REGIONAL HOUSING NEEDS ALLOCATION

Association of Bay Area Governments

TO: Housing Methodology Committee   DATE: March 12, 2020

FR: Deputy Executive Director, Policy

RE: Summary of Local Jurisdiction Survey Results

Overview

Housing Element Law requires each Council of Government (COG) to survey its member jurisdictions during the Regional Housing Needs Allocation (RHNA) process to gather information on factors that must be considered for inclusion in the methodology.[1] Recent legislation also requires ABAG to collect information on jurisdictions' fair housing issues and strategies for achieving fair housing goals.[2] ABAG staff presented the Housing Methodology Committee (HMC) with a draft of the survey in November 2019. Staff revised the survey to incorporate feedback from HMC members, local jurisdiction staff, and other stakeholders, and the ABAG Regional Planning Committee approved the survey in December 2019. The survey became available online on January 8, 2020. A survey link was emailed to city managers, county administrators, community development and planning directors, and housing staff in all 109 ABAG jurisdictions. The deadline for completing the survey was February 5, 2020, at which point ABAG received 71 responses, a response rate of 65%. Table 1 shows the response rates for each of the nine Bay Area counties.

Table 1. Local jurisdictions survey response rate by county.

County	Responses	Response Rate
Alameda	9	60%
Contra Costa	14	70%
Marin	8	73%
Napa	3	50%
San Francisco	1	100%
San Mateo	14	67%
Santa Clara	13	81%
Solano	4	50%
Sonoma	6	60%

Survey Responses

The survey consisted of 53 questions in two sections. This memo summarizes the responses to the first section, which contained questions related to the statutory housing and land use factors. This section included 36 questions divided into four topics: Relationship Between Jobs and Housing, Housing Opportunities and Constraints, Housing Affordability and Overcrowding, and Housing Demand. ABAG Staff will present responses for the second section of the survey, which focused on fair housing issues, goals, and actions, at a future HMC meeting.

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[1] See State of California Government Code Section 65584.04(b)(1).
[2] See State of California Government Code Section 65584.04(b)(2).

***Topic 1: Relationship Between Jobs and Housing***
The six questions in this topic area centered on jurisdictions' issues related to jobs-housing fit, which measures the relationship between a jurisdiction's low-wage jobs and homes affordable to low-wage workers. The first question presented each jurisdiction's jobs-housing fit ratio and included a data visualization comparing a jurisdiction's jobs-housing fit ratio to other jurisdictions throughout the region. Respondents were asked to reflect on the jobs-housing fit in their community using both their own perceptions and the data provided. Additionally, respondents had the opportunity to consider the impacts of this balance or imbalance, and they could comment on what strategies might be helpful for addressing issues related to an imbalance between low-wage workers and affordable housing.

Key Takeaways from Respondents' Comments
Suggestions for measuring jobs-housing fit: Several jurisdictions commented the rent threshold the survey used for units affordable to low-wage workers excludes many of the deed-restricted affordable units that currently exist in their communities or are in the development pipeline. Multiple respondents provided data on the number of deed-restricted affordable units in their jurisdictions. It is worth noting that, for the jobs-housing fit factor presented to the HMC for the March 2020 meeting, the thresholds for low-wage jobs and low-cost rental units were set higher than the values used for the survey.[3] However, staff and the HMC will take these survey comments into account when deciding how to define the jobs-housing fit ratio and what data sources to use if this factor is selected for the RHNA methodology.

Imbalance between low-wage jobs and affordable housing in the region: 60 jurisdictions (85%) stated the ratio between low-wage jobs and affordable homes in their jurisdiction is imbalanced or very imbalanced, while only 10 (14%) indicated their jurisdiction is balanced (see Figure 1). Responses varied by county, as no jurisdictions in Marin, San Mateo, or Santa Clara Counties reported a balance in their jobs-housing fit ratios. These same counties also contained all of the jurisdictions who stated their jobs-housing fit ratio is very imbalanced.

Figure 2. How would you rate the balance between low-wage jobs and the number of homes affordable to low-wage workers in your jurisdiction? (Question 2)


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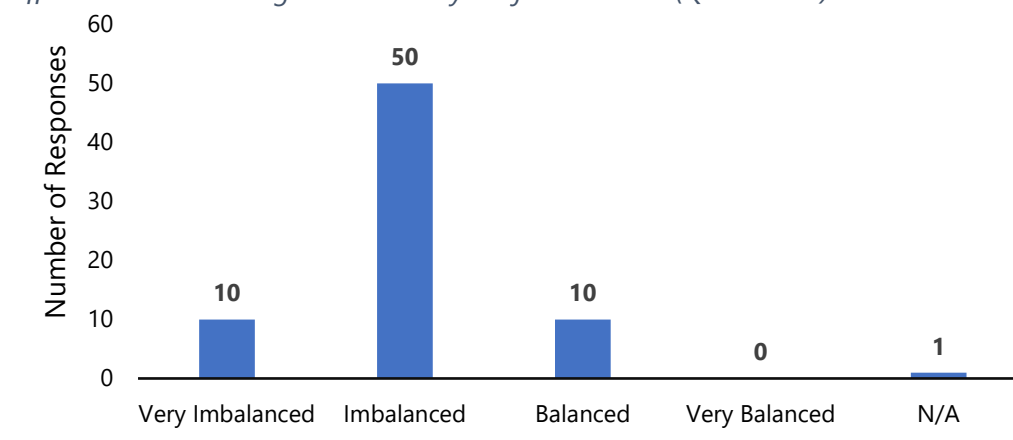
[3] For the proposed jobs-housing fit factor, the threshold for a low-wage job is set at $3,333 per month and low-cost rental units are defined as those renting for less than $1,500 per month.

