

July 25, 2012

San Francisco Bay Area

City Managers and Planning/Community Development Directors,

The Regional Housing Need Allocation (RHNA) process for the San Francisco Bay Area reached its second milestone. On July 19, 2012, the ABAG Executive Board adopted the Draft RHNA Methodology and Preliminary Subregional Shares for the fifth cycle: 2014 - 2022 for all jurisdictions and subregions by income category. The adoption finalized the Draft RHNA Methodology according to the recommendations submitted by ABAG Staff in response to the input received during the 60-day public comment period that began on May 18, 2012 and closed on July 16, 2012. This milestone was reached through your involvement and the diligent efforts performed by the Housing Methodology Committee (HMC). The HMC represents a diverse set of interests that reflect both local and regional needs. This regional committee created the adopted Draft RHNA Methodology through an iterative process of workshops and meetings that began in January 2011. As we have reached the half-way point in the RHNA process, this memo provides an overview of the adopted RHNA Methodology and Subregional Shares as reflected in Resolution(s) 12-12 and 12-13. Finally, this memo details the next RHNA steps for local jurisdictions and subregions.

## **Final Draft RHNA Methodology**

### *1. Sustainability Component*

This component advances the goals of SB 375; this factor is based on the Jobs-Housing Connection Strategy, which allocates new housing development into Priority Development Areas (PDAs) and non-PDAs. By concentrating new development in PDAs, the Strategy helps protect the region's natural resources, water supply, and open space by reducing development pressure on rural areas. This allows the region to consume less energy, reducing household costs and the emission of greenhouse gases. Following the land use distribution specified in the Jobs-Housing Connection Strategy, 70% (131,593) of the 187,990 units determined by HCD will be allocated to PDAs and the remaining 30% (56,397) will be directed to non-PDA locations.

As of July 19, 2012, the Jobs-Housing Connection Strategy has been modified to a feasible growth concentration over the 2014-2022 RHNA cycle. This new distribution results in a shifting of approximately 3,500 units or 1.5 percent of the total regional allocation. This modification shifts housing units from Oakland, Newark, and San Jose primarily to medium sized cities within the employment commute shed of these cities.

### *2. Fair Share Component*

This component achieves the requirement that all cities and counties in California work to provide a fair share or proportion of the region's total and affordable housing need. In particular, cities that had strong transit networks, high employment rates, and performed poorly on the 1999-2006 RHNA cycle for very-low and low income units received higher allocations. Fair Share scoring is addressed through the factors listed below.

- *Upper Housing Threshold:* If growth projected by the Jobs-Housing Connection Strategy in PDAs meets or exceeds 110% of the jurisdiction's household formation growth, it is not assigned additional growth outside the PDA, which ensures that cities with large PDAs are not overburdened.

- *Minimum Housing Floor:* Jurisdictions are assigned a minimum of 40 percent of their household formation growth but not to exceed 1.5 times its 2007–2014 RHNA. This factor encourages all jurisdictions to produce a fair proportion of total housing need.
- *Past RHNA Performance:* In non-PDA areas, the total low- and very-low income units that were permitted in the 1999–2006 RHNA cycle were used as a factor for this cycle. For example, cities that exceeded their RHNA obligation in these two income categories received a lower score.
- *Employment:* In non-PDA areas, the employment was factored using the 2010 job estimates for a jurisdiction. Jurisdictions with higher employment received a higher score.
- *Transit:* In non-PDA areas, transit was factored for each jurisdiction. Jurisdictions with higher transit frequency and coverage received a higher score.

### 3. *Income allocation (Amended as of July 19, 2012)*

The income allocation factor ensures that jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This also promotes the state objective for increasing the mix of housing types among cities and counties equitably. The income allocation requirement is designed to ensure that each jurisdiction in the Bay Area plans for housing people of every income.

The income distribution of a jurisdiction’s housing need allocation is determined by the difference between the regional proportion of households in an income category and the jurisdiction’s proportion for that same category. Once determined, this difference is then multiplied by 175 percent. The result becomes that jurisdiction’s “adjustment factor.” The jurisdiction’s adjustment factor is added to the jurisdiction’s initial proportion of households in each income category. The result is the total share of the jurisdiction’s housing unit allocation for each income category.

On July 19, 2012, the calculation of current income groups by jurisdiction was modified. This calculation was based on the regional median household income instead of the county median household income. This adjustment provided a better regional alignment of the income distribution formula of 175 percent. Using the median income for the region eliminates this disparity and places all counties on equal footing.

