Meeting Agenda - Final

ABAG Housing Methodology Committee

Chair, Jesse Arreguin, Mayor, City of Berkeley

Thursday, May 14, 2020	9:05 AM	Yerba Buena - 1st Floor

Association of Bay Area Governments
Housing Methodology Committee

The ABAG Housing Methodology Committee will be meeting on May 14, 2020, 9:05 a.m., in the Bay Area Metro Center (Remotely). In light of Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-29-20 issued by Governor Newsom on March 17, 2020 and the Guidance for Gatherings issued by the California Department of Public Health, the meeting will be conducted via webcast, teleconference, and Zoom for committee, commission, or board members who will participate in the meeting from individual remote locations.

A Zoom panelist link for meeting participants will be sent separately to committee, commission, or board members.

The meeting webcast will be available at https://abag.ca.gov/meetings-events/live-webcasts

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.
Attendee Link: https://bayareametro.zoom.us/j/94954529072
Join by Telephone: 888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)
Webinar ID: 949 5452 9072

Detailed instructions on participating via Zoom are available at:
https://abag.ca.gov/zoom-information

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name in the subject line. Due to the current circumstances there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

The ABAG Housing Methodology Committee may act on any item on the agenda.
The meeting is scheduled to begin at 9:05 a.m.
Agenda and roster available at https://abag.ca.gov
For information, contact Clerk of the Board at (415) 820-7913.

Roster

Josh Abrams, Susan Adams, Anita Addison, Jesse Arreguin, Rupinder Bolaria, Rick Bonilla, Michael Brilliot, Monica Brown, Amanda Brown-Stevens, Paul Campos, Ellen Clark, Diane Dillon, Forrest Ebbs, Pat Eklund, Jonathan Fearn, Victoria Fierce, Neysa Fligor, Mindy Gentry, Russell Hancock, Welton Jordan, Megan Kirkeby, Brandon Kline, Jeffrey Levin, Scott Littlehale, Fernando Marti, Rodney Nickens, Jr., James Pappas, Julie Pierce, Bob Planthold, Darin Ranelletti, Matt Regan, Jane Riley, Carlos Romero, Elise Semonian, Aarti Shrivastava, Vin Smith, Matt Walsh

1. Call to Order / Roll Call / Confirm Quorum

2. Public Comment

Information

3. Chair's Report

3.a.   20-0609   ABAG Housing Methodology Committee Chair's Report

  Action: Information

  Presenter: Jesse Arreguin

  Attachments: Item 3a 1 HMC Meeting #5 Notes v3.pdf

                     Item 3a 2 Correspondence from HMC Members - 4.23.20 v1.pdf

                     Item 3a 3 Meeting Presentation v3.pdf

4. Consent Calendar

4.a.   20-0606   Approval of ABAG Housing Methodology Committee minutes of March 12, 2020

  Action: Approval

  Presenter: Clerk of the Board

  Attachments: Item 4a Minutes Draft.pdf

5. Income Allocation

5.a.   20-0607   Potential Approaches for the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

  Action: Information

  Presenter: Gillian Adams

  Attachments: Item 5a 1 Summary Sheet Income Allocation v1.pdf

                     Item 5a 2 Attachment A Income Allocation v3.pdf

6. Methodology Evaluation

6.a.   [20-0608](#)   Potential Metrics for Evaluating RHNA Methodology Options

Action: Information

Presenter: Gillian Adams

Attachments: [Item 6a 1 Summary Sheet Evaluation Metrics v1.pdf](#)

                      [Item 6a 2 Attachment A Evaluation Metrics v3.pdf](#)

7. Small Group Discussions

7.a.   [20-0808](#)   Small Group Discussions on Income Allocation Methodology and
                      Methodology Evaluation Metrics

Action: Information

Presenter: Gillian Adams

8. Adjournment / Next Meeting

The next special meeting of the ABAG Housing Methodology Committee is on June 19, 2020.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章：MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.

File #:	20-0609	**Version:** 1	**Name:**		
Type:	Report		**Status:**	Informational	
File created:	4/1/2020		**In control:**	ABAG Housing Methodology Committee	
On agenda:	5/14/2020		**Final action:**		

Title: ABAG Housing Methodology Committee Chair's Report

Sponsors:

Indexes:

Code sections:

Attachments: [Item 3a 1 HMC Meeting #5 Notes v3.pdf](#)
[Item 3a 2 Correspondence from HMC Members - 4.23.20 v1.pdf](#)
[Item 3a 3 Meeting Presentation v3.pdf](#)

Date	Ver.	Action By	Action	Result

ABAG Housing Methodology Committee Chair's Report

Jesse Arreguin

Information

MEMO

To: RHNA HMC Team
From: Civic Edge Consulting
Date: March 25, 2020
RE: March 12 HMC Meeting #5 Notes - DRAFT

●

Meeting Info
HMC Meeting #5
Thursday, March 12, 2020
Bay Area Metro Center

Meeting Notes by Agenda Item

1. Call to Order/ Roll Call / Confirm Quorum – Jesse Arreguín, Fred Castro

2. Chair's Report – Jesse Arreguín
Provided information about COVID-19 and impacts to the HMC process. Arreguín encouraged HMC members present to take necessary precautions for limited exposure. Stated that this meeting will not include a decision from HMC on Plan Bay Area 2050 alignment with RHNA, but rather include ongoing discussions. Added that MTC/ABAG staff are meeting with 6 Wins for Social Equity Network to continue discussions on the race factor in the HMC formulation.

HMC Member Questions
- **Monica Brown**: Asked about the schedule of the day and articulated a need to discuss outcomes from the small group online tool conversations.

Public Comment
- No speaker cards were collected.

3. Consent Calendar

4. What We Heard from CBOs – Leah Zippert

HMC Member Questions/Comments – Clarifying Questions
- **Noah Housh:** Asked how the community-based organizations were chosen.
    - **Zippert**: Replied that there was an RFP and community-based organizations went through a competitive selection process.

- **Matt Regan:** Asked if the focus groups gave feedback on impacts of the RHNA process on local control.
  - **Zippert:** Stated that individuals polled were community members, not local officials and reported that not much of the focus group discussion was on local control. She stated that the focus groups served more to share information about the RHNA process.
- **Josh Abrams:** Asked if staff tracked demographic information of the community members who participated to see if it matched regional trends.
  - **Zippert:** Stated that specific demographics were not tracked. These sessions were for informational purposes.

Public Comment:
- **Rich Hedges:** Asked how many people who attended the focus groups were transit riders.
  - **Zippert**: Replied that the sessions included a wide range of people who use or don't use public transit. Their comments came from their personal experience.

5. **Results of Local Jurisdiction Survey – Eli Kaplan**

HMC Member Questions/Comments – Clarifying Questions
- **Michael Brilliot**: Asked staff to clarify what is meant by local housing affordability and development capacity.
  - **Kaplan**: This term was added to survey as the result of stakeholder input. In this context, it means the availability of people to develop affordable housing in that jurisdiction, such as the non-profit affordable housing developer community and other stakeholders.
- **Regan**: Asked about data on jobs-housing fit vs. jobs-housing balance. Cities will have different motivations for the goals on jobs versus homes.
  - **Kaplan**: The jobs-housing fit factor shows the relationship between low-wage jobs and homes affordable to those workers. There are jurisdictions where that ratio is close to regional ratio or better. Balance and fit provide data on different outcomes.
- **Regan**: Expressed that developers say that one of the biggest constraints to building housing is process. Is there a reason that process is not asked as a constraint?
  - **Kaplan**: This was not included in the survey, but staff will look through comments to see if it was mentioned by respondents.
- **Carlos Romero**: Asked who the respondents were out of curiosity about the data regarding the loss of subsidized affordable housing in jurisdictions due to expiring affordability requirements.
  - **Kaplan**: Responded that survey respondents varied by jurisdiction. In some cases, it was the planning director who completed the survey and for other jurisdictions planning staff were the ones who entered information. Local jurisdictions' survey responses discussed affordable housing units that these jurisdictions were aware of losing because these were units that the jurisdictions had regulatory agreements on and were monitoring, so they had internal data collection for these types of units. However, there also are many affordable units that are not

bound by regulatory agreements with local jurisdictions, and local jurisdictions may not be aware of the potential loss of these units due to expiring affordability requirements, but the California Housing Partnership works to track this data.

Public Comment

- **Michael Cass** (City of Dublin Planning staff): Asked if staff have followed up with jurisdictions who did not respond to see why they didn't.
    - **Kaplan**: Staff have not but will make a note to follow up.
    - **Cass**: Suggested that staff not release the survey at the same time as the annual housing survey and indicated there would likely be a higher response rate.
- **Pat Eklund**: Stated that the next time a survey is sent out, all city council members should receive it as well.

6. Update on Plan Bay Area 2050 Blueprint – Dave Vautin

HMC Member Questions/Comments – Clarifying Questions

- **Ruby Bolaria Shifrin**: Asked if future job growth is taken into account in the Plan Bay Area 2050 projections and whether growth is capped in the Draft Blueprint and how will transportation respond to meet growing demand.
    - **Vautin**: Future transit is taken into consideration; however, there is not much funding for transit expansion.
    - **Bolaria Shifrin**: Asked about the legal impacts on local jurisdictions between RHNA and the Plan's projected numbers.
    - **Vautin**: Replied that the Plan is a regional visioning exercise with no local land-use control. Staff are requesting feedback on regional strategies and are soliciting local input.
- **Eklund**: Highlighted that the MTC/ABAG Boards were not united on the decision to include high-resource areas in the analysis. She indicated one reason was that high-resource areas include undevelopable areas. Another reason is that a more considered effort to focus jobs where housing is located is needed. Many will need to drive with longer commutes and lack of public transit. Shared that there was a diversity of opinions between the board members.
- **Rick Bonilla**: Asked about plans for providing economic mobility in the Draft Blueprint.
    - **Vautin**: Shared that the Plan Bay Area 2050 process considers economic mobility as the opportunity for someone who is low-income to move into higher-income brackets over the course of their life. State and national policy changes are needed to significantly impact economic mobility in the region. The Draft Blueprint identifies some strategies, like childcare subsidies and incorporating incubator programs, that could support greater regional economic mobility.
    - **Bonilla**: Highlighted that although access to transit at discounted rates is important, raising wages needs to be a part of the discussion. Brought up raising wages for teachers as well as providing affordable teacher housing as regional strategies to consider.
- **Housh**: Raised concerns about the timeline. Will there be an opportunity to change RHNA factors based on Plan Bay Area 2050 Blueprint strategies?