Reasons for imbalance in local jobs-housing fit ratio: Respondents mentioned a lack of rental housing, state policy limiting deed restrictions for ADUs, high land prices, a lack of land available for development, and limited resources for producing affordable housing due to the end of redevelopment agencies as reasons for the jobs-housing fit imbalance. Multiple jurisdictions noted that, while their jobs-housing fit ratio suggested an imbalance, it was comparable to many other jurisdictions in the region, suggesting a broader regional problem. Lastly, some respondents noted potential for future improvements in their jobs-housing fit ratio based on recent rent stabilization policies, ongoing ADU production, or affordable housing units in the development pipeline.

Impacts of imbalance in local jobs-housing fit ratio: Jurisdictions indicated that the most common impact of an imbalance between low-wage workers and affordable housing is high housing cost burden for residents (see Figure 2). The majority of respondents also noted impacts on employers and workers in their jurisdictions, with 38 respondents (53%) stating that the imbalance between low-wage workers and affordable housing results in long commutes into the jurisdiction and hinders employers' ability to hire or retain workers. Beyond the options listed on the survey, respondents wrote that displacement and overcrowding are also local issues related to an imbalance in jobs-housing fit.

Figure 2. Which of the following impacts does the balance or imbalance of low-wage workers to homes affordable to low-wage workers have on your jurisdiction? (Question 4)
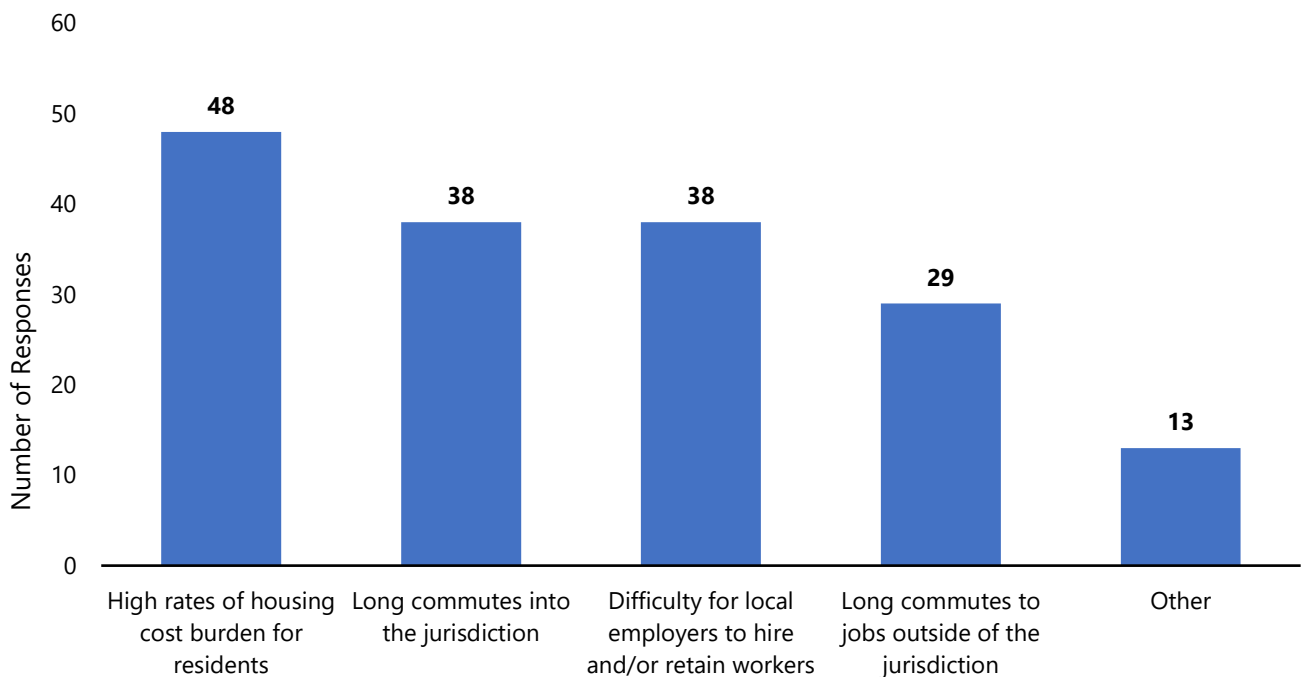
Usefulness of jobs-housing fit data: 51% of respondents indicated their jurisdiction uses jobs-housing fit data to inform policy decisions, including:

- Updating Housing Elements, General Plans, and other long-range plans
- Revising land use policies, such as industrial zoning
- Approving development projects

- Recruiting new businesses
- Designing affordable housing policies such as inclusionary zoning, commercial linkage fees, and rent stabilization

Jurisdictions that do not use jobs-housing fit data explained why this data is not as relevant to their communities. Some noted a jobs-housing balance metric is more useful, particularly in communities where there is more housing relative to jobs. Others noted that more data collection is needed to examine jobs-housing fit issues in their jurisdiction. Lastly, some felt other data are more relevant for housing affordability issues, such as comparing overall housing cost and wage data. The HMC can take these comments into account when considering jobs-housing fit as a factor in the RHNA methodology. The survey results indicate using jobs-housing fit as a RHNA factor would align with policymaking in many jurisdictions, but there are also other data sources that could potentially be a factor for the relationship between jobs, housing, and affordability.

