



WELCOME

ABAG Housing
Methodology Committee

June 19, 2020



REVIEW INCOME ALLOCATION APPROACHES

ABAG Housing
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Regional Housing Needs Determination (RHND)

On June 9, 2020, HCD provided the Regional Housing Needs Determination for the Bay Area:

Income Category	Housing Unit Need	Percent
Very Low Income (0-50% AMI*)	114,442	25.9%
Low Income (50-80% AMI)	65,892	14.9%
Moderate Income (80-120% AMI)	72,712	16.5%
Above Moderate Income (120%+ AMI)	188,130	42.6%
TOTAL	441,176	100%

* Area Median Income

Statutory requirements for income allocation

- Increase affordability in an equitable manner throughout the region
- Improve the balance between low-wage jobs and housing affordable to low-wage workers (jobs-housing fit)
- Allocate less RHNA in an income category when a jurisdiction already has a disproportionately high share of households in that income category
- Affirmatively further fair housing



https://en.wikipedia.org/wiki/Case_citation#/media/File:Unitedstatesreports.jpg

Potential approaches to income allocation

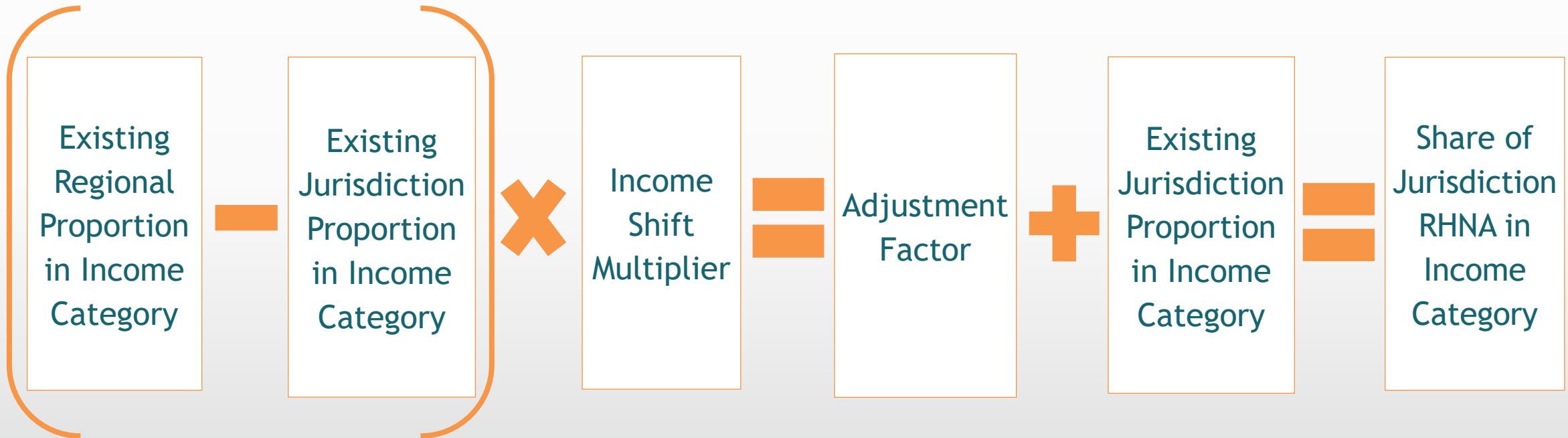
Income allocation
applied to total
allocation

