



SCS HOUSING METHODOLOGY COMMITTEE
September 8, 2011 | 9:30 a.m. to 12:30 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>Announcements, information, and summary of last meeting.</i> | 9:30 a.m. |
| 2. Executive Board Meeting Update (Ken Kirkey, ABAG)
<i>A review of the July 21st Executive Board meeting including updates on the Alternative Scenarios and the OneBayArea Grant.</i> | 9:40 a.m. |
| 3. Small Group Discussions on Draft Methodology (Miriam Chion, ABAG)
<i>Develop consensus from the HMC.</i> | 10:00 a.m. |
| 4. Develop HMC Recommendations to ABAG's Executive Board (Doug Johnson, MTC)
<i>Report Back on Small Group Discussions.</i> | 11:15 a.m. |
| 5. Next Steps/Other Business/Public Comments | 12:15 p.m. |

Next Meeting:

Thursday, October 27, 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 Need Allocation and related Regional Transportation Plan/Sustainable Communities Strategy work elements.

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OneBayArea

Date: September 2, 2011
To: SCS Housing Methodology Committee
From: Ken Kirkey, ABAG Planning Director
Subject: Small Group Discussion on Draft Methodology

Overview

At its June meeting, the HMC discussed the individual elements of the proposed RHNA methodology framework. There was agreement among committee members about most of the elements as outlined below. However, HMC members still had questions about whether the proposed “quality of life” factors are necessary, or whether the inclusion of the minimum housing floor adequately accomplishes the goal of promoting housing in areas with good access to transit, employment, and other amenities. Further, if the committee determines that the minimum housing floor is not sufficient, there was also a lack of consensus about the specific factors to include.

The small group discussion at the September 8 HMC meeting will be focused on resolving these remaining questions so the HMC can provide its recommendation to ABAG’s Executive Board, when the Board discusses the RHNA methodology at its September 15 meeting.

Proposed RHNA Methodology Framework Summary

As a reminder, these are the elements of the proposed RHNA methodology framework that have been discussed by the HMC (see memo “Recommended Allocation Methodology” dated June 14, 2011 for a more detailed description):

Sustainability Component:

- Growth in PDAs¹: the percent of growth assigned to PDAs would be based on the growth pattern in the SCS Preferred Scenario, with a maximum of 70 percent.
- Upper housing threshold: if growth in PDAs meets or exceeds 110 percent of the jurisdiction’s household formation growth, it would not be assigned additional growth based on the Fair Share Component

Fair Share Component:

- Minimum housing floor: jurisdictions would be assigned a minimum of 40 percent of household formation growth
- Income allocation: each jurisdiction would be given 175 percent of the difference between its household income distribution and the region-wide income distribution
- Quality of life factors: *the methodology would assign units based on RHNA performance, employment, and transit all weighted equally (TBD based on discussion at September 2011 HMC meeting)*

¹ The term “PDAs” encompasses the Growth Opportunity Areas as well as Planned and Potential PDAs.



At its June meeting, the HMC discussed each of the elements of the RHNA methodology described above, and there was widespread support for the conceptual framework. Specifically, members of the HMC supported using:

- The percentage of growth assigned to PDAs in the Preferred Scenario, with a maximum of 70 percent for the Sustainability Component.
- The 110 percent as the upper housing threshold. Most agreed with the principle of using a percentage higher than 100 percent to encourage more sustainable growth in PDAs, and felt that 110 percent does not ask jurisdictions with PDAs to shoulder too much of the responsibility for providing housing.
- The 40 percent minimum housing floor, although there was a desire to see the results of trying different percentages.
- the proposed income allocation methodology, although committee members would like to consider strategies to ensure that affordable units actually get produced.

The element on which additional analysis and discussion is needed is the inclusion of the quality of life factors in the methodology. There was strong support for incorporating some mix of these factors in the methodology as a way to promote greater “access to opportunity,” although the HMC was not yet able to identify exactly which ones to include. There was also some discussion and request for additional analysis about whether the minimum housing floor might adequately address the need to ensure access to opportunity.