Strategies for addressing jobs-housing fit imbalance: Jurisdictions focused on policies to produce and preserve affordable housing to address a jobs-housing fit imbalance (see Figure 3). Increased funding for affordable housing received the most support from respondents (76%) followed by inclusionary zoning (41%) and community land trusts (23%). Beyond the options listed on the survey, jurisdictions commented that they support the following strategies:
- Policies to encourage production of ADUs and allow for rent-restrictions in ADUs
- Increased housing density
- Policies to incentivize affordable housing production, such as density bonuses
- Funding to acquire and preserve affordable housing that currently exists on the market without subsidy

Figure 3. If your jurisdiction experiences an imbalance in the jobs-housing fit for low-wage workers, which of the following policies, programs, or strategies would be most helpful for your jurisdiction to implement to help address this imbalance? (Question 6)
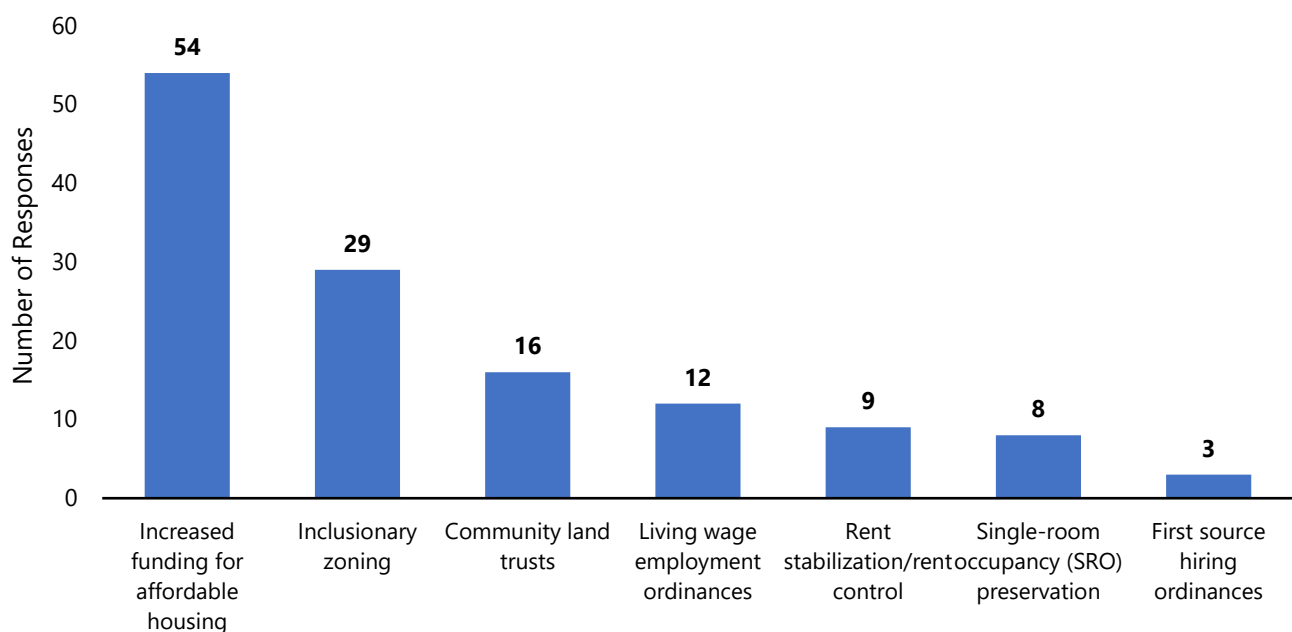
Topic 2: Relationship Between Jobs and Housing

The seven questions within this topic area focused on factors within jurisdictions that create opportunities or constraints for developing more housing. These questions also focus specifically on opportunities and constraints for encouraging jobs and housing near transit, developing housing near job centers, and minimizing greenhouse gas emissions.

Key Takeaways from Respondents' Comments

Opportunities and constraints for developing housing: Jurisdictions' constraints for developing new housing centered on issues related to costs and land. Nearly all respondents (87%) cited construction costs as a constraint (see Figure 4). Other constraints reported by more than 50% of jurisdictions were the availability of vacant land, funding for affordable housing, availability of construction workforce, land suitability, and availability of surplus public land. There was less of a regional consensus around opportunities for developing housing, with no single factor being cited as an opportunity by most respondents. Factors considered to be opportunities related largely to infrastructure and community amenities, with the most common opportunities being the availability of schools, availability of parks, water capacity, and sewer capacity. These four factors were also the only factors listed more commonly as opportunities than as constraints.

