General Plans
- 8-year forecast of housing need

SCS/RTP/RHNA: Plan Bay Area

- The sustainable communities strategy shall “identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region pursuant to Section 65584.” *[GC Section 65080.(b)(2)(B)(iii)]*
- “...the allocation plan shall allocate housing units within the region consistent with the development pattern included in the sustainable communities strategy.”
[GC Section 65584.04(i)(1)]
- “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.” *[GC Section 65584.04(i)(3)]*

Issues to be Addressed

- How should the SCS and RHNA relate to one another?
 - SCS looks at specific locations for housing; RHNA allocations to jurisdiction
 - 25-year horizon for SCS vs. 8-year RHNA period
- What goals and objectives should guide the processes?
 - Performance measures in process of being adopted (handout)
 - Initial Vision Scenario to be released March 11 will include proposed SCS policies
- What are the desired outcomes from this committee?



MEMO

Date: January 20, 2011

To: Housing Methodology Committee

From: ABAG Staff

Re: RHNA Process Requirements (Agenda Item #3)

Summary

This memo takes excerpts from the *San Francisco Bay Area Housing Needs Plan 2007-2014* (ABAG, June 2008) to explain the objectives and requirements of the 2014-2022 Regional Housing Need Allocation (RHNA) process. In addition, it describes new requirements from SB 375, the implementing legislation for the region's Sustainable Communities Strategy (SCS).

RHNA Objectives

The State is required to allocate the region's share of the statewide housing need to Councils of Governments (COG) based on the Department of Finance (DOF) population projections and the regional population forecasts used in preparing regional transportation plans. In the San Francisco Bay Area, the Association of Bay Area Governments (ABAG) serves as the region's COG.

Housing element law requires the COG (ABAG for the San Francisco Bay Area) to develop a Regional Housing Need Plan (RHNP). The plan describes the region's allocation method and the actual allocation of housing need to the cities and counties within the region. According to State law, RHNP is to promote the following objectives:

- (1) 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.
- (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 for 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 US Census data.

Housing Needs Determination

The regional housing need is determined by estimating both the existing need and the projected need for housing. Existing need is the amount of housing needed to address existing overcrowding or low vacancy rates. Projected need relates to providing housing for the growing population. Using slightly different methods, both the State (through DOF) and the region (via ABAG) estimate projected household growth. Since these numbers may differ, the State consults with the region to arrive at an agreed upon estimate of future population growth (in this case, the housing need for 2014 through 2022).

Housing Needs Allocation

The region's total housing need is allocated to Bay Area jurisdictions through an allocation method. The method contains two distinct components: mathematical equations and rules.

RHNA law delineates the specific factors that must be considered for inclusion in the housing needs allocation method. These factors are:

1. Water and sewer capacity
2. Land suitable for urban development or conversion to residential use
3. Protected open space – lands protected by State and Federal governments
4. County policies to protect prime agricultural land
5. Distribution of household growth
6. Market demand for housing
7. City-centered growth policies
8. Loss of affordable units contained in assisted housing
9. High housing cost burdens
10. Housing needs of farm workers
11. Impact of universities and colleges on housing needs in a community
12. Any other factors adopted by the council of governments

New Housing-related Requirements from SB 375

SB 375 requires the region to develop a Sustainable Communities Strategy (SCS). The SCS and Regional Transportation Plan (RTP) for the Bay Area are on a four-year cycle. The SCS and RTP will consider a planning period to the year 2040. In order to coordinate these programs with RHNA, the law extends the RHNA cycle to every eight years, but RHNA covers a shorter planning period (this time from 2014 to 2022).

Among the requirements for the SCS are that it must identify areas within the region sufficient to house an eight-year projection of regional housing need for the region. In other words, the SCS must plan for enough housing capacity to accommodate the regional need.