- o **Vautin**: Stated that the intention is for the HMC to continue to be a part of the Plan Bay Area 2050 process, as feedback is needed on refining factors.
- **Forrest Ebbs**: Asked about analysis of transportation, access to transit, and future growth.
  - o **Vautin**: Stated that the Plan Blueprint now considers a flexible, not fixed, approach to forecasting transit, which better includes areas with modest transit.
- **Neysa Fligor**: Asked whether there are checkpoints in the future on Plan Bay Area 2050 to address changes in economy, transit, and technology over time.
  - o **Vautin**: Yes, the Plan is updated every four years.
- **Monica Brown**: Expressed concern that roads will be adequately protected from natural hazards in this Plan. Commented on the impact of regional transit measures on individual counties and their constituents. Stated that not all counties experience increased transportation access from these regional measures in the ways that their constituents would like to see.
  - o **Vautin**: Today's presentation was high-level and oriented toward the work of the HMC. There is a lengthy document that includes strategies on protecting our freeways and roads.
- **Fernando Marti**: Asked if Plan Bay Area 2050 will map job-growth areas since RHNA will be looking at this factor. Inquired whether the current Plan will incorporate gentrifying areas and communities of concern as previous Plan Bay Areas have.
  - o **Vautin**: Shared that the jobs strategy is focusing growth in Priority Development Areas (PDAs). Analysis of this element is forthcoming. Communities of concern are continuing to be used, with data refreshed with the latest census data. Staff are using the same definition as the previous Plan Bay Area and will likely update during the next round of Plan Bay Area.
- **Abrams**: Referred back to slide with the map of PDAs and commented that this is critical to the RHNA methodology alignment with Plan Bay Area 2050. Asked staff to go over this map in more detail. Also stated it would be helpful for the HMC members to hear what to tell local jurisdictions on whether to have a PDA in their area.
  - o **Vautin**: Described the map in more detail, pointed to the goal of focused growth in previous iterations of the Plan. In the Draft Blueprint, staff are continuing to protect areas outside urban growth boundaries and unmitigated high hazard boundaries and are prioritizing Priority Development Areas, Priority Production Areas, transit-rich areas, and high-resource areas.
  - o **Vautin**: There is a window of time this spring for local jurisdictions to expand or add additional PDAs. Staff will take these into consideration for the final Blueprint. This is an opportunity to strengthen ties between local and regional planning.
- **Romero**: Commented on congestion pricing and addressing social equity. Highlighted that if money is not allocated to address equity issues, many communities of concern will not be able to pay the dollars for freeways. Promoted investment into public transit that provides access for communities of concern and advocated for RHNA to be the tool to generate more racially equitable policies.
  - o **Vautin**: Shared that the pricing strategy being considered is $0.15 per mile. Staff are working to mitigate equity challenges.

- **Elise Semonian**: Asked when staff want local jurisdictions to comment on the Draft Blueprint and requested more information on the assumptions for high-resource areas and incomes for those levels. How will these numbers impact our jurisdiction?
    - **Vautin**: Local jurisdictions are welcome to comment any time. Emphasized that this process is different than RHNA because it is focused on forecasting, not assigning growth. Strategies therefore can continue to be shifted.
- **Victoria Fierce**: Expressed that it is vital and crucial for focusing on high-resource areas as a means to generate tax revenue that can then in turn fund high-quality transit, social services, and other services. Stated that they cautioned against perpetuating status quo of segregation by keeping poor people out of rich areas.
- **Housh**: Agreed with Fierce on needing greater transparency on the process of aligning RHNA and the Plan. Expressed desire for staff to consider HMC votes and comments.
- **Brandon Kline**: Asked about tools for enforcement. How will this process tackle and encourage racial equity? What are tools for implementation?
    - **Vautin**: Stated that RHNA has clearer structures for implementation than Plan Bay Area 2050. The Plan is focused more on strategies for regional investment. Plan Bay Area 2050 does go through an implementation phase after the Blueprint is approved. Asserted that racial equity as a factor needs to be consistent in both the RHNA and Plan processes.

Public Comment
- No speaker cards were collected.

7. Continuing Discussion of Methodology Factors – Gillian Adams

HMC Member Questions/Comments – Clarifying Questions
- **Eklund:** Plan Bay Area 2050 has created a growth geography based on areas that are designated High Resource or Highest Resource using the state's opportunity mapping and also have 30-minute bus/transit headways or better. However, the RHNA factor being proposed via "Access to High Opportunity Areas" is based solely on whether a census tract is designated High Resource or Highest Resource, and it does not take into account transit access. Why doesn't the RHNA factor take into account transit access?
    - **Adams**: We do not want to make any changes to the state's opportunity mapping methodology since HCD will be using the opportunity maps to assess our RHNA allocation. However, there are opportunities to further discuss where the RHNA methodology could be adjusted to better fit the needs of the region.
- **Eklund**: Asked whether RHNA will consider sea level rise due to climate change within the MTC/ABAG Multi-Hazard Index. Expressed concern about local jurisdictions having resources to mitigate the effects on a local level.
    - **Adams**: Sea level rise will not be considered in this process to be consistent with analysis and mitigation strategies coming out of the Plan Bay Area 2050 process.
    - **Vautin**: The Bay Area is an urbanized region. Select places in Bay Area will need to have a strategic retreat. The Plan's focus is on protecting the shoreline and adapting on a regional scale.
- **Eklund**: Asked if open space included counted local land trust and conservation efforts.

- o **Adams**: Replied that the RHNA allocation will not be to specific locations like that.
- **Semonian**: Advocated for HMC members to have a discussion on the calculation of the baseline numbers for these maps.
  - o **Adams**: Expressed that staff felt that existing conditions was a good place to start talking about the information. She added that she is open to having the discussion with HMC members.
- **Fierce**: Commented in support of comparing transit as related to acreage. Noted that the maps use red/green colors and suggested a color-blind test. Expressed that transit/acreage would create a more equitable distribution of units across the region.
- **Fligor**: Asked about the factor weighting in the online tool.
  - o **Adams**: Noted instructions for working in the small groups. As a group you will choose what weights you think the total allocation should have. Shared an example of weighting access to high-opportunity areas as 50%, resulting in half of the units distributed that way.
- **Marti**: Inquired about the cost factors for natural hazards. Shared concerns about building on those areas and not knowing estimated costs.
  - o **Adams**: Although the methodology can include factors related to specific geographies, RHNA allocates a total number to a jurisdiction. Local jurisdictions have authority to choose where housing goes, including avoiding hazard areas.
  - o **Marti**: Expressed that liquefaction areas map to transit lines. Liquefaction is related to where low-income people live and where displacement matters. Local jurisdictions will need to address liquefaction and displacement in order to address housing.
- **Julie Pierce**: Inquired about the order in which factors are selected on the online tool and whether the algorithm weights everything equally.
  - o **Vautin**: In this tool, the order of the factors does not matter. The weight determines the share of the total housing needs allocated by a factor. Adjusting a weight affects the relative importance of that factor, but the order does not matter. For now, the tool is meant start conversation on thinking about the weighting.

Public Comment
- No speaker cards were collected.

Small Group Exercise Report Outs

Blue – "Slightly Better Than Our First One"
- During Round 1, the group ended up with six factors. Highlights from discussion included weighted jobs-housing fit at 40%, placing high-resource areas at 20%, recommendation for the hazard factor to be an overlay not a weight, and that when put together, the six factors together watered down the data and made it hard to see contrasting patterns.
- During Round 2, the team selected fewer factors but added a new one. This formulation resulted in a more equitable distribution of housing across the region:
  - o 40% Jobs-housing fit
  - o 20% Access to high opportunity areas
  - o 20% Vehicles miles traveled

- o 10% Transit connectivity
- o 10% Natural hazards
- The group felt they met some climate and social equity goals but are interested in learning how it could impact miles traveled.

Yellow – "Balanced Equity – Job – Transportation"
- During Round 1, the group worked with four factors, but the group did not land on the factors conclusively. There was a strong consensus on equity. Round 2 reflected those goals and the resulting weighting was as follows:
  - o 30% Access to high opportunity areas
  - o 30% Jobs-housing balance
  - o 30% Job proximity - auto
  - o 10% Natural hazards
- The group felt that this approach would drive RHNA allocation towards job centers in the Peninsula and Silicon Valley and would meet state objectives, reduce greenhouse gases, and increase social equity. The group supported driving growth geographically to avoid gentrification and displacement concerns that arise from areas of lower income and communities of color. The group had consensus on this approach.
- **Eklund**: Asked the group for more information behind the choice to include jobs-housing balance and jobs proximity-auto.
  - o The group had some discussion about getting public transportation. Plan Bay Area 2050 already takes public transit into consideration and the group felt that we also need to consider auto and how it relates to greenhouse gas emissions and still get people out of their cars.

Purple – "Housing/Jobs Crescent"
- In Round 1, the group felt that many of the same patterns as last cycle were still occurring. The group wanted to shift those existing patterns and in Round 2 proposed the "Jobs/Housing Crescent" to tackle challenges with jobs and housing effectively:
  - o 50% Access to high opportunity areas
  - o 10% Jobs-housing fit
  - o 10% Job proximity – transit
  - o 10% Jobs-housing balance
  - o 10% Future jobs
  - o 10% Transit connectivity

Orange – "Opportunity – Transit – Jobs"
- The group started with the goal of trying to focus on 3-4 factors. Key comments made on factors across both rounds included:
  - o Chose to work with high opportunity areas as the group found the divergence index didn't impact the data.
  - o Considered transit proximity, jobs-housing fit, and future jobs
  - o Found that using the natural hazards factor didn't change the data much in Round 1. It was hard to see if it helped or hurt.
  - o Played around with 10-20% weighting of a factor to see difference in scenarios.

- o Recommended seeing a jobs-proximity factor by commute shed.
- Their selected approach was:
  - o 50% Jobs-housing fit
  - o 30% Access to high opportunity areas
  - o 10% Job proximity – transit
  - o 10% Natural hazards
- **Adams**: Clarified that the jobs-housing balance factor is by jurisdiction and the jobs-proximity factor uses commute shed.