Figure 4. Which of the following apply to your jurisdiction as either an opportunity or a constraint for development of additional housing by 2030? (Question 7)
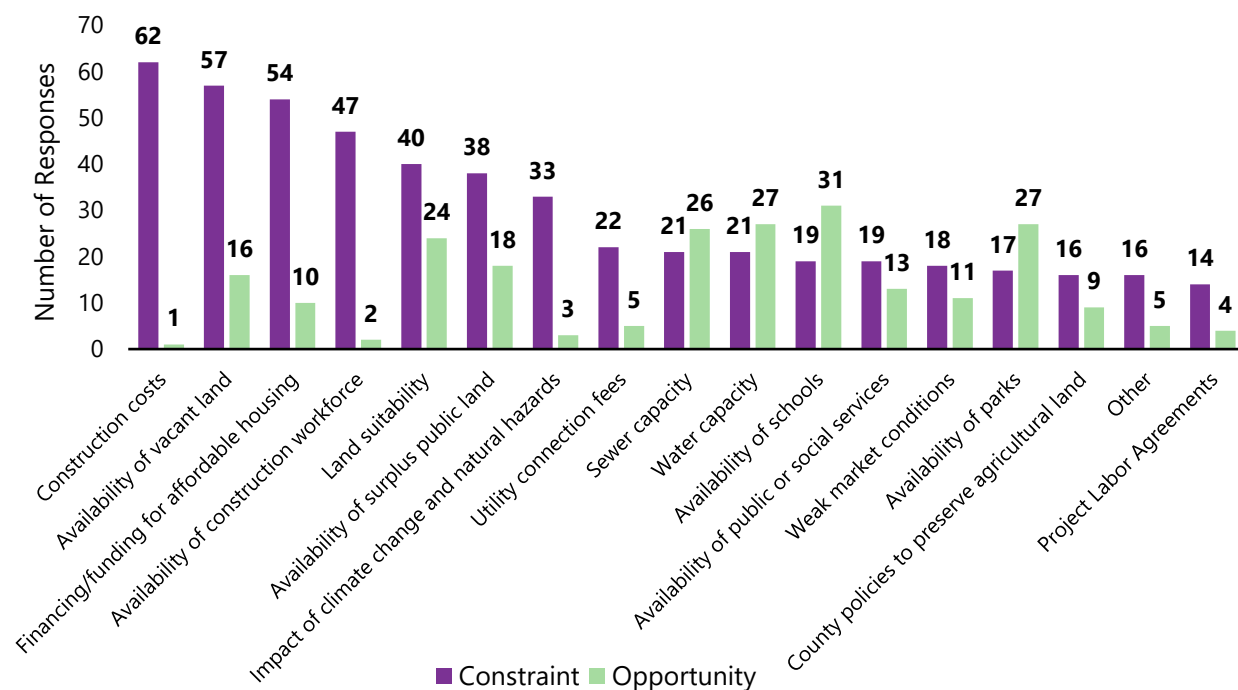

Opportunities and constraints for encouraging housing near transit and jobs: 57 jurisdictions (80%) stated they encounter opportunities or constraints in encouraging jobs and housing near existing transportation infrastructure, while 50 (70%) reported having opportunities or constraints for encouraging housing near job centers. In their responses to these questions, jurisdictions reported a mix of both opportunities and constraints for developing housing near

jobs and transit, with some respondents noting that both opportunities and constraints exist simultaneously in their jurisdictions. Jurisdictions in Alameda, Contra Costa, Marin, Napa, and San Mateo counties noted that specific plans for areas around bus and rail transit centers provide opportunities for greater density and mixed-use development near transportation infrastructure, which can encourage housing near jobs and transit. Similarly, jurisdictions in Santa Clara County discussed how rezoning efforts near job centers can create opportunities for more housing near jobs. Some of the obstacles listed by jurisdictions echo what was mentioned in the previous questions related to opportunities and constraints for developing housing in general: limited vacant land, high construction costs, and construction labor shortage. Additionally, jurisdictions throughout the region stated that a lack of existing transit service prevents them from encouraging jobs and housing near public transportation infrastructure. Likewise, respondents across the region also noted that their jurisdictions lack job centers, which prevents them from locating housing near jobs. Lastly, some jurisdictions noted that while they do have job centers, the land near these jobs is not zoned to allow for residential construction.

Strategies for reducing greenhouse gas (GHG) emissions: Seven of the policies listed in this question have been adopted by a majority of respondents. The most widespread strategy (94% of respondents) is investing in active transportation infrastructure to support biking and walking (see Figure 5). Other popular strategies for reducing GHG emissions include encouraging mixed-use development and density near transit, adopting energy efficiency standards for new construction, designating Priority Development Areas, and changing parking requirements. This information could potentially assist staff and the HMC in designing a RHNA methodology that satisfies the statutory objective to encourage efficient development patterns and achieve GHG reduction targets.