Additionally, the law indicates that it is the intent of the Legislature that housing planning be coordinated and integrated with the RTP. To achieve this goal, the allocation plan must distribute housing units within the region consistent with the development pattern included in the SCS. ABAG must eventually make a finding of consistency between the RHNA plan and the development pattern in the SCS.

Several other important changes to housing law were made in SB 375, but they do not directly affect the RHNA process.

Discussion

Staff is hoping for input from the Housing Methodology Committee:

- (1) Is there is a need for additional factors in the allocation methodology beyond the 12 that are specified by law? Are there other housing goals we should consider?
- (2) Are there any conflicts between the objectives and factors in RHNA law and the requirements of the SCS?
- (3) Are there other RHNA issues we need to discuss?

Resources

The Bay Area's last RHNA plan

<http://www.abag.ca.gov/planning/pdfs/SFHousingNeedsPlan.pdf>

Basic RHNA statutes

www.leginfo.ca.gov/cgi-bin/calawquery?codesection=gov&codebody=65580-65589.8&hits=20

Then choose Government Code Section 65580-65589.8

SB 375

http://www.leginfo.ca.gov/pub/07-08/bill/sen/sb_0351-0400/sb_375_bill_20080930_chaptered.pdf



MEMO

Date: January 20, 2011

To: Housing Methodology Committee

From: ABAG Staff

Re: Review of the Last RHNA Cycle (Agenda Item #4)

Summary

This memo takes excerpts from the *San Francisco Bay Area Housing Needs Plan 2007-2014* (ABAG, June 2008) to explain the allocation method used in the last round of the Bay Area's Regional Housing Need Allocation (RHNA) process.

State Requirements to Plan for Housing

State law requires each city and county to adopt a general plan. Housing elements have been mandatory portions of general plans since 1969. This reflects the statutory recognition that the availability of housing is a matter of statewide importance. The limitation of the State's housing supply through planning and zoning powers affects the State's ability to achieve its housing goal of "decent housing and a suitable living environment for every California family." A limited housing supply also impacts the State's ability to remain economically competitive.

In each RHNA cycle, the State Department of Housing and Community Development (HCD) determines a Regional Housing Need. The need is the minimum number of housing units that a region must plan for in the RHNA planning period. In this cycle, the planning period is 2014 to 2022.

Housing element law requires the Council of Governments (COG), in our case ABAG, to develop a Regional Housing Need Plan (RHNP). The plan describes the region's allocation method and the actual allocation of housing need to the cities and counties within the region.

Housing Needs Allocation Method 2007-2014

The region's total housing need is allocated to Bay Area jurisdictions through an allocation method. In the last cycle, the method contained two distinct components: mathematical equations and rules.

There were two mathematical equations in the allocation method. The first equation was used to allocate total units among jurisdictions. This equation consisted of factors, each weighted to indicate relative importance. The second equation was used to divide each jurisdiction's total need, based on the first formula, into the four income categories as defined by State law.

The allocation method also contained a set of rules. These rules addressed how to handle units in spheres of influence as well as voluntary transfers of units between jurisdictions and subregions.

The final allocation method adopted by the ABAG Executive Board included factors related to housing, employment and public transit.

Each factor was given priority relative to the others through "weighting" in the formula. For example, if one of the factors, e.g., household growth, was determined to be more important than another factor, e.g., transit, the methodology would give household growth a higher weight than transit. If two or more factors were determined to be of equal priority, they were equally weighted. State law also allows for "zero weighting" of a required factor, if an appropriate rationale for the zero weight can be offered by the COG.

For the Bay Area's allocation formula, the selected factors and their respective weights were:

- Household growth (45%)
- Existing employment (22.5%)
- Employment growth (22.5%)
- Household growth near existing transit (5%)
- Employment growth near existing transit (5%)

Household growth, existing employment and employment growth were each forecasted in the region's job, household and employment forecast using *Projections 2007*.

