



SCS HOUSING METHODOLOGY COMMITTEE

Summary Notes

San Francisco Bay Conservation and Development Commission
McAteer Petris Conference Room
50 California Street, Suite 2600, San Francisco, CA 94111
March 8, 2012 | 10:00 a.m.

1. Convene Meeting

Doug Johnson, MTC Senior Planner, called the meeting to order, discussed committee objectives, structure, and agenda for this meeting. Mr. Johnson gave a brief re-cap of the October 2011 meeting.

2. Overview of the Draft Sustainable Communities Strategy (SCS) Jobs-Housing Connection Land Use Strategy

Ken Kirkey, ABAG Planning Director, gave an overview of the Draft Jobs-Housing Connection Scenario, noting key distinctions and progress updates from the last HMC meeting. The objective of the SCS and RHNA process is to prepare the region for job growth, provide housing and transportation choices for Bay Area residents today and tomorrow, align transportation investments, housing growth, land use, and to house the region's population at all income levels. Both MTC and ABAG are preparing to adopt the complete Plan Bay Area Jobs-Housing Connection Land Use Strategy, including transportation investments, by April 2013.

The presentation covered:

Past Trends and Future Projections

- National unemployment rate will decrease to 6% in 2018
- Bay Area share of jobs will increase from 2.4% in 2010 to 2.5% in 2040
- Employment growth is driven by a strong economy
- Housing growth is connected to employment growth
- The forecast accounts for vacant housing units

Mr. Kirkey noted that there are 200,000 currently unemployed Bay Area residents that will be back in the labor force by 2020. Strong knowledge sector growth is expected to drive Bay Area employment growth in the future (461,000 jobs or 41% of total job growth by 2040).



Regional Employment and Housing Distribution

- 66% of the regional employment growth will be in PDAs (47% of employment in PDAs in 2010, increasing to 52% of employment by 2040).
- 75% of housing unit growth within the region will be in PDAs (26% of housing units in PDAs in 2010; increase to 36% of housing units by 2040).

Key Challenges and Opportunities

- Housing production is critical
- Significant employment concentrations are not well served by transit
- Regional investments are needed to foster job growth in PDAs and improve work accessibility
- A variety of strategies should support lower income workers servicing the knowledge based employment sector
- Knowledge-based industries are clustering close to amenities, services, and transit
- Concentrated housing and office jobs reducing pressures on industrial and agricultural land
- Affordability gap has increased for very low, low and moderate income households
- Multifamily housing is complex to entitle and finance
- Current housing crisis created high vacancies and number of foreclosures

Regional Housing Need Determination (RHND)

- State determines need for the region based upon Department of Finance population forecasts and population forecasts used for the regional transportation plan
- State and Council of Governments (COG) negotiate allocation numbers and reach agreement on final determination for region
- COG distributes Regional Housing Need Allocation numbers to cities/counties
- Cities/counties incorporate local RHNA numbers into their general plans

Mr. Kirkey closed with the schedule for the next year to advance the SCS/RHNA effort:

- **March 9, 2012:** Release Draft Jobs-Housing Connection Scenario, Preliminary RHNA Methodology
- **April 13, 2012:** Release transportation scenarios and performance targets
- **May 2012:** Approval of Draft Preferred Scenario, RHNA Methodology, and OneBayArea Grant
- Through **September 2012:** Additional community input
- **November 2012:** Release Draft SCS/RTP and Draft EIR
- **April 2013:** Adopt SCS

3. Review of Draft Methodology

Hing Wong, ABAG Senior Planner, walked through the draft RHNA methodology. With respect to the upper housing threshold, if growth in the PDAs meets or exceeds 110% of the jurisdiction's household formation growth based on the Sustainability Component, it would not be assigned additional growth from their non-PDA areas. The upper housing threshold ensures that cities which exhibit desirable amenities to support growth (such as PDAs and areas with transit and employment opportunities) are not overburdened by being allocated growth beyond their infrastructural capacity.

Mr. Wong went through the methodology worksheets (provided at the meeting) and made the following comments:

- HCD assigned fewer housing units to the region than in the last RHNA cycle.
- Housing forecast in the Jobs-Housing Connection Scenario is the first input for RHNA.
- Using the 187,990 total from HCD, 70% (131,593) goes to PDAs while 30% goes to non-PDAs (56,397)
- To allocate these numbers, we used an 8-year time frame extrapolated from the Jobs-Housing Connection Scenario.