Figure 5. What land use policies or strategies has your jurisdiction implemented to minimize greenhouse gas emissions? (Question 13)
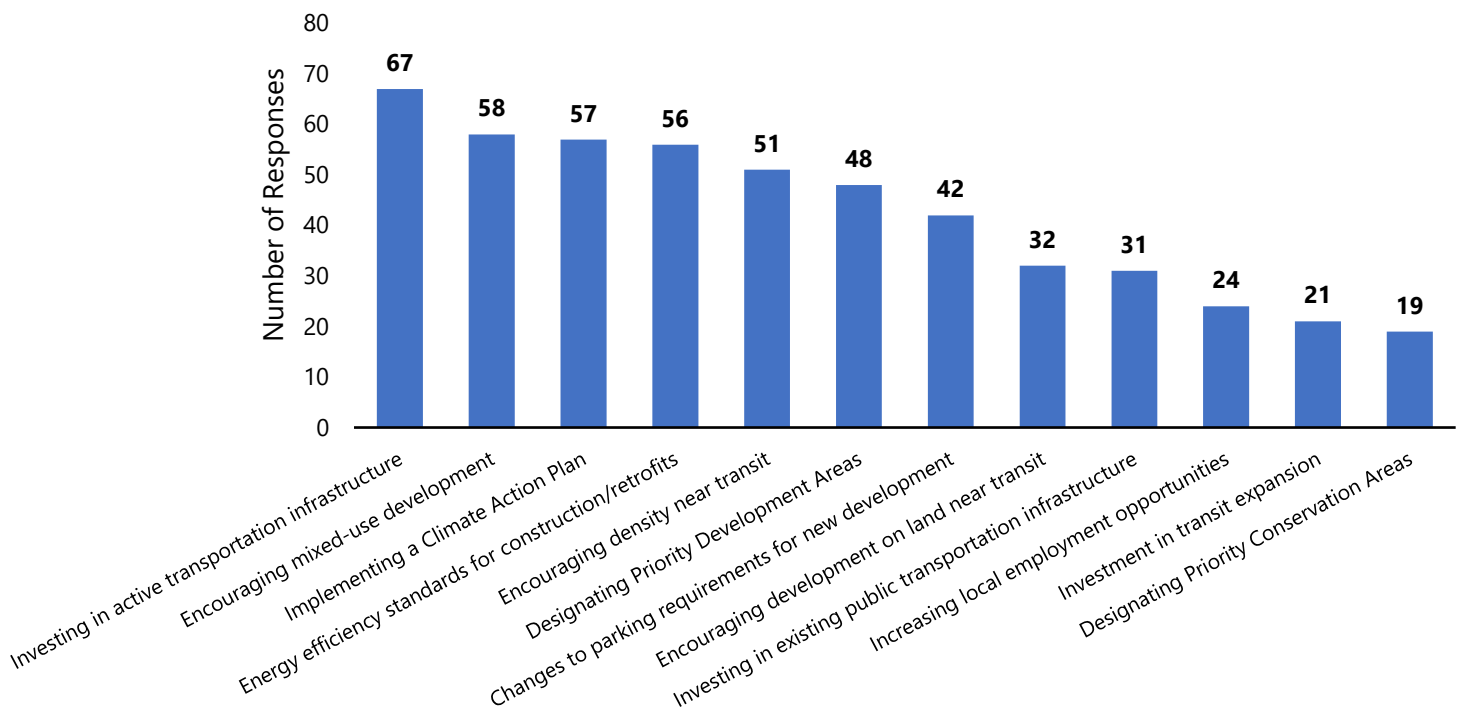
Topic 3: Housing Affordability and Overcrowding
The eight questions within this topic area discussed issues jurisdictions face related to high housing costs, data jurisdictions use to assess these issues, and barriers that jurisdictions face in meeting their RHNA targets for lower-income households.

Key Takeaways from Respondents' Comments
Policymaking related to housing costs and overcrowding: 51 respondents (72%) have considered impacts of housing costs and high rates of rent burden[4] on residents. However, only 33 respondents (46%) stated they have considered the impacts of overcrowding on residents. Specifically, jurisdictions noted they examine issues related to housing costs and overcrowding when updating their Housing Elements, completing Consolidated Planning processes required by HUD, and creating affordable housing policies such as inclusionary zoning and rent stabilization.

Data collection on housing costs and homelessness: Jurisdictions largely rely on Census Bureau data (65 respondents, 92%) and online real estate databases, such as Zillow or Trulia (51 respondents, 72%), to examine housing costs (see Figure 6). 30% of jurisdictions reported using publicly available data sources in addition to Census Bureau data, which included the county assessor's database, California Department of Finance data, HUD's CHAS dataset, and data provided by ABAG. Approximately 30% of respondents also reported using locally collected data such as building permit records, local rental registries, and local surveys of landlords, apartment communities, and first-time homebuyers. Lastly, about 15% of respondents use proprietary data sources to examine housing costs, which include products like CoStar, RealQuest, DataQuick, and Axiometrics. The vast majority of respondents noted that housing costs in their jurisdiction are increasing. However, a few jurisdictions stated that prices have been stabilizing in the past year after increasing sharply in recent years, while two jurisdictions reported that rental prices declined in the past year. Also, a few jurisdictions stated that prices of for-sale homes have leveled off while rents continue to rise. In terms of data collection on homelessness, 40 respondents (56%) indicated their jurisdictions collect data on the occurrence of homelessness within their boundaries. Nearly all these jurisdictions noted their data collection on homelessness is a part of bi-annual countywide efforts related to the Point-in-Time counts required by HUD.

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[4] HUD defines households as rent-burdened if they spend more than 30% of their income on rent. For more information on this measure, see https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html.