Red – "Code Red to Address Housing Need"
- They focused on narrowing down factors to a reasonable number and settled on four:
  - o 60% Access to high opportunity areas
  - o 20% Jobs-housing fit
  - o 10% Transit connectivity
  - o 10% Natural hazards
- Between first and second round, the group expressed concerns about meeting the state's requirements through these factors, as at this stage we're talking about a total number of units, not income allocations yet. The group preferred jobs-housing fit.
- When they reduced the high opportunity areas, unless it's a high percentage, it doesn't seem to fully impact what you end up with.
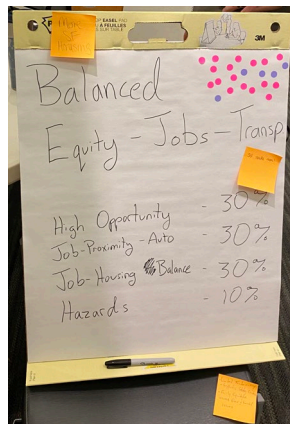
Dot Voting
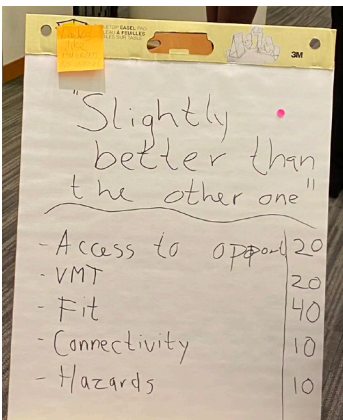
Votes: 1 HMC / 0 audience

HMC Comments:
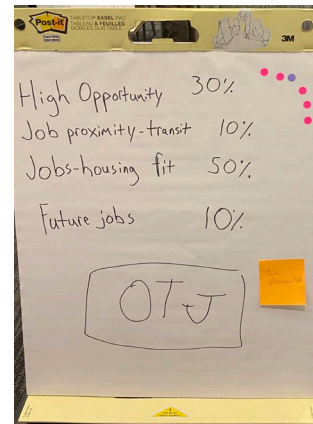- Looks like business as usual

Audience comments: None

Votes: 17 HMC / 5 audience

HMC Comments:
- More SF housing, SF needs more, Limited factors = easy
- Supports state criteria
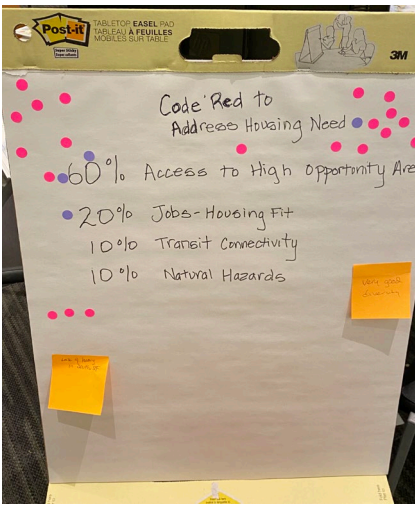- Fairly equitable across environmental & social issues

Audience comments: None

Votes: 5 HMC / 1 audience

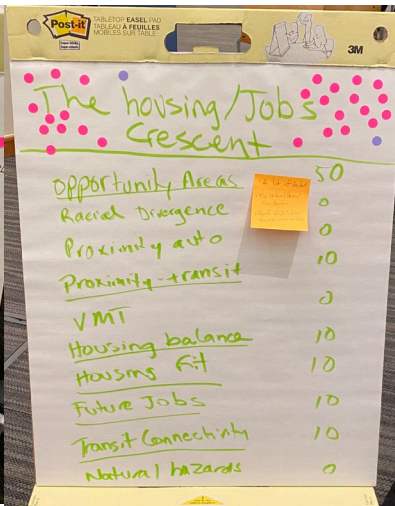**HMC Comments:**
- Like Pleasantville

Audience comments: None

Votes: 21 HMC / 4 audience	**Votes:** 26 HMC / 2 audience

HMC Comments:
- Lack of housing in South San Francisco
- Very good diversity

Audience comments: None

HMC Comments:
- Lots of factors / No natural hazard consideration / Broad distribution across communities

Audience comments: None

HMC Member Comment
- **Eklund**: Articulated the need to have a discussion on how the baseline numbers are calculated.
- **Housh**: Commented in support of Eklund about discussing the baseline numbers and stated that we could be building off the previous RHNA model and that may not work. He would like to see this item agendized.

Public Comment:
- No speaker cards were collected.

8. **Wrap Up and Next Steps**

HMC Member Comment

- **Eklund**: Asked if staff have been talking to cities and counties and elected officials about the factors we've talked about through the HMC process.
    - ○ **Adams:** There are no plans for staff to conduct a survey but there are opportunities through the ABAG board process to provide feedback.
    - ○ **Brad Paul**: Many meetings have been canceled or rescheduled.
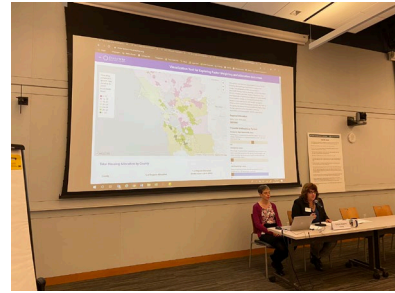   - ○ **Eklund**: Stated that the information should be sent out via mail.

o **Paul**: HMC members should send these tools and share back information with their leadership and jurisdictions.

Public Comment:
- No speaker cards were collected.

9. Adjournment / Next Meeting – April 9

Meeting Photos

REGIONAL HOUSING NEEDS ALLOCATION

Association of Bay Area Governments

TO: Housing Methodology Committee   DATE: April 23, 2020

FR: Deputy Executive Director, Policy

RE: HMC Member Correspondence

Overview
This memo provides an overview of the correspondence received since the March 12th meeting.

1. **Bob Planthold – April 14, 2020 – Resource Sharing**

   https://www.berkeleyside.com/2020/04/13/city-council-may-start-requiring-affordable-units-in-parts-of-berkeley

WELCOME | ABAG Housing
Methodology Committee
May 14, 2020

Virtual etiquette

- HMC Norms still in place – just virtually

- Keep your device on mute unless you are speaking

- Use "gallery" view to see every participant

- The facilitator will support by providing a speaking "queue" for HMC Members when we are ready for clarifying questions or comments

- Look into the camera when you speak

- Try not to talk over others

- IT Tip: Minimize lag by using your computer for video and a phone line for audio

- Fun Tip: Choose a virtual background!

Today's agenda

1. Zoom webinar: staff presentations

   a. Income allocation methodology

   b. Evaluation metrics

2. Separate Zoom meeting for HMC members: small group discussions

   a. HMC members will explore both income allocations and evaluation metrics

   b. Online visualization tool (https://rhna-factors.mtcanalytics.org) updated with new functionality

3. Return to Zoom webinar

   a. Small groups will report the results of their discussions to the full HMC

PUBLIC COMMENT | ABAG Housing Methodology Committee May 14, 2020
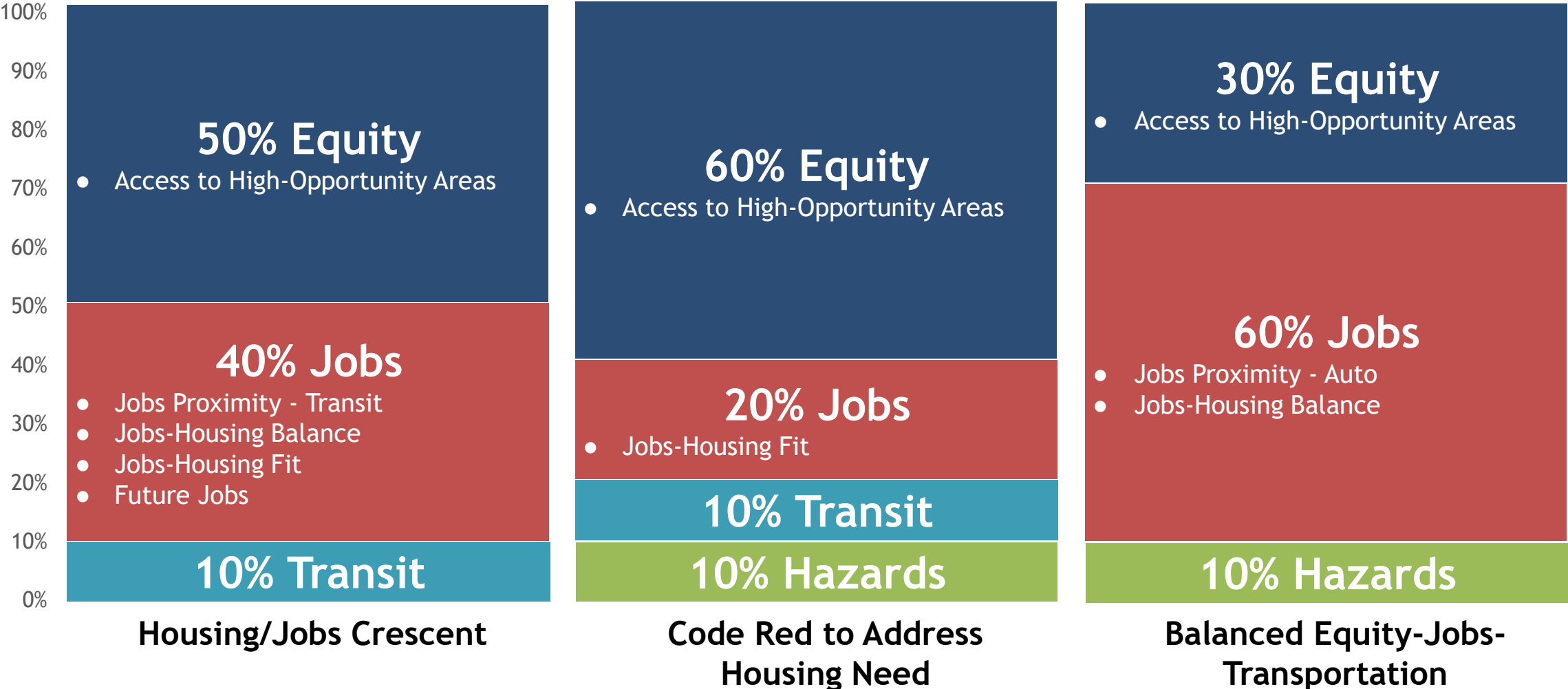
RHNA Income Allocation Methodology

ABAG Housing Methodology Committee
May 14, 2020

Materials sent to HMC in April

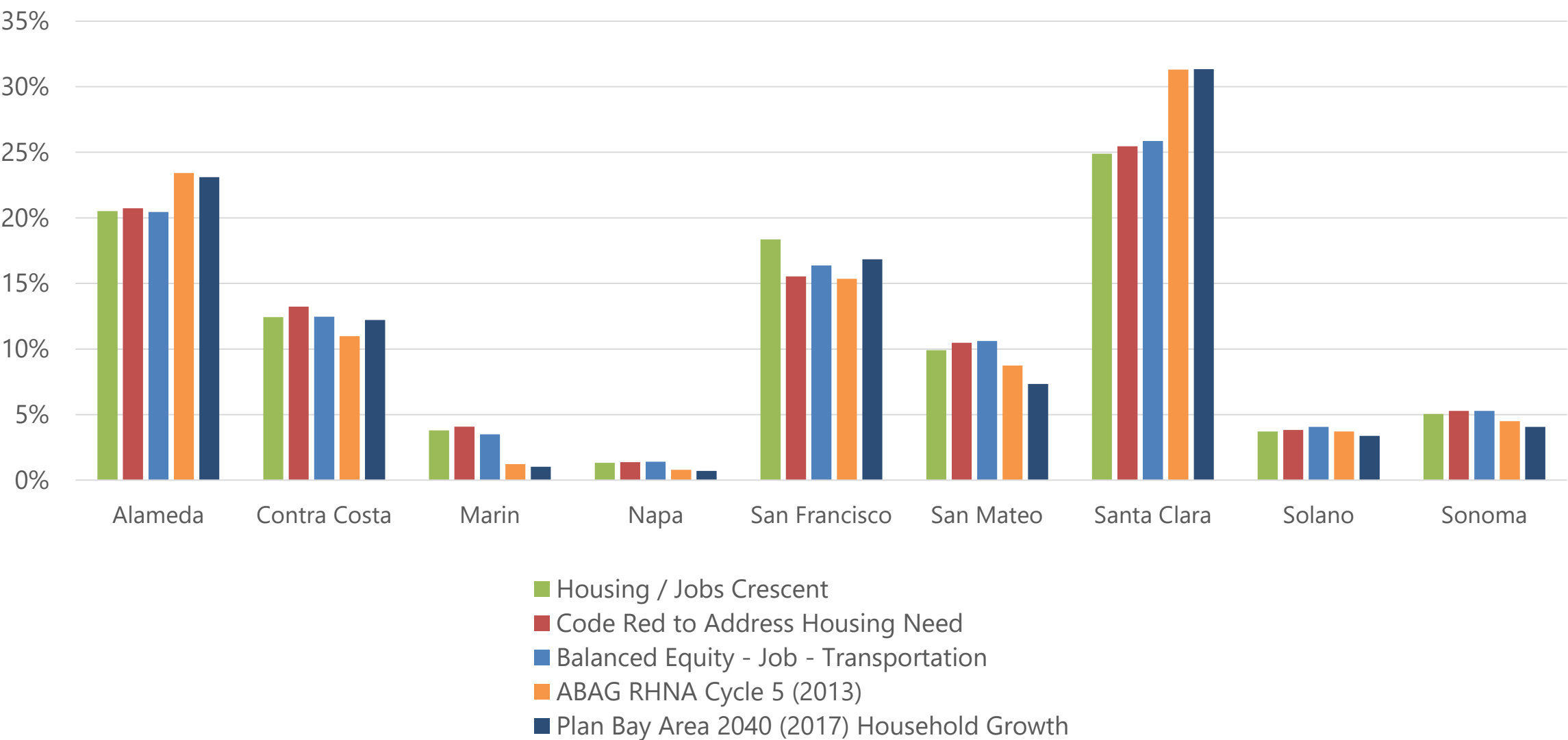- Revised timeline of key milestones for completing RHNA process