**Income
Shift**

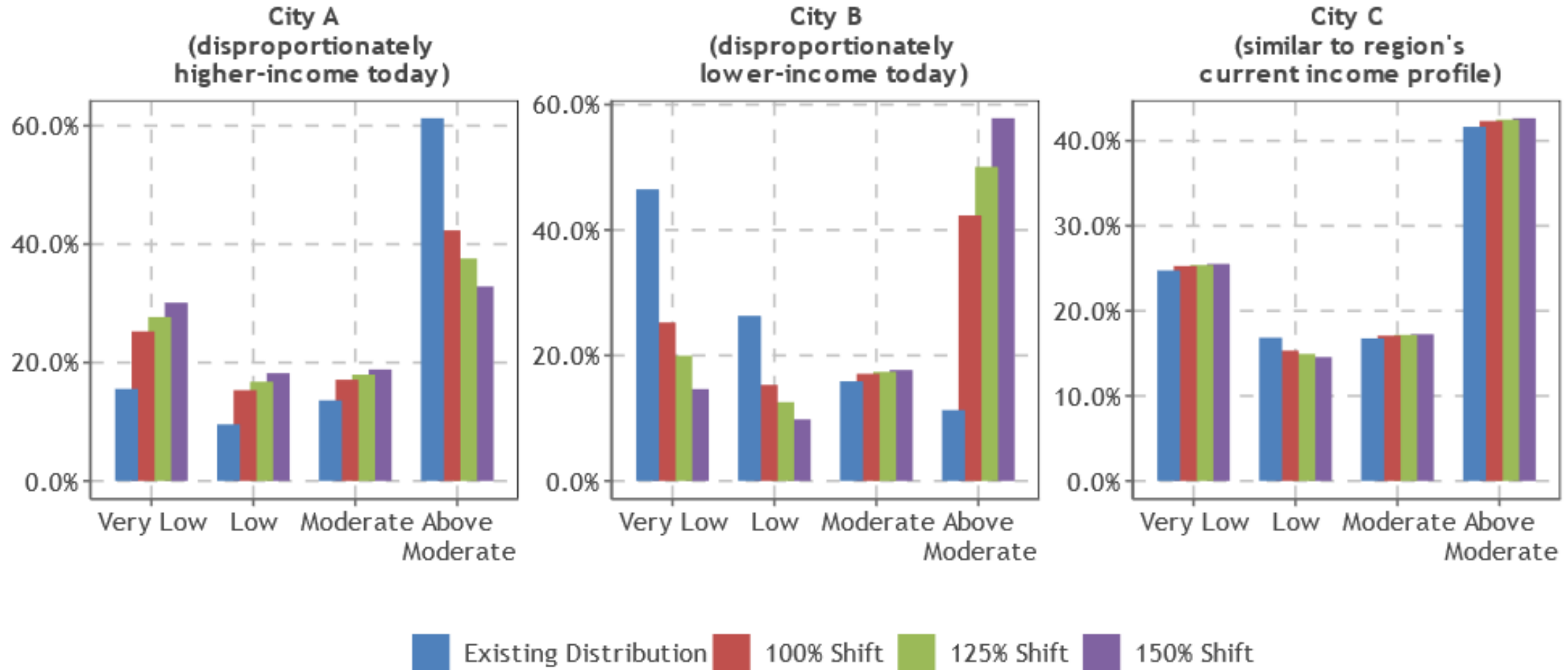
Income allocation
builds the total
allocation