By applying these factors and weights in the allocation formula, housing would be allocated to jurisdictions in a manner consistent with State RHNA objectives, statutory requirements, local land use and regional policies. Jurisdictions would then be required to plan for their allocated number of housing units within the housing elements of their general plans.

Specifically, the selected factors resulted in:

- Housing units directed to areas where local governments were planning housing growth.
- Housing and job growth being planned together and existing jobs-housing imbalances being addressed.

Income Allocation Method

The method was based on the region-wide distribution of household income. It also considered existing concentrations of poverty within the region.

Once a jurisdiction's total need was calculated, using the formula listed in the previous section, those total units were then divided using an income allocation method, based on region-wide income distributions. To address concentrations of poverty, each jurisdiction was given 175 percent of the difference between their 2000 household income distribution and the 2000 region-wide household income distribution.

Allocation Rules

In the last round of the RHNA process, it was useful to include three sets of rules that addressed spheres of influence, the transfer of units, and subregions.

Spheres of Influence

Every city in the Bay Area has a "sphere of influence" or SOI. The SOI boundary is designated by the county's Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts within a county. A city's SOI can be either contiguous with or go beyond the city's boundary. A city is responsible for planning for all areas within its SOI. The SOI is considered the probable future city boundary. SOI must be considered in the regional housing needs allocation process via a "rule" in the RHNA method if there is projected growth within a city's SOI. Most SOI areas within the Bay Area are anticipated to experience growth.

The primary SOI rule for the RHNA method is that each local jurisdiction with land-use permitting authority over its SOI should plan for all the housing needed to accommodate housing growth, existing employment and employment growth within their SOI.

There are variations in the Bay Area in terms of whether a city or county has jurisdiction over land use and development within unincorporated SOIs. In response to these variations, the following SOI rules applied:

1. In Napa, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI were 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, 75 percent of the allocation of housing need generated by the unincorporated SOI was assigned to the city; the remaining 25 percent was assigned to the county.

Transfer of Units

After the initial allocation, each local jurisdiction could 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, maintains income distribution of both retained and transferred units, and includes a package of incentives to facilitate production of housing units.

The transfer rule allowed for the transfer of housing need between willing jurisdictions in conjunction with financial and non-financial resources. It maintained 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 was required to adhere to the following provisions:

1. Have at least two willing partners.
2. The total number of units within the group requesting the transfer cannot be reduced.
3. Include units at all income levels in the same proportion as initially allocated.
4. All members of the transfer group must retain some allocation of very low and low income units.
5. 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.
6. If the transfer resulted 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.
7. For the transfer of very low and low income units, there were restrictions that ensured the long term affordability of the transferred units.
8. Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

Subregional Allocations

The County of San Mateo, in partnership with all twenty cities in the county, formed a subregion. The formation of a subregion, for the purposes of conducting the RHNA, is allowed by State law.

Upon the State's determination of the total regional need, as required by law, ABAG assigned a share of the regional need to the San Mateo subregion. According to the law, the subregion's share is to be "in a proportion consistent with the distribution of households" from 2007-2014 in *Projections 2007*. San Mateo's share of units was also assigned by income category. The income distribution was determined by the regional average distribution of income.

Members of a subregion can decide to leave the subregion and become part of the remaining regional allocation. Rules were created so jurisdictions would know the effect of such decisions. No jurisdictions left the San Mateo subregion in the last RHNA period.

Discussion

Staff is asking for input and discussion:

1. Would the method used in the last round of the RHNA process be appropriate again?
2. Would committee members like further discussion/examples of any parts of the method?
3. Are there parts of the formulas or rules that you think we could simplify or eliminate?
4. Do you think that subregions impact the allocations for the rest of the region? Is it important to consider the relationship of the subregions and the remainder of the region?
5. Do we need to have rules in case jurisdictions choose to leave a subregion?

Resources

The Bay Area's last RHNA plan

<http://www.abag.ca.gov/planning/pdfs/SFHousingNeedsPlan.pdf>