- Additional HMC meeting dates

  - Friday, June 19 - 10:00am – 2:00pm
  - **July TBD**

  - Thursday, August 13 - 10:00am – 2:00pm
  - Friday, September 18 - 10:00am – 2:00pm

- Summary of local jurisdiction survey results for questions related to fair housing issues, strategies and actions

- Summary of methodology options from March HMC meeting

Total allocation methodologies from March

Comparison of three methodology options that received most votes

Housing/Jobs Crescent

- **50% Equity**
  - Access to High-Opportunity Areas
- **40% Jobs**
  - Jobs Proximity - Transit
  - Jobs-Housing Balance
  - Jobs-Housing Fit
  - Future Jobs
- **10% Transit**

Code Red to Address Housing Need

- **60% Equity**
  - Access to High-Opportunity Areas
- **20% Jobs**
  - Jobs-Housing Fit
- **10% Transit**
- **10% Hazards**

Balanced Equity-Jobs-Transportation

- **30% Equity**
  - Access to High-Opportunity Areas
- **60% Jobs**
  - Jobs Proximity - Auto
  - Jobs-Housing Balance
- **10% Hazards**

Methodology factors: top options

Legend:
- Housing / Jobs Crescent
- Code Red to Address Housing Need
- Balanced Equity – Job – Transportation
- ABAG RHNA Cycle 5 (2013)
- Plan Bay Area 2040 (2017) Household Growth

Methodology factors: top options

RHNA income categories

- HCD will provide the Regional Housing Needs Determination in four income categories
  - Very Low Income: households earning less than 50% of Area Median Income (AMI)
  - Low Income: households earning 50 – 80% of AMI
  - Moderate Income: households earning 80 – 120% of AMI
  - Above Moderate Income: households earning 120% or more of AMI
- This table shows the *existing* distribution of Bay Area households by income group:

Income Group	Income Limit	Households	Percent
Very Low Income (0-50% AMI)	$0 - $47,350	678,673	25.3%
Low Income (50-80% AMI)	$47,351 - $75,760	411,670	15.3%
Moderate Income (80-120% AMI)	$75,760 - $113,640	459,169	17.1%
Above Moderate Income (120%+ AMI)	$113,640 +	1,136,896	42.3%

Source: U.S. Census Bureau, American Community Survey PUMS data, 2018 5-year release

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

CA Government Code § 65584(d)

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

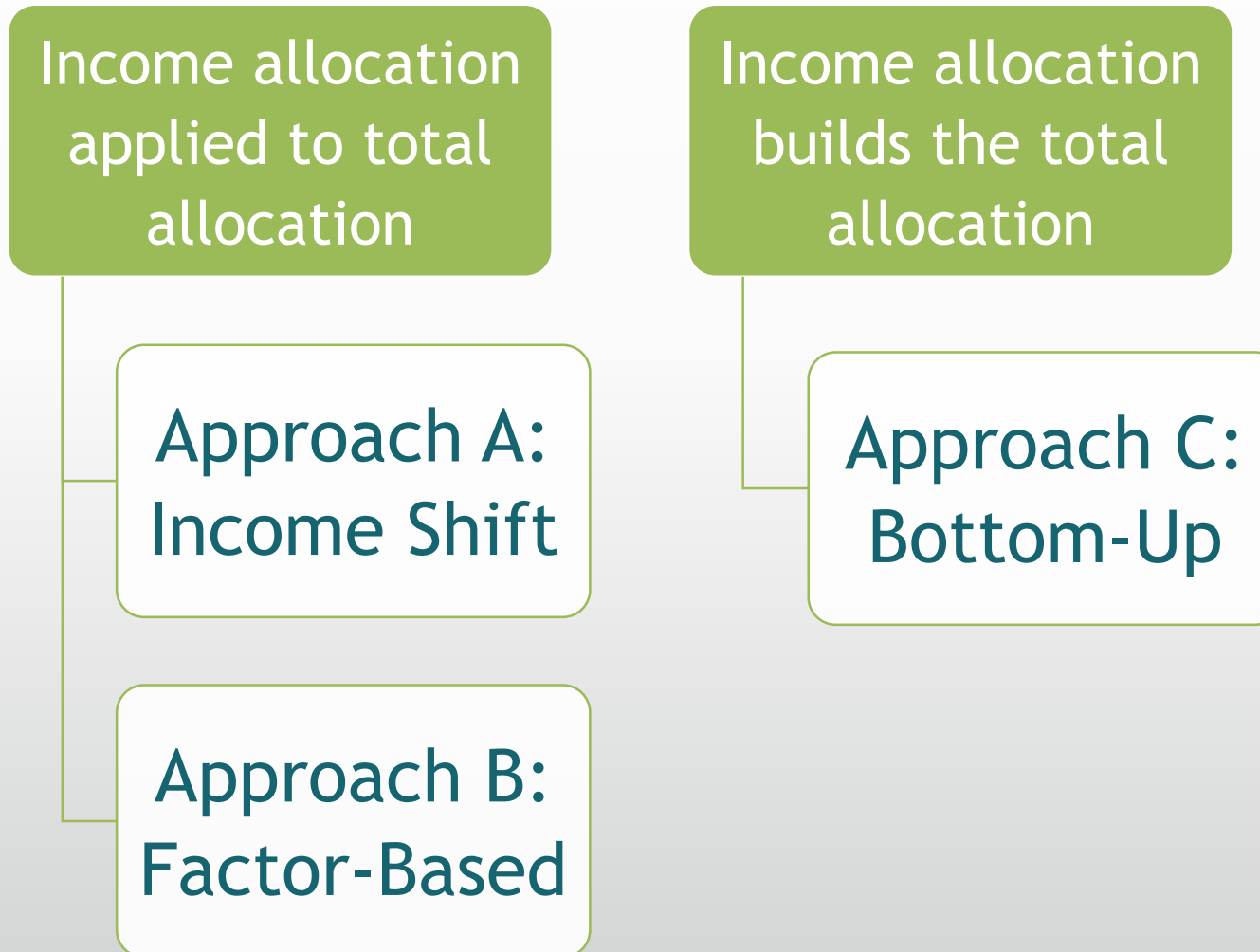# Other regions' income allocation approaches