**Bottom-
Up**

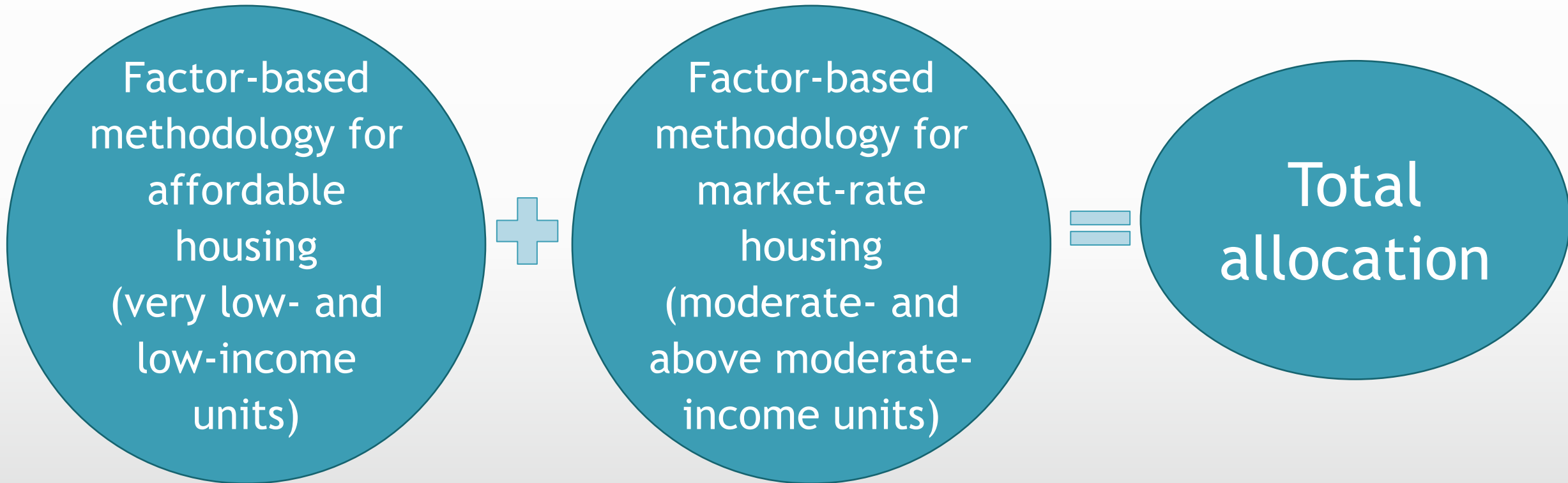
Income Shift methodology



Hypothetical comparison of different income shift multipliers



Bottom-Up methodology



Bottom-Up Two-Factor Concept

Affordable units

Access to High Opportunity Areas

50%

Jobs-Housing Fit

50%

Market-rate units

Job Proximity - Auto

50%

Jobs-Housing Balance

50%

Bottom-Up Three-Factor Concept

Affordable units

Access to High Opportunity Areas

40%

Jobs-Housing Fit

40%

Job Proximity - Transit

20%

Market-rate units

Job Proximity - Auto

50%

Job Proximity - Transit

30%

Jobs-Housing Balance

20%

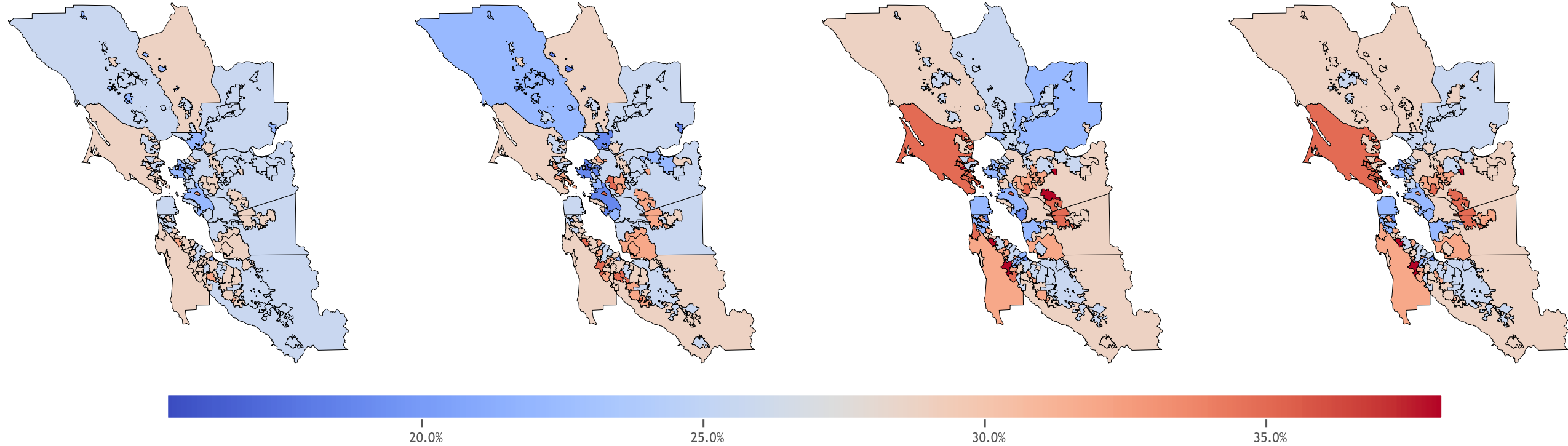
Comparing very low-income allocation

125% Income Shift

150% Income Shift

Bottom-Up 2-Factor Concept

Bottom-Up 3-Factor Concept



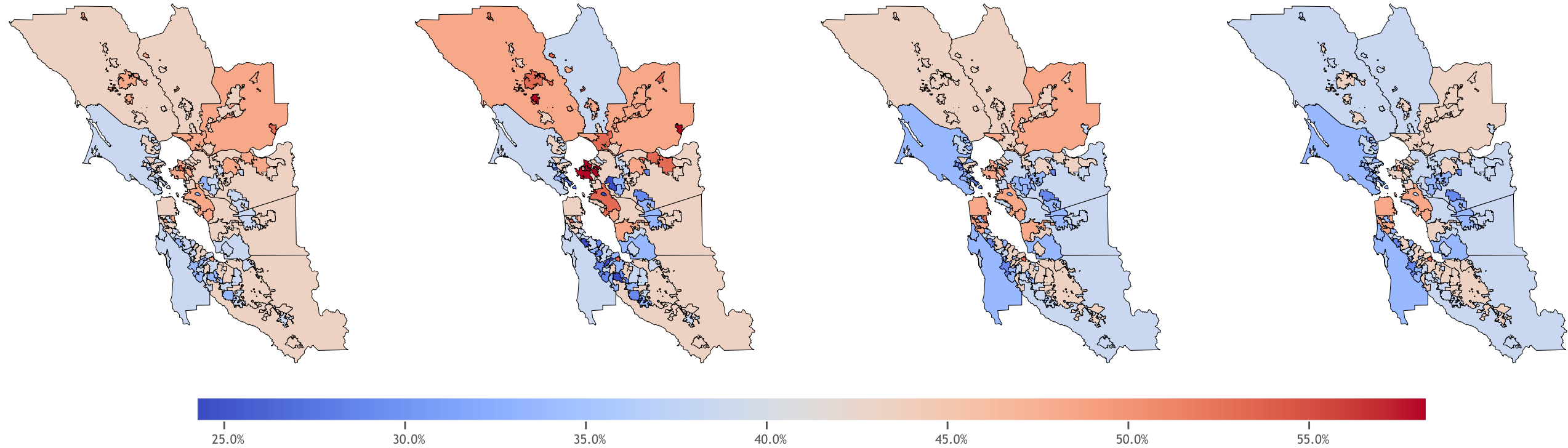
Comparing above moderate-income allocation

125% Income Shift

150% Income Shift

Bottom-Up 2-Factor Concept

Bottom-Up 3-Factor Concept



Comparing allocations - jurisdiction



Pros/cons of income allocation approaches

	Income Shift	Bottom-Up
PROS	<ul style="list-style-type: none"> • Allows greater control over total unit allocations • Directly addresses statutory objective to balance disproportionate concentrations in each income category 	<ul style="list-style-type: none"> • Allows more fine-grained control for income allocation: allocations for affordable units and market-rate units can be set independently
CONS	<ul style="list-style-type: none"> • Increasing the share of affordable units in higher-income jurisdictions means more market-rate units must be directed to other jurisdictions • No ability to finetune income allocations using factors 	<ul style="list-style-type: none"> • Less predictability for the total unit allocations to jurisdictions

Ongoing questions

- Based on the RHND, 41 percent of the units that must be allocated by the RHNA methodology are affordable (very low- and low-income units). What is the right balance for allocating affordable housing?
 - Should jurisdictions that are mostly high-income households receive a larger percentage of their RHNA (above 41%) as affordable housing?
