



MEMO

To: ABAG Executive Board

From: Alex Amoroso, Senior Planner
Paul Fassinger, Research Director

Date: 7/15/99

Subject: Housing Methodology Committee and Peer Review Group Recommendations

Summary

Staff is recommending that the Executive Board adopt a method for assigning shares of the State identified housing need to the cities and counties in the Bay Area. The Housing Methodology Committee (HMC), created by the Board, has completed its work. Staff is recommending some changes to the HMC's methodology. The changes focus on the question of addressing jobs/housing balance.

Discussion

The Methodology

The regional numbers supplied by the State Department of Housing and Community Development (HCD) are "goal numbers" and are not meant to match, and often exceed, anticipated growth in housing units. A goal vacancy rate is set by (HCD), and then a housing unit need to meet that vacancy rate is derived by assessing potential growth rates (population, jobs, households) and loss of housing due to demolition. The numbers produced by HCD will be provided to ABAG in the form of a regional goal number, which is then broken into income categories. ABAG is then mandated to distribute the numbers to Bay Area jurisdictions by income categories.

ABAG is responsible for allocating the Regional Housing Needs Determination (RHND) goal number to cities and counties in the Bay Area. Staff and the HMC have produced a methodology based on *Projections 2000*. The methodology also factors-in a vacancy adjustment, and could incorporate a jobs/housing balance adjustment, both of which are used to distribute shares of regional growth. These shares of regional growth are then used to distribute the regional goal numbers supplied by HCD. The methodology is further used to distribute a share of housing to each jurisdiction by income category. Each jurisdiction is expected to plan for the identified units by number and income category.

Elements for Discussion

While a majority of the methodology work was accomplished at the HMC meetings, one area of discussion is still open and requires Executive Board attention. It is the inclusion of a jobs/housing balance element in the methodology.

Staff suggested that a jobs/housing balance element be incorporated into the methodology. This recommendation was made as a result of two reasons: this same element was incorporated in the 1989 RHND methodology, and staff believes that a jobs/housing balance consideration is reflective of the importance of this issue in the Bay Area. The jobs/housing element, as proposed by staff, would have a ten- percent weight impact on the methodology. It is intended to redistribute a small percentage of



housing units to reflect the need for housing in jurisdictions with a significantly high job growth. While this element is limited in its impact on the methodology, it is meant to acknowledge the existing jobs/housing imbalance as an issue, and begin to address it.

During the HMC meetings, committee members voted (20-2) that the jobs/housing balance element should not be incorporated for the following reasons:

- ❑ The jobs/housing balance is addressed through the data collected in ABAG's Local Policy Survey.
- ❑ The element had limited effect during simulations of the methodology, and would probably not have a significant impact when actual numbers were produced for each jurisdiction.
- ❑ Dropping the jobs/housing element would maintain the simplicity of the formula.
- ❑ Jurisdictions have little control over job growth or loss, and therefore should not be penalized as a result of increasing job growth.

The L&GO committee, during a discussion of the housing methodology, voted to recommend to the HMC, a reconsideration of the jobs/housing balance element in the methodology. Additionally, staff believes that this element should be included within the methodology, as an important element reflecting Bay Area issues. The HMC did not reconsider the jobs/housing balance issue, and therefore staff is bringing this issue to the Executive Board.

General Comments

Staff is asking that the Executive Board consider the discussed elements and provide policy guidance. Additionally, staff notes that the methodology as presented and/or approved by the Executive Board will maintain its integrity. It is possible due to unforeseen anomalies during distribution of the numbers, that some minor adjustments in weighting for specific jurisdictions might be necessary to accomplish the distribution.

Requested Actions

Staff requests that the Executive Board take the following action:

- Approve the methodology, including a jobs/housing balance element, while allowing staff the opportunity to make minor adjustments as needed to complete the RHND process.

Attachments

Methodology sample

Letters received since June 14 HMC meeting