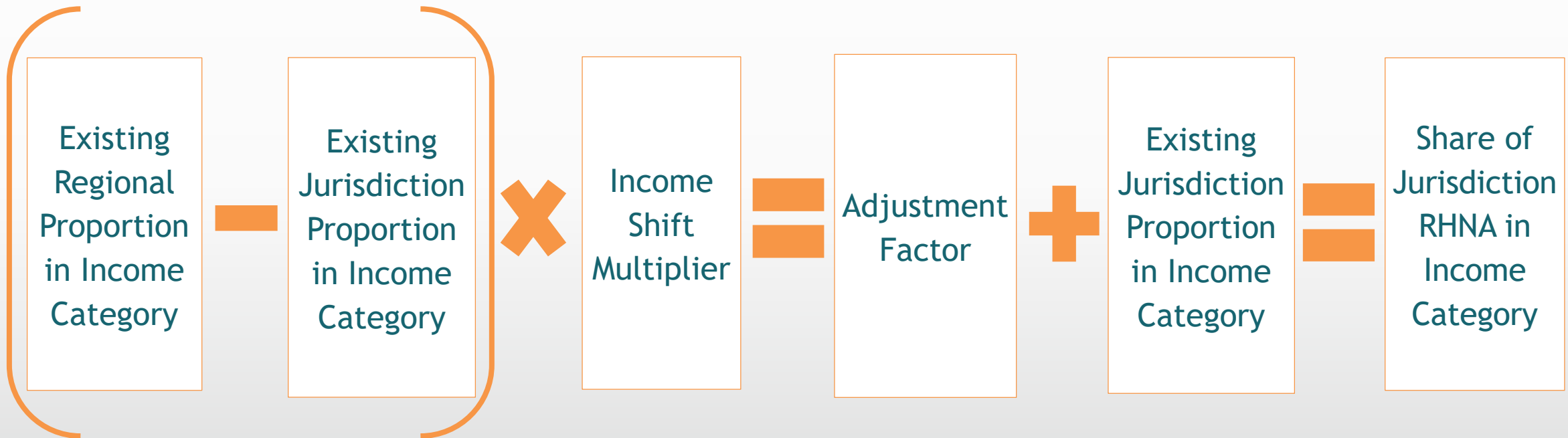## Income shift

- ABAG 2015-2023 RHNA cycle
- San Diego

Income shift + equity-focused factors
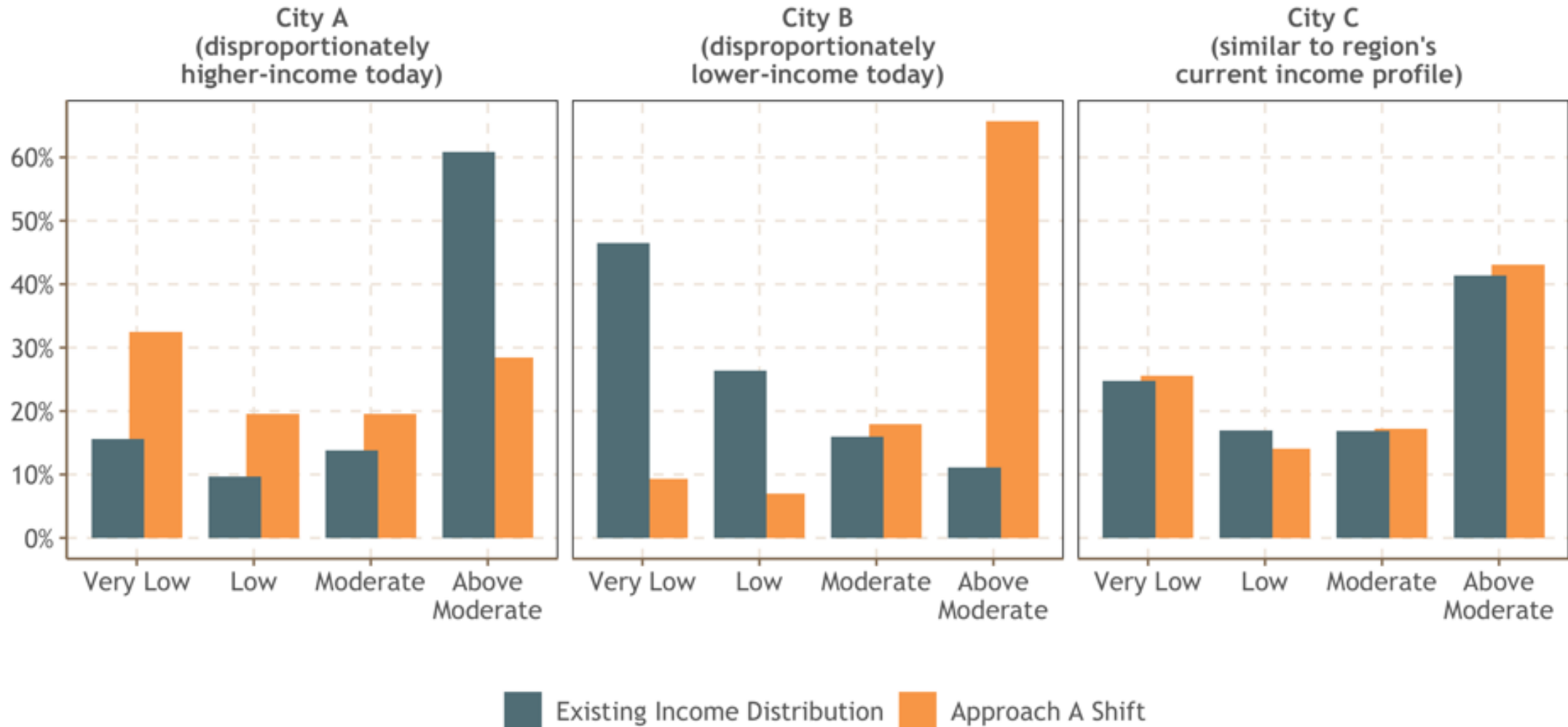
- Sacramento
- Los Angeles

Potential approaches to income allocation

Income allocation applied to total allocation

Income allocation builds the total allocation

Approach A: Income Shift

Approach C: Bottom-Up

Approach B: Factor-Based

Approach A: income shift applied to total allocation

(Existing Regional Proportion in Income Category − Existing Jurisdiction Proportion in Income Category) ✕ Income Shift Multiplier = Adjustment Factor ✚ Existing Jurisdiction Proportion in Income Category = Share of Jurisdiction RHNA in Income Category

Hypothetical example of income shift approach, using 175% multiplier

Approach B: using factors applied to total allocation

| Total allocation determined by factor-based methodology | RHND income distribution applied to total allocation | Lower income unit adjustment

Factors:
• *Jobs-Housing Fit*
• *High Opportunity Areas* | Remaining units assigned to higher income categories | Totals for lower and higher income units disaggregated into four income categories |

16
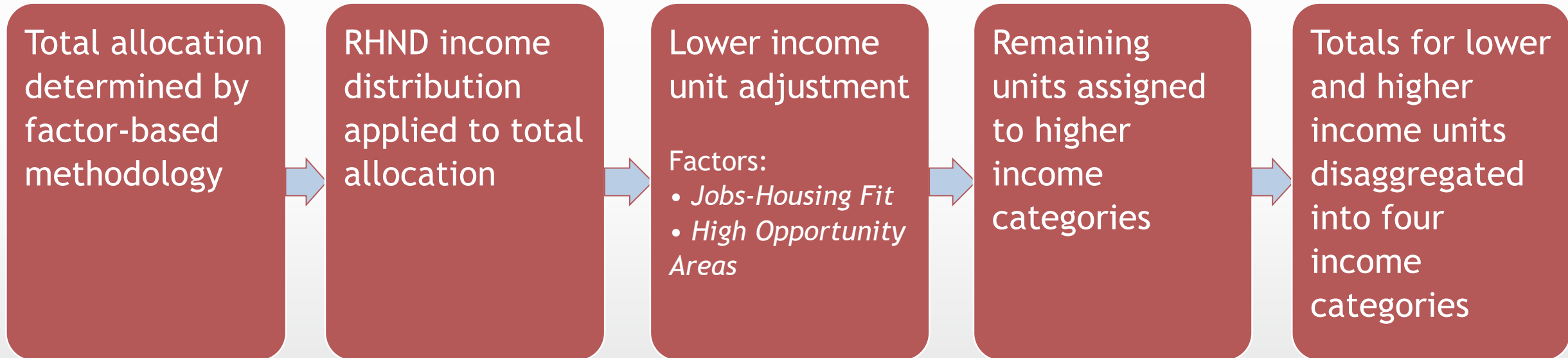
Hypothetical example of factor-based approach

Approach C: bottom-up factors build total allocation

Factor-based methodology for very low- and low-income units

+

Factor-based methodology for above moderate- and moderate-income units

=

Total allocation

Factors:
- *Jobs-Housing Fit*
- *High Opportunity Areas*

Factors:
- *Jobs-Housing Balance*
- *Job Proximity-Auto*
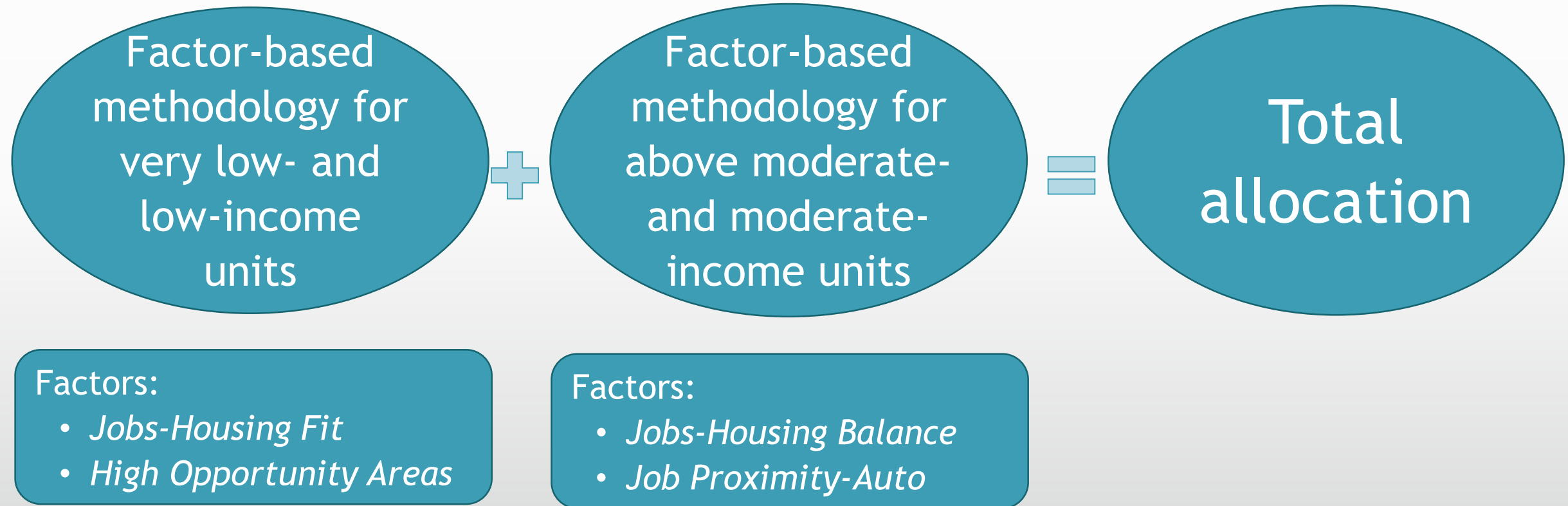
Hypothetical example of bottom-up approach
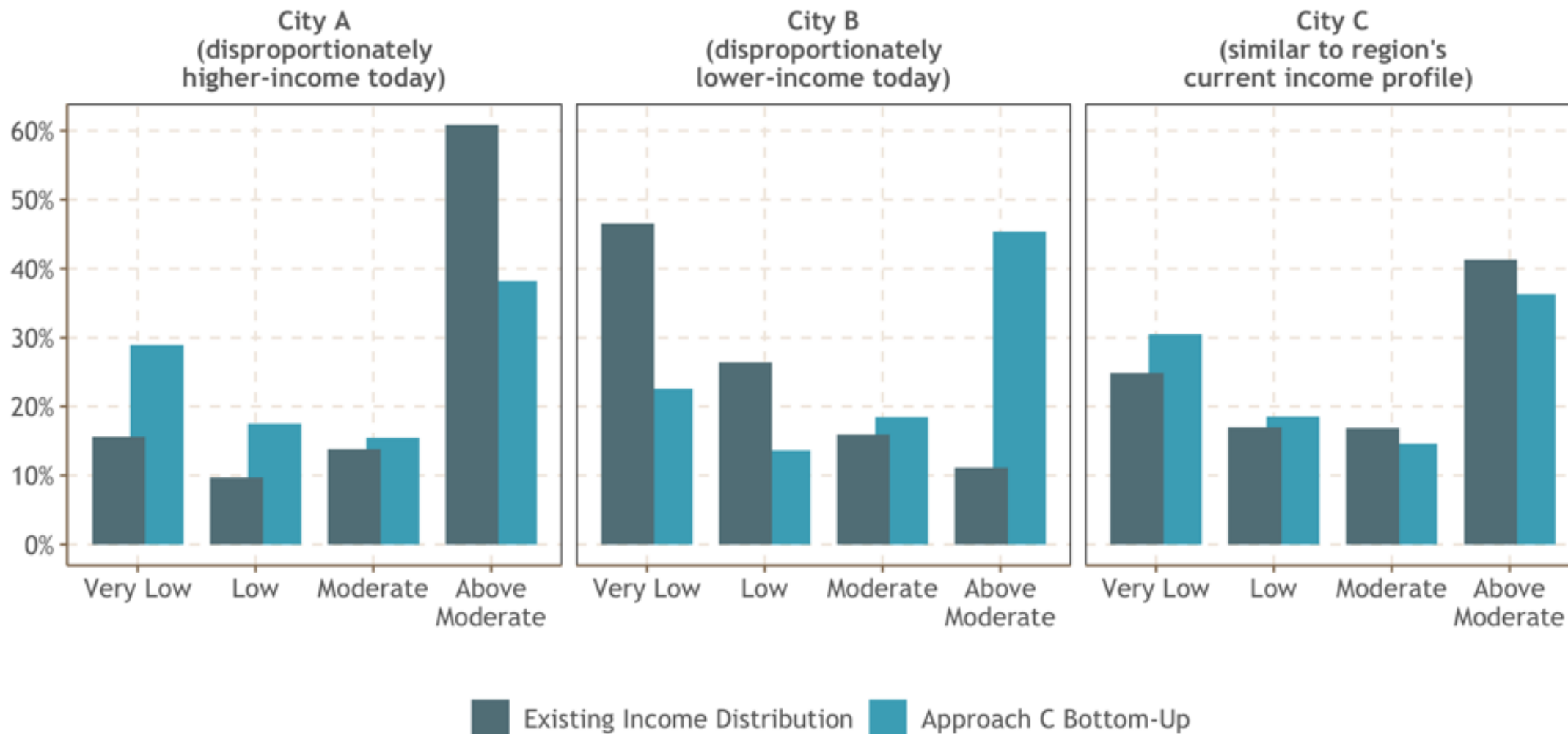
Comparison of hypothetical income approaches