Figure 6. What data sources does your jurisdiction use to examine local trends in housing costs? (Question 16)
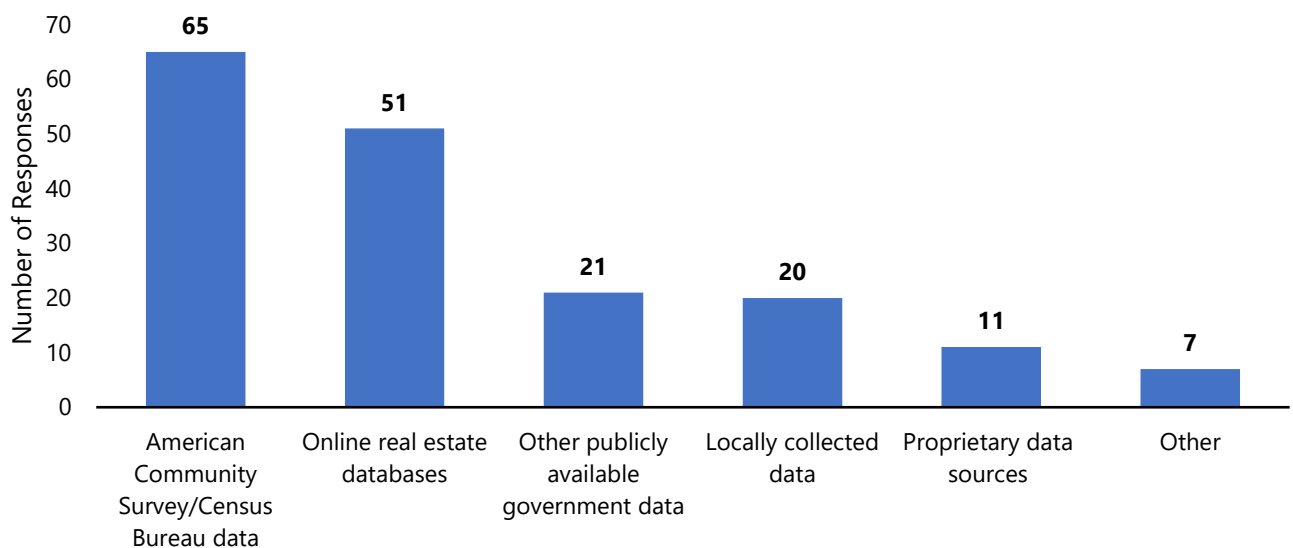
Barriers to meeting lower-income RHNA goals: The most common barriers to affordable housing production identified by survey respondents were gap financing and land availability. Both of these obstacles were selected by 50 respondents (70%), while no other barrier was selected by the majority of respondents (see Figure 7). Other barriers identified by respondents were similar to factors mentioned in earlier questions related to obstacles to housing development generally, such as construction costs and high prices for land, materials, and labor. Respondents also mentioned a lack of funding and staff resources for the implementation of affordable housing programs, particularly due to the dissolution of redevelopment agencies.

Additionally, 20 respondents provided an estimate for how many affordable units could be built in their jurisdictions if ample gap financing was available. In total, these 20 jurisdictions estimated that 12,000 units of housing affordable to low- and very low-income households could be built if they had the necessary funding. Similarly, multiple jurisdictions stated that they would be able to accommodate their entire low- and very low-income RHNA if given the gap financing to enable construction of these affordable units. Jurisdictions' estimates for the funding needed to build these units ranged from $200,000 to $500,000 per unit.

Similarly, jurisdictions indicated financing for constructing new affordable housing was the support they would most desire from the Bay Area Housing Finance Authority, with 65 jurisdictions (92%) selecting this option (see Figure 8). Financing for preservation of both subsidized affordable housing and affordable housing that exists on the market without subsidy were the next most popular options for financial support from BAHFA. Most jurisdictions also noted they would like technical assistance with complying with HCD's pro-housing designation and other state regulations, as well technical assistance for Housing Element outreach. ABAG staff may be able use the information provided from local jurisdictions for designing the technical assistance programs that will be provided as part of the Regional Early Action Planning grants program.