 - Should jurisdictions with significant populations of low-income households receive a larger percentage of their RHNA (above 41%) as affordable housing?

Ongoing questions

- Based on the RHND, 59 percent of the units that must be allocated by the RHNA methodology are market-rate (moderate- and above moderate-income units).
What is the right balance for allocating market-rate housing?
 - Due to concerns about displacement in low-income communities, should jurisdictions that are mostly high-income households receive a larger percentage of their RHNA (above 59%) as market-rate housing?
 - Should communities with more low-income residents receive a larger percentage of their RHNA (above 59%) as market-rate units so that jurisdictions that are mostly high-income households are allocated more affordable housing?

Discussion questions

- Feedback to staff about refining options:
 - If ABAG uses an income shift methodology, what income shift multiplier would you feel most comfortable with?
 - If ABAG uses a bottom-up methodology, do you like the factors staff selected for allocating affordable units?
 - If ABAG uses a bottom-up methodology, do you like the factors staff selected for allocating market-rate units?
 - Do you prefer the income shift approach or the bottom up approach?

In my **community**,
I want to see affordable housing
because ...
everyone with a Section 8 voucher
should be able to find a place
to live!



In my **community**,
I want to see a traffic circle/roundabout
because ... @ the junction of 3 roads
into town
traffic spends a long time crawling
to wider 2 lane section. Remove
traffic lights and traffic would
FLOW



In my **community**



the ocean view

because...

It's so beautiful!!



In my **community**,
I want to see green hills & streets
Restored creeks w/ fish
because ...
I love nature ... it restores
me ... and because nature & the
environment supports ^{all} life



In my **community**,
I want to see MORE \$ for
because ... ART
WANT TO SEE 3 ON THE
FRONT S HED!
AND AL!