4. Small Group Discussions on Draft Methodology

Members and staff divided into small groups to discuss the draft RHNA methodology. The following two questions were posed to guide group discussion:

- I. *Does the proposed methodology generally achieve the goals of RHNA?*
- II. *Is the proposed methodology for allocating units by income an effective strategy?*

The majority of the groups agreed that the proposed methodology achieves the goals of RHNA. However, the following comments were made:

Table 1

Moderator: Doug Johnson:

- Generally in the right direction.
- Need further clarification on methodology.
- Process was confusing.

Table 2

Moderator: Therese Trivedi

- Inputs to RHNA from preferred scenario – some cities seem to be starting artificially low, especially some with BART stations (Walnut Creek, Lafayette, Orinda). Difficult to accept that.
- Need a minimum percentage (floor) by which numbers do not go down from the previous year. Since numbers can not go up by more than 50%, it was suggested that they could not go down by, say 70-75% either.
- Santa Clara County (total) numbers went down from the last RHNA cycle – how when jobs are projected to go there?
- Concern that “PDA-like” places get an artificially low RHNA number.
- Need to consider some places, i.e. San Ramon, where, even if transit isn’t ideal, a significant number of jobs are located. Putting housing near these jobs will reduce VMT due to shorter driving distances.

Table 3

Moderator: Timo Elliot

- Seems that some of the jurisdictions that did well in previous RHNA cycle, are getting a large number of low income housing in the next cycle.
- Medium sized cities like Walnut Creek that are served by transit could get higher allocation.
- The allocations seem too optimistic.
- How can housing development be achieved with the loss of redevelopment?
- How are areas that are not connected to transit going to grow?

Table 4

Moderator : Joanna Bullock

- General growth to allocation mismatch.
- Methodology too complicated.
- Is the SCS driving the RHNA allocations?
- Could there be a floor below which growth/ allocations will not rise?

Table 5

Moderator: Johnny Jaramillo

- PDA/Non-PDA Split; needs to be further explored.
- San Ramon and Walnut Creek numbers seem off.
- How can growth be limited in unincorporated areas?

Table 6

Moderator: Jackie Reinhardt

- RHNA methodology does not consistently achieve the goals, especially with respect to equity and the overall distribution.
- Need further analysis of specific jurisdictions that appear to be outliers. Local context is important.
- What about the places that are PDA's and not getting enough growth?
- There needs to be a jurisdiction reasonableness analysis done. Currently, self-identified PDAs are taking on the growth.

Table 7

Moderator: Athena Ullah

- Can the unincorporated areas be exempt from the 40% threshold?
- How are the inputs in the preferred scenario calculated? Are they flawed?
- Is the preferred scenario directing growth to unincorporated/non-PDA areas?
- Why the Pleasanton (BART) area is so low compared to unincorporated county numbers?
- What happened to cities that have less than half as much as last round?

Additional Comments/Questions:

- Numbers are too low going to BART station cities.
- Some cities with jobs/housing imbalance appear to be going down.
- Seems like the methodology factors didn't really end up with results that were expected in some cases (jobs/housing imbalance, BART locations).
- Unincorporated Alameda County number appears high, but Alameda County total was okay with the number.
- How are cities going to explain this methodology?
- Need to put housing where transit and the market are – can't have cities opt-out
- Would like to see some conditions put on existing transit corridors (outside of Resolution 3434), such as on operating and maintenance funding, to “catch up” to the thresholds included in the TOD Policy.

5. Develop HMC Recommendations to ABAG Executive Board

Ken Kirkey gave a summary of the top concerns and priorities provided by HMC members:

1. PDA-like places that may or may not have transit that have significant employment are not getting considered.
2. Disagreement on having a minimum floor so that no jurisdiction is going down.
3. The unincorporated counties numbers are going up and appear to be inconsistent with SCS strategy.

Julie Pierce, City of Clayton, Councilmember provided final comments. She urged that while, the formula is complicated, all HMC members should be involved in future meetings regarding the RHNA/SCS process. Local officials and HMC members have discussed numerous possibilities and given that everyone did not agree, the outcome is the best possible scenario. Despite the regional nature of these plans and requirements, she insisted that local control will remain in place. She highlighted that these efforts are important in ensuring a better, more livable future. And the “priority is to express the principles not the numbers to local jurisdictions. People need to understand what this plan does and does not do.”

Additional Comments/Questions posed by HMC members:

- Local context cannot be expressed enough.
- How does the methodology inform the MTC assessments?
- What can be done for places that are PDAs and do not have enough growth?