Figure 7. What are the primary barriers or gaps your jurisdiction faces in meeting its RHNA goals for producing housing affordable to very low- and low-income households? (Question 19)
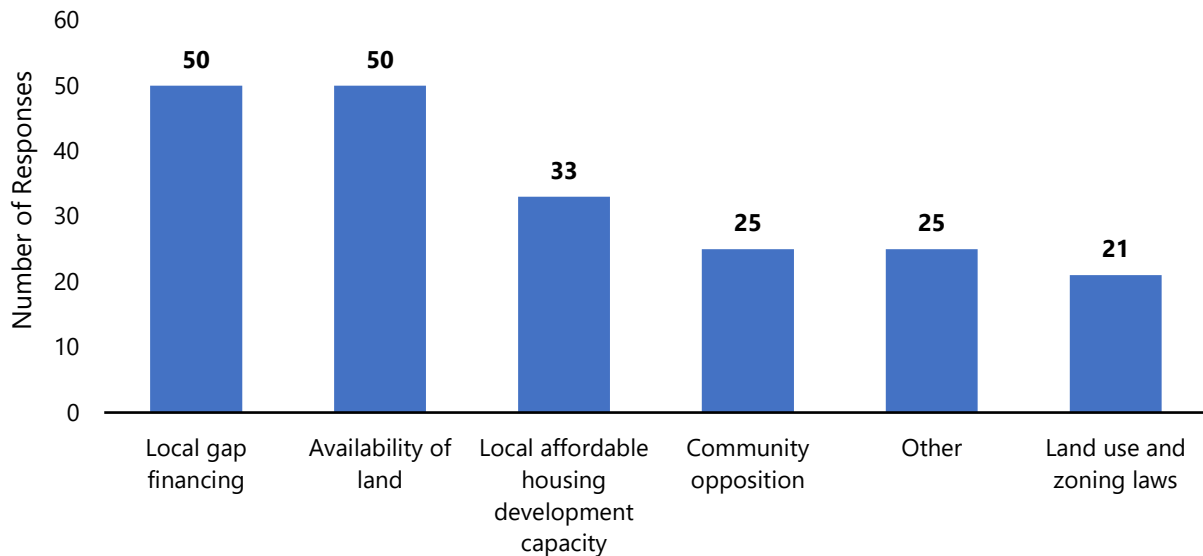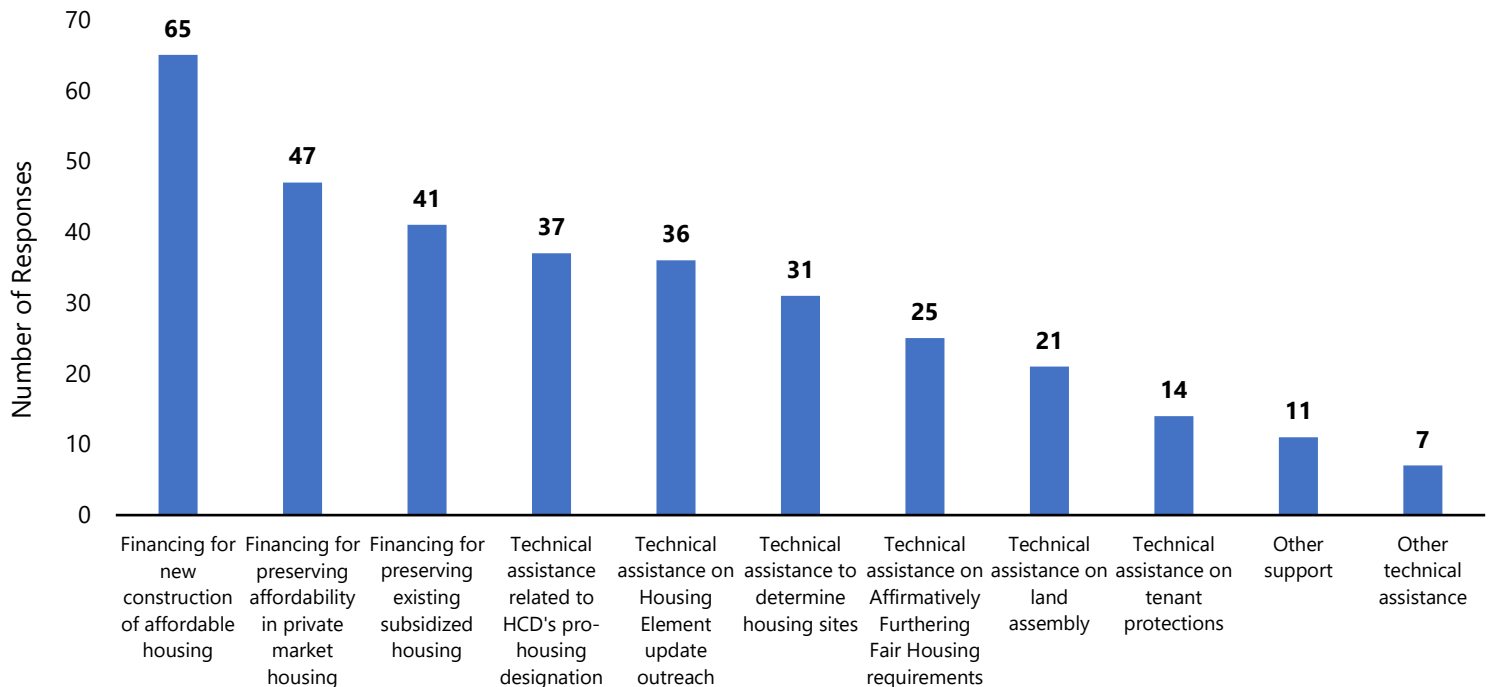

Figure 8. What types of support would your jurisdiction like to see the Bay Area Housing Finance Authority (BAHFA) provide to help your jurisdiction meet its RHNA goals and comply with the requirement to affirmatively further fair housing? (Question 21)
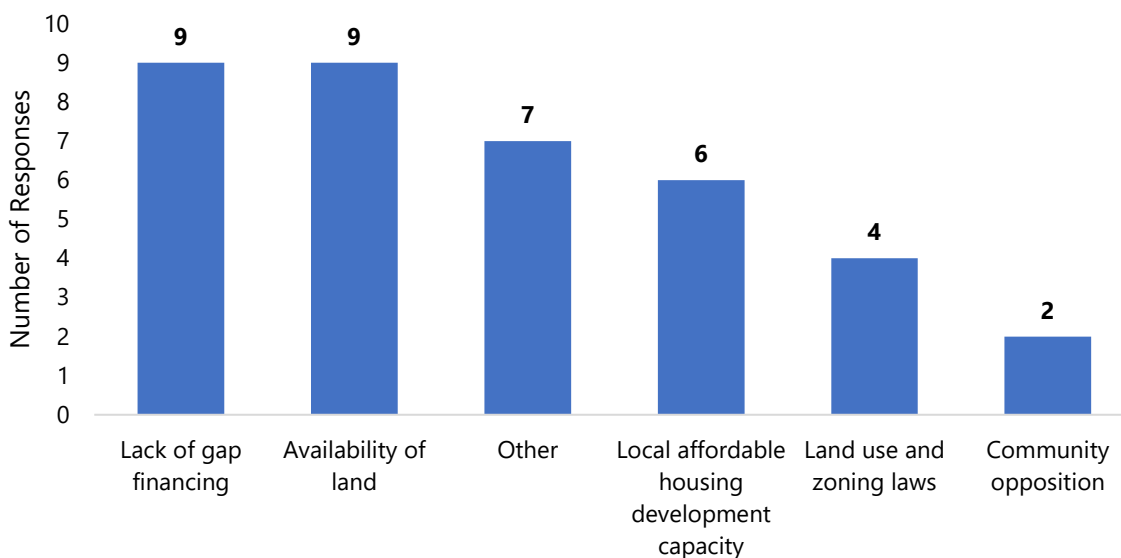

