



## FINAL SCS HOUSING METHODOLOGY COMMITTEE

April 26, 2012 | 10:00 a.m. to 1:00 p.m.

San Francisco Bay Conservation and Development Commission  
McAteer Petris Conference Room  
50 California Street, Suite 2600, San Francisco, CA 94111

*Lunch is Provided for Committee Members*

Estimated Time  
for Agenda Item

- |   | Estimated Time<br>for Agenda Item |
|---|-----------------------------------|
| <b>1. Convene Meeting (Doug Johnson, MTC)</b><br><i>Announcements, information, and summary of last meeting.<br/>Overview of agenda and objectives.</i>                           | <b>10:00 a.m.</b>                 |
| <b>2. Updates on the One Bay Area Grant (Doug Johnson, MTC)</b><br><i>Growth strategy and timeline.</i>   | <b>10:10 a.m.</b>                 |
| <b>3. Revisions of the Jobs-Housing Connection Scenario (Ken Kirkey, ABAG)</b><br><i>Update on draft report.<br/>Progress and key distinctions.</i>                               | <b>10:20 a.m.</b>                 |
| <b>4. Updates and Review of Draft RHNA Methodology (Miriam Chion, ABAG)</b><br><i>Considerations developed from last meeting.</i>   | <b>10:30 a.m.</b>                 |
| <b>5. Small Group Discussions on Draft Methodology (Miriam Chion, ABAG)</b><br><i>Develop policy recommendations.</i>   | <b>11:00 a.m.</b>                 |
| <b>6. Develop HMC Policy Recommendations to ABAG Executive Board (Doug Johnson, MTC)</b><br><i>Report back from small group discussion and summary of HMC policy suggestions.</i> | <b>12:00 p.m.</b>                 |
| <b>7. Final Steps/Other Business/Public Comments</b>  | <b>12:45 p.m.</b>                 |

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.

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## Small Group Discussion Questions

### *Housing Element Challenges and Opportunities in the SB 375 Era*

1. Do you think the final RHNA methodology balances the goals of the SB 375 legislation?
2. What types of policy modifications do you think could help ease the RHNA implementation process? (local, regional, and state)
3. What do you think the regional agencies can do to help align local land use and zoning with the PDA growth strategy and larger goals of the SCS legislation?



Date: April 26, 2012  
To: Housing Methodology Committee  
From: Ken Kirkey, ABAG Director of Planning and Research  
Subject: Updates on the Regional Housing Need Allocation Methodology

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This memo provides an update on the work done by ABAG and MTC staff in response to input received at the HMC meeting on March 8, 2012 including:

- Background and Present Legislation
- Updates to the RHNA Methodology
- Overview of the 2014-2022 RHNA Methodology

## **Background and Present Legislation**

In 1980, the State of California adopted AB 2853 that requires each town, city, and unincorporated area to plan for its share of the state's housing need for people of all income levels. This Regional Housing Need Allocation (RHNA) is based on eight-year zoning capacity.

Several steps are involved before a city receives its RHNA allocation. First, the California Department of Housing and Community Development (HCD) determines the housing need for each region in the state. Designated regional agencies then distribute this need to local governments. ABAG is this designated regional agency in the San Francisco Bay Area.

ABAG first ensures that the proposed regional housing allocation from HCD is compatible with the Regional Transportation Plan's (RTP) population forecast (developed by MTC). ABAG allocates this pre-determined regional housing need from HCD to local jurisdictions, consistent with the Sustainable Communities Strategy (SCS) land use plan that identifies a network of neighborhoods that can accommodate housing over 25 years (see the Jobs-Housing Connection report for the proposed land use plan).

The relationship between RHNA, the RTP, and the SCS land use plan is inherent to the goals of SB 375 that is reinforced through the OneBayArea Grant (OBAG). This consistency prioritizes the allocation of housing by Place Types and Priority Development Areas (PDAs).

Since January 2011, ABAG and MTC have been working with members of the Housing Methodology Committee (HMC) to develop the specific RHNA methodology for the Bay Area. To date, discussions have focused on how best to promote consistency between RHNA and the proposed SCS land use plan while ensuring that the housing allocation meets the objectives of Housing Element law, which requires that jurisdictions accommodate their fair share of the region's housing need. In response to recent input received, the following changes to the RHNA methodology were made.

## Updates to the RHNA Methodology

- The 40% minimum household formation growth threshold was removed for unincorporated communities due to the nature of low density housing present in these areas and to prioritize the allocation of housing to areas closer to transit.
- All jurisdictions have been capped at no more than 1.5 times their allocation from the 2007-2014 RHNA cycle.
- All counties must receive at least 60% of their allocation from the 2007-2014 RHNA cycle.
- Using the SCS housing distribution methodology, non-PDA areas that are well-served by transit were allocated housing based on the level of transit present. The following three transit tiers guide the housing allocations in these areas:

*Tier 1:* BART, Muni Metro, VTA Light Rail, Caltrain

*Tier 2:* ACE, Amtrak Capital Corridor, SMART, eBART, Bus Rapid Transit (BRT) corridors

*Tier 3:* All other transit (bus, ferry, etc.)

## Overview of the 2014-2022 RHNA Methodology

For the 8.8 year period from January 2014 through October 2022, HCD determined that the Bay Area would require 187,990 new housing units. This assessment was based on population projections produced by the California Department of Finance (DOF), that also took into account the uncertainty regarding the national economy and regional housing markets.

The RHNA methodology is based on the following steps:

### 1. SCS component – Jobs-Housing Connection Scenario

*Jobs-Housing Connection Scenario (Proposed Land Use Plan)* is based on an analysis of 2010-2040 economic and demographic trends and projects that the region will grow by an additional 1.1 million jobs, 700,000 households and 660,000 housing units.

### 2. Household Formation maximum

Jurisdictions receive no more than 110 percent of their natural household formation growth, except for jurisdictions with more growth in their PDAs. This ensures that cities with PDAs are not overburdened with the additional growth outside of their PDAs.

### 3. Fair Share scoring that takes into account:

- Past RHNA performance (from the 1999-2006 RHNA cycle for very low and low income)
- Number of jobs (within the jurisdiction)
- Transit service (coverage and frequency)

### 4. Household Formation minimum

To ensure that PDAs are not unduly burdened, jurisdictions are assigned a minimum of 40 percent of their natural household formation growth.

### 5. RHNA maximum

The total amount of housing allocated is capped at 1.5 times of its 2007-2014 RHNA allocation. This factor encourages all jurisdictions to produce a portion of total housing need while ensuring that less-intensely developed areas plan new housing for their workers.

**6. Income allocation**

This 175 percent shift method 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 distribution for the region is similar to what it was for the 2007-2014 RHNA period:

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

**7. 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 RHNA methodology includes rules for allocating the housing need for a jurisdiction’s SOI where there is projected growth in the area. **With the exception of Marin County, the 2014-2022 RHNA has been based on the same approach regarding SOI used in the 2007-2014 RHNA. Changes made to Marin County’s SOI have been noted below:**

- 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.
- In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI was assigned to the county.
- In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI was assigned to the city; and 37.5 percent was assigned to the county.

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

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

<sup>2</sup> 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)

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

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

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

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

<sup>7</sup> 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)

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

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