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HMC PROGRESS AND NEXT STEPS

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RHNA methodology overview

- **Purpose:** the RHNA methodology must assign the entire Regional Housing Needs Determination (RHND) from HCD in a way that meets the statutory objectives:
 1. Increase housing supply and mix of housing types, tenure, and affordability in all cities and counties in an equitable manner
 2. Promote infill development and socioeconomic equity, protect environmental and agricultural resources, encourage efficient development patterns, and achieve GHG reduction targets
 3. Promote improved intraregional jobs-housing relationship, including balance between low-wage jobs and affordable housing
 4. Balance disproportionate household income distributions (more high-income RHNA to lower-income areas and vice-versa)
 5. Affirmatively further fair housing
- **Output:** every Bay Area jurisdiction receives an allocation of units separated into four income groups
- **Impact:** the allocation results in a pattern of housing growth for the region

RHNA methodology building blocks

1. **Regional Housing Needs Determination (RHND):** the number of housing units, by income group, that the Bay Area needs to accommodate during the RHNA period
2. **Baseline allocation:** an input in the methodology that ensures the allocation reflects each jurisdiction's relative size in the region
 - Factors in the methodology are used to adjust the baseline up or down, depending on how a jurisdiction scores on a factor compared to other jurisdictions in the region
 - Previous ABAG RHNA methodologies used the land use forecast from the Regional Transportation Plan as the baseline; this is one option for how Plan Bay Area 2050 Blueprint could be used in RHNA methodology
 - So far, using total households in 2019 as the baseline; could choose other options

RHNA methodology building blocks

3. **Allocation factors:** data about a topic or attribute related to where housing should be prioritized (e.g., jobs-housing fit, acres near transit, etc.)
 - Data for a factor is used to compare jurisdictions; jurisdictions with a higher score receive more housing
 - Factors are standardized by scaling to a specific range that limits how much the baseline can be adjusted

4. **Factor weights:** represent the relative importance of each factor
 - Determine share of total regional housing need allocated by a factor
 - A higher weight means more housing units are assigned based on that factor

RHNA methodology building blocks

5. **Income allocation:** jurisdictions receive an allocation separated into four affordability categories that cover households at all income levels
 - Two different paths for determining units by income:
 - Use factors/weights to identify total allocation first, then apply income allocation methodology
 - Use factors/weights for different income categories, add together to determine total allocation

Choosing a methodology

- **Two requirements that must be met:**
 - Does it meet the statutory objectives?
 - Is it consistent with Plan Bay Area 2050?
- **Evaluating principles:** what policy objectives does it address?
 - What principles do the selected factors/weights represent?
 - Are we telling a story that is compelling and easy to understand?
- **Evaluating pattern:** what pattern of growth does its output promote?
 - Analyses of allocations (total and income) by county, place type, jurisdiction
- Metrics and geographic analyses used to evaluate the results of methodology options

HMC Housing Goals

1. Emphasize benefits to the region as a whole
2. Ensure transparency and ease of understanding, make sure people feel heard
3. Get more units built: make sure everyone has a place to live
4. Further social and racial equity
5. Create choices for all, so all communities have access to opportunities
6. Further the jobs-housing fit
7. Use this process as an opportunity to communicate the magnitude of the need for housing

What we have heard from the HMC

1. More housing should go to jurisdictions with more jobs than housing and to communities exhibiting racial and economic exclusion
2. The methodology should focus on:
 - Equity, as represented by High Opportunity Areas (weighted 30-60% in March options)
 - Relationship between housing and jobs (weighted 20-60% in March options); however, no consensus on specific factor
3. Equity factors need to be part of total allocation, not just income allocation
4. Do not limit allocations based on past RHNA
5. Minimal support for Divergence Index or Vehicle Miles Traveled (VMT) factors
6. Housing in high hazard areas is a concern, but RHNA may not be the best tool to address
7. Sample methodologies from March have too much growth in unincorporated areas

Discussion questions

- Does the summary of HMC feedback accurately reflect the process thus far, or is anything missing?

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WRAP UP AND NEXT STEPS

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Next steps toward methodology recommendation

- July:
 - Overview of Plan Bay Area 2050 Draft Blueprint
 - Discussion about using Plan Bay Area 2050 in RHNA methodology
 - Consideration of changes needed to RHNA methodology based on Plan Bay Area 2050
- August:
 - Continued refinement of the RHNA methodology
- September
 - Decision about Proposed Methodology to recommend to ABAG Regional Planning Committee