Topic 4: Housing Demand

The 15 questions within this topic area focused on demand for housing created in jurisdictions by farmworkers, nearby postsecondary educational institutions, the loss of subsidized housing units due to expiring affordability contracts, and state-declared emergencies.

Key Takeaways from Respondents' Comments

Housing needs for the region's farmworkers: Only 16 respondents (23%) identified a need for farmworker housing in a typical year. Of those, six provided an estimate of local housing need for farmworkers, which totaled approximately 5,000 units. Data sources for estimates included interviews with farmworkers and farm owners, the USDA Census of Agriculture, Napa County Farmworker Housing Needs Assessment, Santa Clara County Planning Department survey, and the California Employment Development Department. The most common barriers to meeting demand for farmworker housing are similar to barriers to developing affordable housing generally. Among the 16 respondents with a need for farmworker housing, the most common barriers are a lack of financing and limited availability of land (see Figure 9).

Figure 9. If your jurisdiction is not currently meeting the demand for farmworker housing, what are the main reasons for this unmet demand?? (Question 24)

Housing demand created by postsecondary educational institutions: Responses to questions about housing demand created by postsecondary educational institutions indicate a need for better data collection on this issue. Only 8 respondents (11%) were able to provide an estimate for this housing need. Several more jurisdictions indicated there is significant housing demand created by nearby postsecondary educational institutions, but the number of housing units needed to meet this demand is unknown. The three jurisdictions that were able to estimate the housing demand created by postsecondary educational institutions stated that the data for their estimates came from surveys conducted by these institutions, but several more jurisdictions indicated they have not been able to obtain this information from local colleges and universities.

Loss of subsidized affordable housing: 19 respondents (27%) stated their jurisdictions had lost subsidized affordable housing units in the past 10 years due to expiring affordability contracts or other issues facing at-risk affordable housing units. Most of the data for these responses came from internal sources. Jurisdictions noted their awareness of affordable housing built with redevelopment funds that converted to market-rate due to expiring regulatory agreements, and

respondents also stated they were aware of below-market-rate units built through inclusionary housing programs that had lapsing affordability requirements.

A larger number of respondents expected to lose affordable housing units in the next 10 years, with 23 respondents (32%) noting that they anticipated these future losses. These respondents also referred to internal city records that indicated the pending expiration of regulatory agreements. Notably, one jurisdiction stated that 68% of existing below-market-rate rental units in its Below Market Rate Housing Program are set to expire in 10 years. Additionally, another respondent commented that the number of affordable units owned by for-profit owners in their jurisdiction is high according to research by the California Housing Partnership, which indicates a high risk for losing these affordable units in the future.[5] These survey responses indicate that helping cities prevent the loss of affordable housing because of expiring affordability requirements could be a potential focus of ABAG's Regional Early Action Planning grants program. Additionally, the variety of data on at-risk affordable units collected by both individual jurisdictions and the California Housing Partnership points to a need to compile this data if the HMC were to consider using the loss of affordable units as a RHNA methodology factor.

Loss of housing units due to state-declared emergencies: Only six respondents (8%) stated their jurisdiction had lost housing units during a state-declared emergency (such as a fire or other natural disaster) that have not been rebuilt. These jurisdictions are in Napa, San Mateo, Santa Clara, Solano, and Sonoma counties. Two jurisdictions in Sonoma County were able to provide precise data on the number of units lost in recent fires. Another Sonoma County jurisdiction noted that they did not lose any housing in the fire but have experienced increased demand in housing because of lost units in surrounding communities. Additionally, two jurisdictions in Marin County noted that, while they have not lost units recently, they expect that units lost in the future due to sea level rise and increased flooding may not be replaced.

Next Steps
As the HMC continues its process to develop the RHNA methodology, HMC members and ABAG staff can consider what they have learned from the local jurisdiction survey. The themes that emerged from the survey may point to which factors have readily available data across the region or which factors best align with current policy concerns in local jurisdictions. Additionally, information from the survey may be relevant beyond the RHNA process and shape how ABAG designs technical assistance and grant programs in the future to better respond to local concerns.

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[5] For more information on the California Housing Partnership's research on at-risk affordable housing in California, see https://1p08d91kd0c03rlxhmhtydpr-wpengine.netdna-ssl.com/wp-content/uploads/2020/02/2020-Affordable-Homes-at-Risk_CHPC-Final.pdf.