This adjustment did not change a jurisdiction's total allocation, but shifted the distribution across its income categories. Counties with residents that are above the regional median household income (Contra Costa, Marin, San Mateo, and Santa Clara) experienced a shift towards a greater concentration of units in the very-low, low, and moderate income categories. Counties with residents below the regional median household income (Alameda, Napa, San Francisco, Solano, and Sonoma) experienced shifts towards a greater concentration in the above moderate income category

#### *4. Sphere of Influence Adjustments*

Every city in the Bay Area has a Sphere of Influence (SOI) which can be either contiguous with or go beyond the city's boundary. The SOI is considered the probable future boundary of a city and that city is responsible for planning within its 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 in these areas.

The allocation of the housing need for a jurisdiction's SOI where there is projected growth within the spheres varies by county. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI is assigned to the county. In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI is assigned to the city and 37.5 percent is assigned to the county.

## Subregions Shares

Napa, San Mateo and Solano counties with the inclusion of all cities within each county have formed the three subregions for this RHNA cycle. These counties are each considering an alternative housing allocation methodology. The share of the RHND total for each of these subregions is defined by the ratio between the subregion and the total regional housing growth for the 2014 to 2022 period in the Jobs-Housing Connection Strategy, which is the same ratio as in RHNA. Napa will receive 0.7883%, San Mateo will receive 8.7334%, and Solano will receive 3.7113% of the region's total RHND.

## Next Steps

The most recent adoption authorizes the beginning of the 60-day *Revisions and Appeals* process. During this period, each jurisdiction and subregion are allowed to request for revisions to its allocation or submit an appeal to the RHNA process.<sup>1</sup> The objective of the appellate process is to allow ABAG Staff to work directly with local jurisdictions and subregions to discuss its proposed allocation of housing units for the 5<sup>th</sup> 2014-2022 RHNA cycle. The deadline to submit an appeal or to request for a revision is September 18, 2012. To ensure that ABAG Staff will have adequate time to respond to requests before or by the next Executive Board Meeting on September 20, 2012, we are recommending that jurisdictions and subregions submit their request by **September 10, 2012**. Requests or questions regarding the *Revision and Appeals* process should be sent to [RHNA\\_Feedback@abag.ca.gov](mailto:RHNA_Feedback@abag.ca.gov).

By April 2013, ABAG will issue Final Allocations that will be subject to a final adoption by the ABAG Executive Board. In June and July 2013, the Department of Housing and Community Development (HCD) will review the San Francisco Bay Area RHNA Plan. Thank you for your involvement in this process. By the end of August we will be distributing a technical report that details the mechanics of the RHNA methodology. In this report, you will find worksheets and explanations to each step we took to calculate the individual allocations to jurisdictions and subregions. For a list of the upcoming phases for the RHNA process, please see the attached list of events at the end of the enclosed packet.

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<sup>1</sup> Government Code §65584.05(b)

Respectfully,

A handwritten signature in cursive script that reads "Miriam Chion". The signature is written in black ink and is positioned above a horizontal line that extends across the width of the signature.

Miriam Chion

Acting Director of Planning and Research, ABAG

Attachment A: Draft RHNA (released on July 19, 2012)

## DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
<b>REGION</b>	<b>46,680</b>	<b>28,940</b>	<b>33,420</b>	<b>78,950</b>	<b>187,990</b>
<b>Alameda County</b>					
Alameda	442	247	282	745	1,716
Albany	80	53	57	144	334
Berkeley	530	440	581	1,395	2,946
Dublin	793	444	423	615	2,275
Emeryville	275	210	258	749	1,492
Fremont	1,707	922	974	1,829	5,432
Hayward	862	490	625	2,044	4,021
Livermore	835	472	494	916	2,717
Newark	328	166	157	422	1,073
Oakland	2,050	2,066	2,803	7,782	14,701
Piedmont	24	14	15	7	60
Pleasanton	713	389	405	551	2,058
San Leandro	502	269	350	1,156	2,277
Union City	316	179	191	415	1,101
Alameda County Unincorporated	428	226	294	814	1,762
	<b>9,885</b>	<b>6,587</b>	<b>7,909</b>	<b>19,584</b>	<b>43,965</b>
<b>Contra Costa County</b>					
Antioch	348	204	213	677	1,442
Brentwood	233	123	122	278	756
Clayton	51	25	31	34	141
Concord	794	442	556	1,670	3,462
Danville	195	111	124	125	555
El Cerrito	100	63	69	165	397
Hercules	219	117	100	243	679
Lafayette	146	83	90	107	426
Martinez	123	72	78	194	467
Moraga	75	43	50	60	228
Oakley	316	173	174	500	1,163
Orinda	84	47	53	42	226
Pinole	80	48	42	126	296
Pittsburg	390	253	315	1,058	2,016
Pleasant Hill	117	69	84	176	446
Richmond	436	304	408	1,276	2,424
San Pablo	55	53	75	264	447
San Ramon	514	278	281	338	1,411
Walnut Creek	601	353	379	892	2,225
Contra Costa County Unincorporated	372	217	242	530	1,361
	<b>5,249</b>	<b>3,078</b>	<b>3,486</b>	<b>8,755</b>	<b>20,568</b>

RHNA Methodology adopted by ABAG Executive Board on July 19, 2012.  
ABAG is scheduled to issue Final Allocation in April 2013 and to adopt in May 2013.

## DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
<b>Marin County</b>					
Belvedere	4	3	4	5	16
Corte Madera	22	13	13	24	72
Fairfax	16	11	11	23	61
Larkspur	40	20	21	51	132
Mill Valley	41	24	26	38	129
Novato	111	65	72	166	414
Ross	6	4	4	4	18
San Anselmo	33	17	19	37	106
San Rafael	239	147	180	437	1,003
Sausalito	26	14	16	23	79
Tiburon	24	16	19	19	78
Marin County Unincorporated	55	32	37	60	184
	<b>617</b>	<b>366</b>	<b>422</b>	<b>887</b>	<b>2,292</b>
<b>Napa County</b>					
American Canyon	116	54	58	164	392
Calistoga	6	2	4	15	27
Napa	185	106	141	403	835
St. Helena	8	5	5	13	31
Yountville	4	2	3	8	17
Napa County Unincorporated	51	30	32	67	180
	<b>370</b>	<b>199</b>	<b>243</b>	<b>670</b>	<b>1,482</b>
<b>San Francisco County</b>					
San Francisco	6,207	4,619	5,437	12,482	28,745
	<b>6,207</b>	<b>4,619</b>	<b>5,437</b>	<b>12,482</b>	<b>28,745</b>

## DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
<b>San Mateo County</b>					
Atherton	36	27	29	14	106
Belmont	116	63	67	121	367
Brisbane	25	13	15	30	83
Burlingame	280	149	158	388	975
Colma	20	8	9	30	67
Daly City	408	194	225	681	1,508
East Palo Alto	64	54	83	266	467
Foster City	148	87	76	119	430
Half Moon Bay	52	31	36	67	186
Hillsborough	50	29	34	16	129
Menlo Park	237	133	145	219	734
Millbrae	193	101	112	272	678
Pacifica	121	68	70	154	413
Portola Valley	21	15	15	13	64
Redwood City	706	429	502	1,147	2,784
San Bruno	365	166	208	555	1,294
San Carlos	195	107	111	183	596
San Mateo	859	469	530	1,172	3,030
South San Francisco	576	290	318	922	2,106
Woodside	23	13	15	11	62
San Mateo County Unincorporated	100	61	72	106	339
	<b>4,595</b>	<b>2,507</b>	<b>2,830</b>	<b>6,486</b>	<b>16,418</b>
<b>Santa Clara County</b>					
Campbell	252	137	150	390	929
Cupertino	354	206	230	269	1,059
Gilroy	235	159	216	473	1,083
Los Altos	168	99	112	96	475
Los Altos Hills	46	28	32	15	121
Los Gatos	200	112	132	173	617
Milpitas	1,000	568	563	1,145	3,276
Monte Sereno	23	13	13	12	61
Morgan Hill	272	153	184	315	924
Mountain View	810	490	525	1,088	2,913
Palo Alto	688	430	476	585	2,179
San Jose	9,193	5,405	6,161	14,170	34,929
Santa Clara	1,045	692	752	1,586	4,075
Saratoga	147	95	104	92	438
Sunnyvale	1,780	992	1,027	2,179	5,978
Santa Clara County Unincorporated	22	13	14	28	77
	<b>16,235</b>	<b>9,592</b>	<b>10,691</b>	<b>22,616</b>	<b>59,134</b>

## DRAFT REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
<b>Solano County</b>					
Benicia	94	54	56	123	327
Dixon	50	24	30	93	197
Fairfield	861	451	514	1,664	3,490
Rio Vista	15	12	16	56	99
Suisun City	105	40	41	169	355
Vacaville	287	134	173	490	1,084
Vallejo	283	178	211	690	1,362
Solano County Unincorporated	16	9	12	26	63
	<b>1,711</b>	<b>902</b>	<b>1,053</b>	<b>3,311</b>	<b>6,977</b>
<b>Sonoma County</b>					
Cloverdale	39	29	31	111	210
Cotati	35	18	18	66	137
Healdsburg	31	24	26	75	156
Petaluma	198	102	120	321	741
Rohnert Park	180	107	126	482	895
Santa Rosa	943	579	756	2,364	4,642
Sebastopol	22	17	19	62	120
Sonoma	24	23	27	63	137
Windsor	120	65	67	187	439
Sonoma County Unincorporated	219	126	159	428	932
	<b>1,811</b>	<b>1,090</b>	<b>1,349</b>	<b>4,159</b>	<b>8,409</b>
<b>REGION</b>	<b>46,680</b>	<b>28,940</b>	<b>33,420</b>	<b>78,950</b>	<b>187,990</b>