City A (disproportionately higher-income today) | City B (disproportionately lower-income today) | City C (similar to region's current income profile)

Existing Income Distribution · Approach A Shift · Approach B Factor · Approach C Bottom-Up
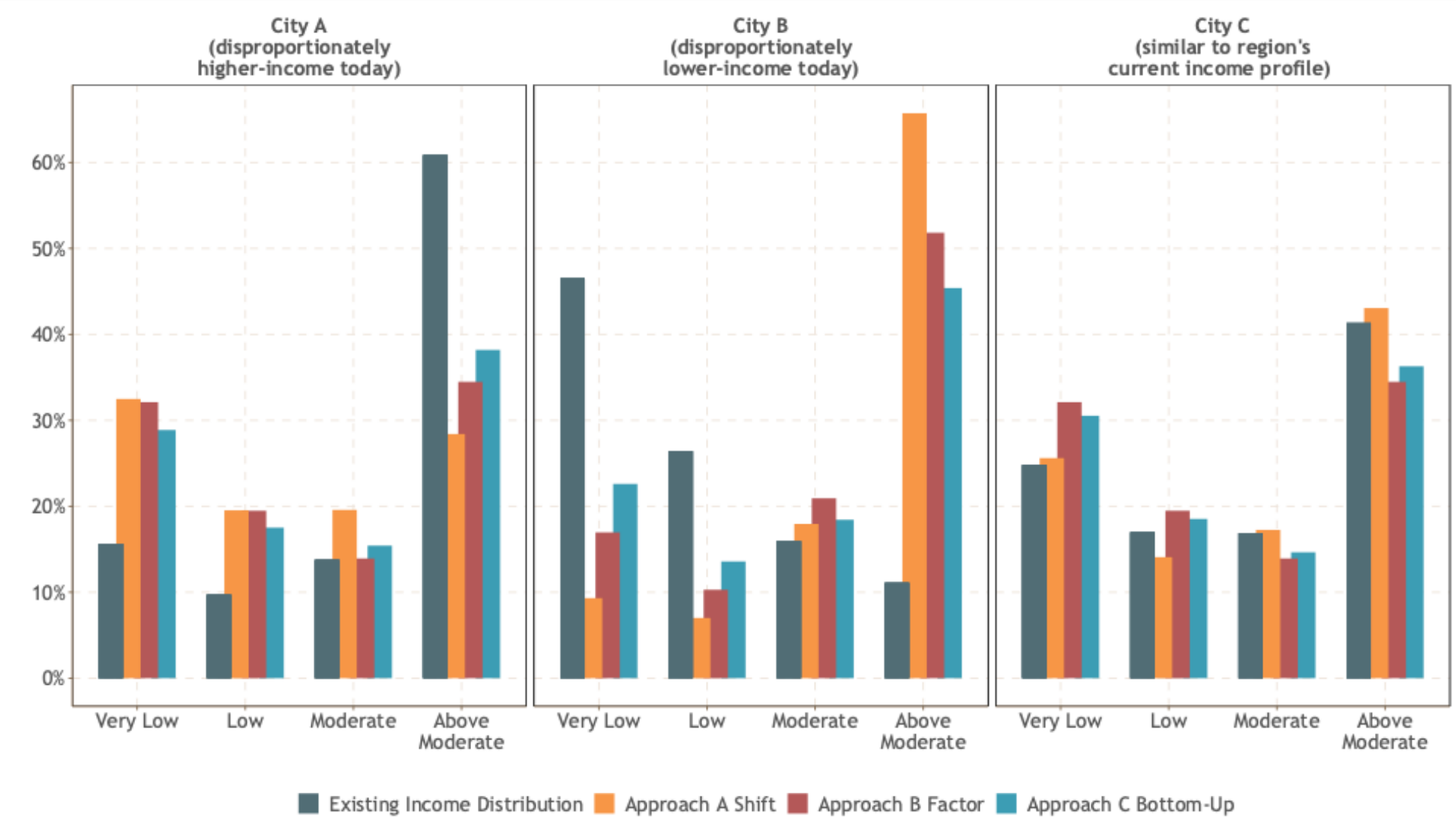
PUBLIC COMMENT | ABAG Housing Methodology Committee
May 14, 2020

RHNA Methodology Evaluation Metrics

ABAG Housing Methodology Committee

May 14, 2020

Evaluation purpose

- Inform the HMC's decisions during the methodology development process

- Provide feedback about how to effectively balance RHNA policy goals

- Ensure proposed methodology meets statutory RHNA objectives and furthers regional planning goals

Potential evaluation framework

- Presented as questions aligned with each RHNA statutory objective

- Includes metrics related to meeting each statutory objective

- Two types of metrics:

  - Metrics used by HCD when approving other regions' RHNA methodologies

  - Additional metrics to advance RHNA objectives and regional planning goals

Proposed evaluation metrics

	Objective 1: Does the allocation increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner?
From HCD	1a. Higher percentage of RHNA as lower income units for jurisdictions with the highest housing costs 1b. Higher percentage of RHNA as lower income units for jurisdictions with highest percent of single-family homes

Proposed evaluation metrics

	Objective 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets?
From HCD	2a. Higher percentage of RHNA total unit allocations to jurisdictions with highest percentage of the region's jobs
Additional	2b. Higher total unit allocations for jurisdictions with the highest percent of the region's total Transit Priority Area acres 2c. Percentage of jurisdictions whose RHNA housing growth through 2031 is less than or equal to housing growth projected in Plan Bay Area 2050 through 2050

26

Proposed evaluation metrics

	Objective 3: Does the allocation promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low wage workers in each jurisdiction?
From HCD	3a. Higher percentage of RHNA as lower income units for jurisdictions with the highest ratio of low-wage jobs to housing units affordable to low-wage workers

Proposed evaluation metrics

	Objective 4: Does the allocation direct a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category?
From HCD	4a. Lower percentage of RHNA as lower income units for jurisdictions with a higher share of lower-income households* 4b. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households*

*Lower-income households includes households in the very low- and low-income groups (<80% of Area Median Income). Higher-income households includes households in the moderate- and above moderate-income groups (>=80% of Area Median Income).

Proposed evaluation metrics

	Objective 5: Does the allocation affirmatively further fair housing?
From HCD	5a. Higher percentage of RHNA as lower income units for jurisdictions with the most households in High Resource/Highest Resource tracts
Additional	5b. Higher percentage of RHNA total unit allocations compared to the jurisdiction percentage of regional households, calculated for jurisdictions with a higher share of higher-income households and the highest divergence index scores 5c. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households with highest divergence scores

Proposed evaluation metrics

	POTENTIAL Objective 6 (pending state legislation): Does the allocation promote resilient communities, including reducing development pressure within very high fire risk areas?
Additional	6a. Lower total units allocated per household for jurisdictions with highest percent of urbanized area at high risk from natural hazards

PUBLIC COMMENT

ABAG Housing Methodology Committee

May 14, 2020

Small group discussions

- HMC members will have an opportunity to explore income allocations and evaluation metrics

- Online visualization tool (https://rhna-factors.mtcanalytics.org) updated with additional functionality

- Small groups will report the results of their discussions to the full HMC

PUBLIC COMMENT | ABAG Housing Methodology Committee May 14, 2020

WRAP UP AND NEXT STEPS

ABAG Housing
Methodology Committee
May 14, 2020

File #:	20-0606	**Version:** 1	**Name:**	
Type:	Minutes		**Status:**	Consent
File created:	4/1/2020		**In control:**	ABAG Housing Methodology Committee
On agenda:	5/14/2020		**Final action:**	
Title:	Approval of ABAG Housing Methodology Committee minutes of March 12, 2020			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	Item 4a Minutes Draft.pdf			

Date	Ver.	Action By	Action	Result

Approval of ABAG Housing Methodology Committee minutes of March 12, 2020

Clerk of the Board

Approval

Meeting Minutes - Draft

ABAG Housing Methodology Committee

Chair, Jesse Arreguin, Mayor, City of Berkeley

Thursday, March 12, 2020	10:00 AM	**Yerba Buena - 1st Floor**

Association of Bay Area Governments
Housing Methodology Committee

The ABAG Housing Methodology Committee may act on any item on the agenda.
The meeting is scheduled to begin at 10:00 a.m.
Agenda and roster available at https://abag.ca.gov
For information, contact Clerk of the Board at (415) 820-7913.

Roster

Josh Abrams, Susan Adams, Anita Addison, Jesse Arreguin, Rupinder Bolaria, Rick Bonilla, Michael Brilliot, Monica Brown, Amanda Brown-Stevens, Paul Campos, Ellen Clark, Diane Dillon, Forrest Ebbs, Pat Eklund, Jonathan Fearn, Victoria Fierce, Neysa Fligor, Mindy Gentry, Russell Hancock, Paolo Ikezoe, Welton Jordan, Megan Kirkeby, Brandon Kline, Jeffrey Levin, Scott Littlehale, Fernando Marti, Rodney Nickens, Jr., Julie Pierce, Bob Planthold, Darin Ranelletti, Matt Regan, Jane Riley, Carlos Romero, Elise Semonian, Aarti Shrivastava, Vin Smith, Matt Walsh

1. Call to Order / Roll Call / Confirm Quorum

Chair Arreguin called the meeting to order. Quorum was present.

Present: 20 - Arreguin, Bonilla, Brilliot, Brown, Brown-Stevens, Eklund, Fearn, Fierce, Fligor, Gentry, Housh, Kline, Marti, Pierce, Ranelletti, Regan, Romero, Semonian, Smith, and Walsh

Absent: 17 - Adams, Abrams, Addison, Bolaria-Shifrin, Campos, Clark, Dillon, Ebbs, Hancock, Ikezoe, Jordan, Kirkeby, Littlehale, Levin, Nickens, Planthold, and Shrivastava

2. Public Comment

There was no public comment.