To help members of the HMC to address these questions, ABAG and MTC staff have conducted an analysis of the minimum housing floor, and how it relates to the median household income, median home value, and the average API score for each jurisdiction (see “Minimum Housing Floor Analysis” dated July 25, 2011.)

Staff has also applied the methodology to the draft land use scenarios for the three constrained Alternative Scenarios. The attached tables show the range of possible RHNA allocations for each jurisdiction using each of the Alternative Scenarios as a proxy for the SCS Preferred Scenario and for the three RHNA methodologies under consideration:

1. Use only household formation growth,
2. Apply three additional “quality of life” factors (RHNA performance, employment, and transit),
3. Apply four additional factors (RHNA performance, employment, transit, and home values).

This analysis offers HMC members the opportunity to see the differences among the three RHNA methodology alternatives, using the land use scenarios that will inform the SCS Preferred Scenario.

With regard to the specific quality of life factors that were considered, there was widespread support for including employment and transit, although some members want to refine the transit factor to exclude PDAs, since transit is already explicitly included in the definition of PDAs. The HMC also considered a factor related to school quality and, although there was some interest in keeping this as part of the methodology, many members had significant concerns about the complexities and challenges of trying to aggregate Academic Performance Index (API) scores at the jurisdictional level. Most members of the HMC requested that staff continue to explore other options for identifying a factor that would capture the idea of promoting access to opportunity.

For the final quality of life factor, past RHNA performance, members of the HMC supported including this in the methodology, but want to consider refining the proposed method. The staff proposal looked at how well a jurisdiction did in issuing permits to meet its RHNA allocations for very low- and low-income units. There was concern about using permits issued, since market forces and available resources play a significant role in whether a jurisdiction can meet these targets. The data is also self-reported by jurisdictions without outside verification. One suggestion was to look at whether a jurisdiction has a certified housing element and zoning in place.

Small Group Discussion Questions

1. Is the 40 percent minimum housing floor sufficient to promote housing choices in “areas of opportunity?”
2. If the 40 percent minimum is not sufficient, what factors should be included in the methodology?



Date: July 25, 2011
To: SCS Housing Methodology Committee
From: Ken Kirkey, ABAG Planning Director
Subject: Minimum Housing Floor Analysis

Overview

ABAG and MTC staff are proposing a minimum housing floor as part of the “fair share” component of the 2015–2022 RHNA methodology. The minimum housing floor intends to ensure that each jurisdiction is planning to accommodate at least a portion of the housing need generated by the population growth within that jurisdiction. The floor would be set at a percentage of the jurisdiction’s forecasted household formation growth. The household formation for each community is calculated from natural increases (births minus deaths) along with migration. If a jurisdiction’s total RHNA does not reach the floor, the minimum is applied, and the units allocated to other jurisdictions are reduced proportionally.

This memo presents an analysis comparing the application of a 40% minimum housing floor with a number of “quality of life” factors that are under consideration as part of the RHNA methodology.

“Quality of Life” Factors Comparison

The attached table shows all of the region’s jurisdictions, and lists their scores for some of the “quality of life” factors that the HMC has considered. These factors include: median household income as an indication of the jurisdiction’s desirability, median home value as an indication of the jurisdiction’s housing affordability, and average 2009 API score as an indication of the quality of schools in the jurisdiction. Higher “quality of life” indicators signify higher levels of opportunity in jurisdictions in the region.

Those jurisdictions highlighted in red do not meet a 40% minimum housing floor in all scenarios, and those highlighted in orange do not meet a 40% minimum floor in at least one scenario. Thus use of a minimum housing floor in the methodology increases the housing allocation in those jurisdictions to 40% of their household formation growth, and proportionally reduces the allocation to other jurisdictions.

The table shows close parallels between those jurisdictions that have higher “quality of life” scores and those jurisdictions where a 40% minimum housing floor would be applied. A total of 36 jurisdictions (both cities and unincorporated county areas) would have a 40% minimum floor applied in at least one scenario. Of the fifteen jurisdictions with the highest median incomes, all but three would have the minimum floor applied in determining their housing allocation. The same is true in comparing the minimum floor application with the jurisdictions with the highest average API scores. Of the fifteen jurisdictions with the highest median home values, all but five would have the minimum floor applied. The inapplicability of the minimum floor to a few of these jurisdictions with the highest “quality of life” indicators means that, based on the other components of the RHNA methodology, these jurisdictions would already be allocated more than 40% of their household formation growth.

