



M E M O

Date: August 10, 2000

To: Regional Housing Needs Determination Jurisdiction Contacts

Cc: City, Town and County Managers and Administrators
Community Development and Planning Directors

From: Alex Amoroso, Senior Planner
Kearey Smith, Regional Planner

Re: Regional Housing Needs Determination 1999-2006

Since the June 1, 2000 release of the Regional Housing Needs Determination (RHND) allocations to jurisdictions throughout the ABAG region, jurisdictions have raised concerns regarding the ABAG Executive Board decision. The issues raised by jurisdictions thus far are as follows:

1. Department of Finance (DOF) and ABAG Estimates for Households (1999)
2. ABAG Allocations of Need for each Jurisdiction by Incorporated Area (City); Unincorporated Area (County); and Unincorporated Sphere of Influence Areas (City and County)

This memo will address the above issues and provide clarification on the intent of the Executive Board regarding county wide redistribution of allocations.

Maintaining County-Wide Allocations

The ABAG Executive Board has adopted a methodology that distributes housing allocations throughout the region. This decision reflects that the RHND allocations be made based upon factors related to employment and household growth for each jurisdiction (as derived from ABAG's biannual growth forecast contained in *Projections 2000*). The weighting factor prescribed by the Executive Board in the methodology directs allocations to employment-rich areas, as well as housing-rich areas of the region based upon a weighted relationship of employment and household growth in the region.

Executive Board Intent

The Executive Board has weighted the methodology to focus RHND allocations towards job centers throughout the region. In order to maintain the pattern of growth established in the RHND methodology and

its subsequent allocations on a county by county basis, and ensure that the policy intent of the Executive Board is carried forth, county totals will be maintained in any revision to the RHND allocations.

**Issue 1: Differences in Department of Finance (DOF) and
ABAG Estimates for Households (1999)**

Jurisdictions have raised concerns related to differences between the DOF 1999 E-5 Report estimate of occupied housing units and ABAG's 1999 estimate of households (*Projections 2000*). In several instances, there is a deviation between the DOF and ABAG estimate of the total number of households for the region. The deviation occurs primarily because of DOF assumptions related to vacancy rates, which are based upon outdated 1990 Census data.

Background

During the development of the methodology, the Housing Methodology Committee (HMC), worked with ABAG staff and identified the two primary sources of household data to be used in the methodology. The sources are the E-5 report released in January 1999 by the Department of Finance, and ABAG's *Projections 2000*. The DOF household numbers were included because they are widely used in population and demographic analysis, and because they are based upon jurisdiction reporting of annual construction of housing units. The DOF E-5 reports reflect yearly updates of housing construction as compared to the biannual forecasts, which ABAG performs in the *Projections* process. The DOF report also provided ABAG with a resource of data which is widely accepted.

The HMC had confidence in using the 1999 DOF estimates of households as a reported baseline, and ABAG's 2006 forecast of households in *Projection's 2000*. The difference between these two numbers determine the household growth for the region (1999-2006). ABAG staff held several workshops throughout the region to discuss the methodology and data sources used to determine the RHND allocations for each jurisdiction. On November 18, 1999, the Executive Board approved the methodology, which included the DOF E-5 Report and ABAG's *Projections 2000* as data sources.

Response to Issue

Any jurisdiction that is considering a challenge to the DOF E-5 report baseline number for their jurisdiction must do so within the 90-day Review and Revision period ending (8/31/00). Any modification proposed

must be in the form of a revision request. If a revision request is accepted by the Executive Board, then any reduced allocations will be redistributed from the requesting jurisdiction, within the affected county.

Issue #2: ABAG Allocations of Need for each Jurisdiction by Incorporated Area (City); Unincorporated Area (County); and Unincorporated Sphere of Influence Areas

RHND allocations are divided into the following:

1. Incorporated areas (inside city jurisdictional boundaries)
2. Unincorporated areas within a county's jurisdiction and outside any city's jurisdictional boundaries or sphere of influence
3. Unincorporated areas outside a city's jurisdictional boundaries but within its Sphere of Influence

RHND allocations have been made according to growth projections in these three areas. At their May 18, 2000 the Executive Board established that 75% of the RHND allocation assigned to the unincorporated sphere of influence areas is the responsibility of the city, and 25% is assigned to the county.

Note: The percentage of the total RHND allocation assigned to each city's unincorporated SOI will always be expressed and accounted for as whole units.

ABAG's assignment of RHND allocations pertains to three distinct areas (one of which crosses jurisdictional boundaries). It is important that each jurisdiction understand what RHND allocations they have responsibility to plan for during the 1999-2006 RHND timeframe. The following guidelines should be used in incorporating the RHND allocations into the housing element:

1. The *jurisdictional need*¹ portion of the RHND allocation assigned to each city must be planned for inside that city's jurisdictional boundary. No portion of this assignment may be planned within the city's unincorporated sphere of influence area.
2. The *jurisdictional need*¹ portion of the RHND allocation assigned to each county can be planned for anywhere within the county's jurisdiction.

¹ **Jurisdictional need** is defined as the total number of units assigned to a jurisdiction based upon growth forecast's that include only that jurisdiction's current boundaries as maintained in *Projection's 2000*.

3. The RHND allocation assigned to each city's unincorporated SOI may be planned for by the city within the existing jurisdictional boundary or inside the unincorporated SOI. The remaining allocation is assigned to the county.

Note: The percentage of the total RHND allocation assigned to each city's unincorporated SOI will always be expressed and accounted for as whole units.

4. Counties must plan the RHND allocations identified for the unincorporated SOI within the existing unincorporated SOI.

A joint planning effort, for identifying sites to accommodate the RHND allocations in the unincorporated SOI may be necessary. The following guidelines apply:

1. No loss of RHND allocations (cumulative).
2. Any Agreement between jurisdictions shall identify how the applied RHND allocations are divided.
3. Any agreement between jurisdictions shall identify how the credit for units constructed will be divided.