3. Chair's Report

3.a.   20-0473   ABAG Housing Methodology Committee Chair's Report

Chair Arreguin gave the report.

4. Consent Calendar

Upon the motion by Eklund and second by Bonilla, the Consent Calendar was approved. The motion passed unanimously by the following vote:

Aye: 20 -   Arreguin, Bonilla, Brilliot, Brown, Brown-Stevens, Eklund, Fearn, Fierce, Fligor, Gentry, Housh, Kline, Marti, Pierce, Ranelletti, Regan, Romero, Semonian, Smith, and Walsh

Absent: 17 -   Adams, Abrams, Addison, Bolaria-Shifrin, Campos, Clark, Dillon, Ebbs, Hancock, Ikezoe, Jordan, Kirkeby, Littlehale, Levin, Nickens, Planthold, and Shrivastava

4.a.   [20-0474](#)   Approval ABAG Housing Methodology Committee Minutes of January 24, 2020

5. Report on Engagement with Community-Based Organizations

5.a.   [20-0475](#)   Report on Engagement with Community-Based Organizations

Presentation of a summary of what staff heard from residents who participated in focus groups to share their thoughts about regional housing issues and how the RHNA process could help address them.

Leah Zippert gave the report.

The following gave public comment: Rich Hedges.

6. Report on Results of Local Jurisdiction Survey

6.a.   [20-0476](#)   Summary of Local Jurisdiction Survey Results

Presentation of a summary of the information about RHNA factors and fair housing issues that local jurisdiction staff submitted in response to the local jurisdiction survey.

Eli Kaplan gave the report.

The following gave public comment: Michael Cassidy, Dublin.

7. Report on Plan Bay Area 2050 Blueprint Update on Metropolitan Transporation Commission and ABAG Executive Board Direction and on Regional Housing Need Allocation Nexus

7.a.   20-0477   Report on Plan Bay Area 2050 process, including direction from MTC
                         Commission and ABAG Executive Board on the Draft Blueprint growth
                         geographies and strategies as well as next steps to ensure RHNA is
                         consistent with the Plan

                         Update on the Plan Bay Area 2050 process, including Metropolitan
                         Transportation Commission and ABAG Executive Board direction on the
                         Draft Blueprint strategies in February, identification of potential
                         implications for RHNA consistency, and consideration of Housing
                         Methodology Committee next steps.

                         Dave Vautin gave the report.

Lunch / Break

8. Continuation of Discussion of Potential Factors to Include in the RHNA Methodology

8.a.   20-0478   Continuation of the Discussion of Potential Factors to Include in the RHNA
                         Allocation Methodology

                         Presentation of potential RHNA methodology factors that have been
                         refined based on feedback provided at the January meeting and
                         introduction of a tool that allows HMC members to explore combining
                         factors into sample methodologies.

                         Gillian Adams gave the report.

9. Adjournment / Next Meeting

                         Chair Arreguin adjourned the meeting. The next meeting of the ABAG
                         Housing Methodology Committee is on April 9, 2020 (note that due to the
                         COVID-19 emergency, the meeting was canceled).

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	20-0607	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Informational
File created:	4/1/2020		**In control:**	ABAG Housing Methodology Committee
On agenda:	5/14/2020		**Final action:**	
Title:	Potential Approaches for the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	Item 5a 1 Summary Sheet Income Allocation v1.pdf			
	Item 5a 2 Attachment A Income Allocation v3.pdf			

Date	Ver.	Action By	Action	Result

Potential Approaches for the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

Gillian Adams

Information

Association of Bay Area Governments

Housing Methodology Committee

May 14, 2020   **Agenda Item 5.a.**

RHNA Income Allocation

Subject: Potential Approaches for the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

Background: The Association of Bay Area Governments (ABAG), with guidance from the Housing Methodology Committee (HMC), must allocate the Regional Housing Needs Determination (RHND) to the cities and counties in the nine-county Bay Area. The RHND is the total number of housing units assigned to a region by the California Department of Housing and Community Development (HCD). HCD also divides a region's RHND across four levels of housing affordability that correspond to different income categories:

- Very Low Income: households earning less than 50 percent of Area Median Income (AMI)
- Low Income: households earning 50 - 80 percent of AMI
- Moderate income: households earning 80 - 120 percent of AMI
- Above Moderate Income: households earning 120 percent or more of AMI

Ultimately, the HMC will need to recommend a RHNA methodology that both assigns a total number of housing units to each Bay Area jurisdiction and distributes each jurisdiction's allocation among the four affordability levels.

Housing Element Law includes the objective that RHNA "[a]llocat[e] a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category,"[1] meaning the RHNA methodology will in part be assessed by HCD in terms of how the allocation works to counter-balance existing concentrations of wealth or poverty. The RHNA methodology must also improve coordination between the locations of low-wage jobs and housing affordable to low-wage workers (jobs-housing fit) and affirmatively further fair housing, which will require allocating more lower income units to communities that historically have not provided affordable housing.

In **Attachment A**, ABAG staff presents potential approaches for allocating units by income that are aligned with the statutory objectives of RHNA.

---

[1] See California Government Code Section 65584(d).

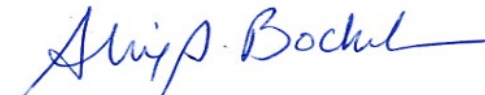|	
May 14, 2020	**Agenda Item 5.a.**

RHNA Income Allocation

Issues: None

Recommended Action: Information

Attachment: A. Income Allocation Memo

Reviewed:

Alix Bockleman

Alix Bockleman

REGIONAL HOUSING NEEDS ALLOCATION

Association of Bay Area Governments

TO: Housing Methodology Committee   DATE: May 14, 2020

FR: Deputy Executive Director, Policy

RE: Options for the Income Distribution Component of the RHNA Methodology

Overview

The Association of Bay Area Governments (ABAG), with guidance from the Housing Methodology Committee (HMC), must allocate the Regional Housing Needs Determination (RHND) to the cities and counties in the nine-county Bay Area. The RHND is the total number of housing units assigned to a region by the California Department of Housing and Community Development (HCD). HCD also divides a region's RHND across four levels of housing affordability that correspond to different income categories. Ultimately, the HMC will need to recommend a Regional Housing Needs Allocation (RHNA) methodology that both assigns a total number of housing units to each Bay Area jurisdiction and distributes each jurisdiction's allocation among the four affordability levels. Jurisdictions in turn must update their housing elements to show how they will accommodate their share of housing needs for each income group.

RHNA Income Categories

A healthy and inclusive housing market is characterized by housing options for a range of workers, family types, and incomes. Both the number of units available is important and the cost at which these units are provided are critically important. For the Bay Area, one of the most expensive housing markets in the country, the urgency of providing a range of housing opportunities is even more pronounced.

Pursuant to state housing element law ([Government Code section 65584](), et seq.), HCD is charged with determining the regional housing needs for the Bay Area for the period from 2023 to 2031. HCD divides the region's housing need among four separate income groups:

- **Very Low Income**: households earning less than 50 percent of Area Median Income (AMI)
- **Low Income**: households earning 50 - 80 percent of AMI
- **Moderate Income**: households earning 80 - 120 percent of AMI
- **Above Moderate Income**: households earning 120 percent or more of AMI

ABAG has not yet received the RHND from HCD; this is anticipated to occur in the next one to two months. In lieu of the RHND, Table 1 shows the distribution of Bay Area households by income from the most recent Census Bureau data for reference purposes.

Table 1 Bay Area Households, By Major Income Group

Income Group	Income Limit	Households	Percent
Very Low Income	0 - $47,350	678,673	25.3%
Low Income	$47,351 - $75,760	411,670	15.3%
Moderate Income	$75,760 - $113,640	459,169	17.1%
Above Moderate Income	$113,640 +	1,136,896	42.3%

Source: U.S. Census Bureau, American Community Survey PUMS data, 2018 5-year release

Considerations for the Income Allocation

The Bay Area is a large and complex region: close to 8 million people reside in 109 jurisdictions across a 7,000 square mile geography with a number of distinctive subregions and economies. The region contains a range of community types and economic situations, with some communities encompassing a range of income groups, while others skew to either the low-income or high-income side of the spectrum.

Housing Element Law includes the objective that RHNA "[a]llocat[e] a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category,"[1] meaning the RHNA methodology will in part be assessed by HCD in terms of how the allocation works to counter-balance existing concentrations of wealth or poverty. As noted in previous HMC meetings, meeting this objective will require that the RHNA methodology direct market-rate units to jurisdictions that currently have a higher concentration of lower-income households, which could exacerbate the potential for displacement of existing residents. The RHNA methodology must also improve coordination between the locations of low-wage jobs and housing affordable to low-wage workers (jobs-housing fit) and affirmatively further fair housing, which will require allocating more lower income units to communities that historically have not provided affordable housing.

Examples of Income Allocation Methodologies from Other Regions

At the December 2019 HMC meeting, ABAG staff presented a summary of the methodologies created by other regions for the current RHNA cycle, as well as ABAG's methodology for the previous RHNA cycle (2015-2023).[2] Although these RHNA methodologies differ substantially, they have primarily used one of two approaches for the income allocation: an income shift or an income shift modified by equity-focused factors. These two approaches are described below.

Income Shift *– used by the San Diego region[3] this cycle and by ABAG last cycle[4]*

In this approach, a jurisdiction's distribution of households by income is compared to the distribution for the region or county the jurisdiction is in. The jurisdiction's allocation of units by income category is then adjusted so the jurisdiction will move toward the region's income distribution over time. Thus, jurisdictions that have a higher percentage of existing households in a given income category compared to the region receive a smaller share of units in that income category. In some cases, the income shift multiplier applied to a jurisdiction varies based on how much the jurisdiction's household income distribution differs from the region or county.

In the simplest example, ABAG's 2015-2023 RHNA methodology moved each jurisdiction's income distribution 175 percent toward the region's income distribution. A 100 percent shift means a jurisdiction's allocation of units by income category mirrors the region's existing income distribution. The 175 percent shift would close the gap between a jurisdiction's income distribution and the region's distribution more quickly. The first step in this calculation is to

---

[1] See California Government Code Section 65584(d).
[2] See this document from the December 2019 HMC meeting agenda packet.
[3] See page 6 of the San Diego Association of Governments RHNA methodology document.
[4] See pages 11-12 of ABAG's *Final Regional Housing Need Plan for the San Francisco Bay Area: 2015–2023*.

compare a jurisdiction's share of households in each income category to the region's share of households in that income category. The difference between the region and the jurisdiction is then multiplied by 175 percent to create an adjustment factor. The adjustment factor is added to the jurisdiction's existing proportion of households in the income category to determine the total share of the jurisdiction's housing unit allocation for that income category. Figure 1 shows a visual representation of the income shift from ABAG's last RHNA methodology. This process is repeated for each of the four income categories. The result is that a jurisdiction with a higher proportion of households in an income category compared to the region receives a smaller allocation of housing units in that same category, and vice versa.