Recommendation

Based on this analysis, it appears that use of a 40% minimum household floor achieves many of the objectives that have prompted consideration of the use of “quality of life” factors, and produces a methodology that accomplishes fair-share goals while remaining clear and understandable.

County	City	Median Household Income	Median Home Value	Average 2009 API Score
Alameda	Alameda	\$73,503	\$664,200	858
Alameda	Albany	\$72,516	\$625,400	898
Alameda	Berkeley	\$59,097	\$724,100	806
Alameda	Dublin	\$108,711	\$682,600	869
Alameda	Emeryville	\$57,211	\$435,100	739
Alameda	Fremont	\$95,028	\$650,100	872
Alameda	Hayward	\$61,001	\$483,300	716
Alameda	Livermore	\$94,530	\$626,700	840
Alameda	Newark	\$82,782	\$575,400	768
Alameda	Oakland	\$49,695	\$537,800	753
Alameda	Piedmont	\$167,014	\$1,000,001	942
Alameda	Pleasanton	\$113,582	\$799,200	920
Alameda	San Leandro	\$61,824	\$529,500	757
Alameda	Union City	\$86,761	\$593,500	807
Alameda	Unincorporated	\$67,500		807
Contra Costa	Antioch	\$68,934	\$449,800	742
Contra Costa	Brentwood	\$90,036	\$534,200	809
Contra Costa	Clayton	\$130,083	\$705,500	885
Contra Costa	Concord	\$64,954	\$514,100	753
Contra Costa	Danville	\$128,810	\$929,000	932
Contra Costa	El Cerrito	\$76,656	\$603,500	784
Contra Costa	Hercules	\$88,179	\$535,900	793
Contra Costa	Lafayette	\$125,519	\$1,000,001	925
Contra Costa	Martinez	\$76,703	\$566,800	839
Contra Costa	Moraga	\$125,978	\$967,400	952
Contra Costa	Oakley	\$76,130	\$426,300	780
Contra Costa	Orinda	\$160,867	\$1,000,001	962
Contra Costa	Pinole	\$78,835	\$516,800	738
Contra Costa	Pittsburg	\$57,661	\$408,900	728
Contra Costa	Pleasant Hill	\$79,597	\$633,500	849
Contra Costa	Richmond	\$55,146	\$436,900	722
Contra Costa	San Pablo	\$46,007	\$375,200	704
Contra Costa	San Ramon	\$119,297	\$779,600	929
Contra Costa	Walnut Creek	\$79,629	\$642,200	905
Contra Costa	Unincorporated	\$87,500		801
Marin	Belvedere	\$117,778	\$1,000,001	937
Marin	Corte Madera	\$97,608	\$883,500	918
Marin	Fairfax	\$87,639	\$723,900	895
Marin	Larkspur	\$84,411	\$944,800	915
Marin	Mill Valley	\$106,017	\$1,000,001	932
Marin	Novato	\$80,923	\$705,700	844
Marin	Ross	\$145,208	\$1,000,001	938
Marin	San Anselmo	\$90,600	\$877,700	907
Marin	San Rafael	\$71,339	\$827,500	811
Marin	Sausalito	\$107,438	\$982,800	788
Marin	Tiburon	\$146,917	\$1,000,001	942
Marin	Unincorporated	\$87,500		852
Napa	American Canyon	\$78,718	\$467,000	796
Napa	Calistoga	\$52,393	\$318,800	752
Napa	Napa	\$64,180	\$565,200	788
Napa	St. Helena	\$70,900	\$959,700	795
Napa	Yountville	\$69,028	\$588,800	866
Napa	Unincorporated	\$87,500		823
San Francisco	San Francisco	\$70,040	\$781,500	777

RED BOLD = Did not make the 40% minimum threshold in all scenarios

ORANGE = Did not make the 40% minimum threshold in at least one scenario

Note: \$1,000,001 is the maximum amount shown on the ACS even though home prices may be higher
Median home value for the unincorporated portion of each county was unavailable

Sources: US Census, 2005-2009 American Community Survey (ACS) for incomes and home values
Federal Reserve Bank of San Francisco for 2009 API school scores

County	City	Median Household Income	Median Home Value	Average 2009 API Score
San Mateo	Atherton	\$185,000	\$1,000,001	854
San Mateo	Belmont	\$98,598	\$895,700	885
San Mateo	Brisbane	\$95,972	\$709,800	806
San Mateo	Burlingame	\$82,295	\$1,000,001	888
San Mateo	Colma	\$77,596	\$591,100	755
San Mateo	Daly City	\$72,214	\$618,200	755
San Mateo	East Palo Alto	\$47,964	\$575,000	708
San Mateo	Foster City	\$109,437	\$824,700	903
San Mateo	Half Moon Bay	\$90,104	\$774,400	825
San Mateo	Hillsborough	\$202,292	\$1,000,001	967
San Mateo	Menlo Park	\$107,261	\$1,000,001	774
San Mateo	Millbrae	\$81,742	\$929,100	863
San Mateo	Pacifica	\$88,768	\$683,700	812
San Mateo	Portola Valley	\$168,750	\$1,000,001	946
San Mateo	Redwood City	\$76,183	\$818,800	794
San Mateo	San Bruno	\$74,375	\$652,100	813
San Mateo	San Carlos	\$105,042	\$925,000	898
San Mateo	San Mateo	\$81,831	\$766,700	802
San Mateo	South San Francisco	\$72,203	\$662,500	782
San Mateo	Woodside	\$214,310	\$1,000,001	932
San Mateo	Unincorporated	\$112,500		773
Santa Clara	Campbell	\$77,371	\$697,100	821
Santa Clara	Cupertino	\$119,398	\$976,900	953
Santa Clara	Gilroy	\$67,317	\$620,500	778
Santa Clara	Los Altos	\$155,466	\$1,000,001	962
Santa Clara	Los Altos Hills	\$218,922	\$1,000,001	968
Santa Clara	Los Gatos	\$118,158	\$1,000,001	919
Santa Clara	Milpitas	\$92,205	\$619,600	829
Santa Clara	Monte Sereno	\$167,417	\$1,000,001	919
Santa Clara	Morgan Hill	\$96,367	\$706,800	792
Santa Clara	Mountain View	\$86,616	\$758,800	835
Santa Clara	Palo Alto	\$119,483	\$1,000,001	928
Santa Clara	San Jose	\$78,660	\$645,700	802
Santa Clara	Santa Clara	\$83,139	\$647,500	818
Santa Clara	Saratoga	\$140,866	\$1,000,001	960
Santa Clara	Sunnyvale	\$87,263	\$704,300	829
Santa Clara	Unincorporated	\$87,500		896
Solano	Benicia	\$84,665	\$566,700	858
Solano	Dixon	\$69,500	\$434,100	762
Solano	Fairfield	\$69,001	\$432,400	784
Solano	Rio Vista	\$50,319	\$355,600	758
Solano	Suisun City	\$70,958	\$387,000	745
Solano	Vacaville	\$69,658	\$420,300	798
Solano	Vallejo	\$61,343	\$403,400	747
Solano	Unincorporated	\$67,500		852
Sonoma	Cloverdale	\$57,500	\$460,900	746
Sonoma	Cotati	\$66,667	\$479,900	782
Sonoma	Healdsburg	\$65,811	\$627,000	735
Sonoma	Petaluma	\$72,881	\$572,600	828
Sonoma	Rohnert Park	\$57,413	\$439,300	782
Sonoma	Santa Rosa	\$58,899	\$505,000	810
Sonoma	Sebastopol	\$61,753	\$614,000	809
Sonoma	Sonoma	\$60,613	\$640,400	789
Sonoma	Windsor	\$75,673	\$530,200	799
Sonoma	Unincorporated	\$67,500		815

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