Figure 1 Income Shift from ABAG 5th Cycle RHNA Methodology
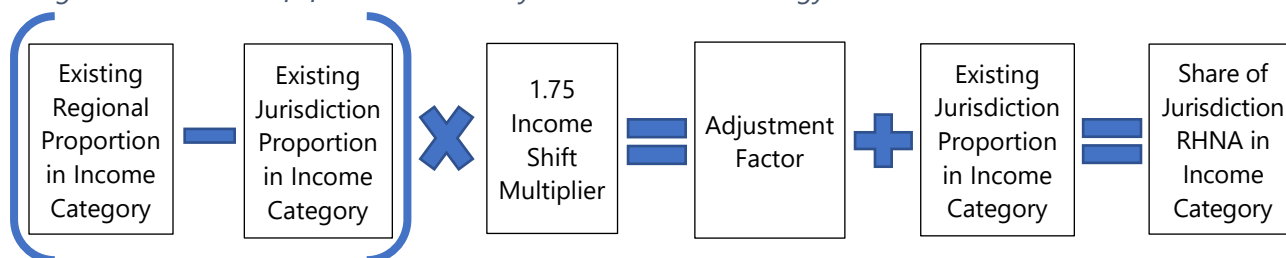
Income Shift Plus Equity-Focused Factors *– used by the Los Angeles and Sacramento regions*
This approach uses an income shift approach conceptually similar to the one described above paired with other factors related to affirmatively furthering fair housing and improving jobs-housing fit. After the jurisdiction is compared to the region or county, the factors included in the methodology are used to increase or decrease the amount that the jurisdiction's income distribution is adjusted. The factors used by the Sacramento region's income methodology are the share of housing units in high opportunity areas, as defined by the State's Opportunity Map, and a jurisdiction's jobs-housing fit ratio.[5] Jurisdictions receive more very low- and low-income units if they have a higher share of housing units in high opportunity areas or a higher ratio of low-wage workers to housing units affordable to those workers.

In the Los Angeles region's income methodology,[6] a larger income shift multiplier is applied to a jurisdiction where more than 70 percent of the population lives in "high segregation and poverty"/"low resource" or "highest resource" census tracts as defined by the State's Opportunity Map.[7] Notably, the potential methodologies developed by the HMC in March 2020 include equity-focused factors related to high opportunity areas and jobs-housing fit in the determination of a jurisdiction's total allocation, while other regions use these equity-focused factors solely in the income allocation.

---

[5] See pages 29-34 of the Sacramento Area Council of Governments RHNA methodology document.
[6] See pages 13-17 of the Southern California Association of Governments RHNA methodology document.
[7] For more information on the Opportunity Map, see pages 10-13 of this document from the March 2020 HMC meeting's agenda packet.

Potential Approaches to the Income Allocation

ABAG staff has developed three relatively distinct methodological approaches to the income distribution component of RHNA, described in more detail below. The first two—the income shift and factor-based approach—are aligned with the methodologies used by other regions. Both approaches are proposed to be applied as a second step in the allocation process, after the use of a factor-based methodology to determine a jurisdiction's total allocation. The third approach would take an entirely different tack and use different weights and/or factors for different income categories, with the sum of the results for the four income categories determining a jurisdiction's total allocation.

Approaches A and B: Income Methodologies that are Applied to the Total Allocation

At the March HMC meeting, committee members used an [online visualization tool](#) to experiment with different factors-based methodologies for allocating a total number of housing units to jurisdictions based on a hypothetical RHND. Figure 2 shows the three methodology options developed during the small group discussions that received the most votes from HMC members and members of the audience.[8] As noted above, these potential methodologies developed by the HMC include equity-focused factors in the determination of a jurisdiction's total allocation, while other regions' methodologies for the current RHNA cycle do not use equity-focused factors for this purpose. The other regions relied on either the long-range regional plan or factors related to jobs and transit to determine a jurisdiction's total allocation, while using equity-focused factors related to affirmatively furthering fair housing and jobs-housing fit solely in the income allocation.

*Figure 2 Comparison of Top Three Methodology Options from March 2020 HMC Meeting*

---
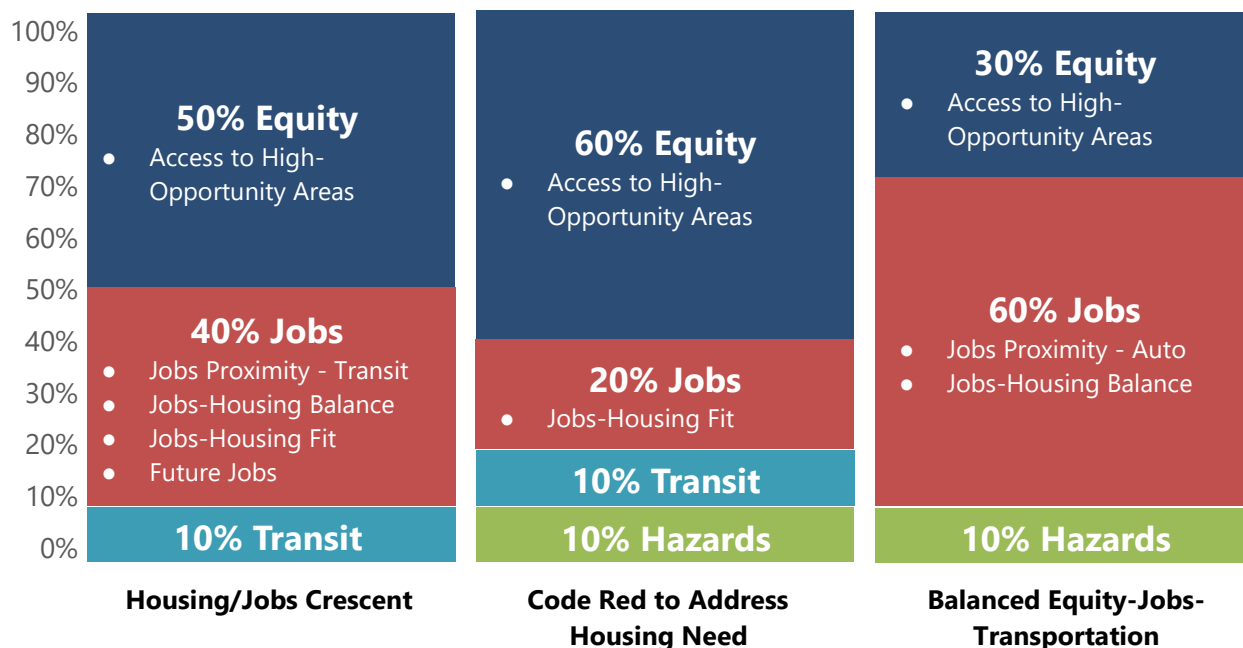
[8] See the [summary of the initial methodology options from the March HMC meeting](#).

Approach A: Income Shift Applied to Total Allocation
This approach resembles the income allocation method from ABAG's 2015-2023 RHNA, using an income shift approach where the local and regional income distributions are compared. For this approach, the income allocation shifts the local distribution closer to or beyond the regional distribution, depending on the income shift multiplier. In the last cycle, the income shift multiplier used by ABAG was 175 percent (see Figure 1 for more information on how the income shift multiplier impacts the income allocation). In theory, setting the income shift multiplier above 100 percent could close the gap between a jurisdiction's income distribution and the region's distribution in a shorter period of time, but this more aggressive shift could also increase the potential for displacement by directing more market-rate units to jurisdictions with higher proportions of existing lower-income households. To illustrate the shift approach on cities with different income profiles, Figure 3 shows the effect of using an income shift approach with a 175 percent multiplier. City A is a relatively high-income city with good access to jobs. City B has a lower income profile, with less job access. City C is somewhere in between, falling close to the regional income distribution. We will use these same sample cities to illustrate how they fare with each income allocation approach.

Figure 3 Hypothetical Example of Income Shift Approach, Using 175 Percent Multiplier
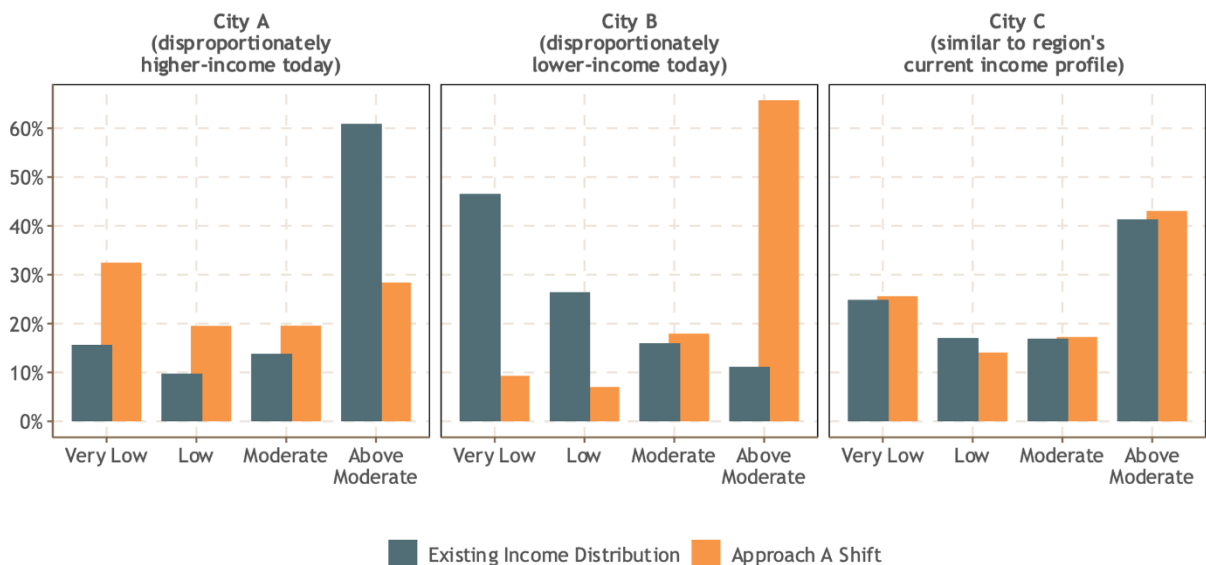
This approach directly addresses the state objective of "[a]llocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category."[9] A smaller shift than 175 percent is also possible and may be appropriate given HMC members' previously stated concerns about assigning large numbers of above moderate-income housing in lower income jurisdictions at risk of gentrification.

---

[9] See California Government Code Section 65584(d)(4).

*Approach B: Using Factors Applied to Total Allocation*
Similar to Approach A, this option is also applied after determining a jurisdiction's total allocation using a factor-based methodology. In this income allocation approach, factors are used to assign units for the lower two income groups (very low- and low-income units). As an initial example, staff used the *Jobs-Housing Fit* and *High Opportunity Areas factors*. The *Jobs-Housing Fit* factor specifically relates to the relationship between lower-wage workers and housing units affordable to those workers and the *High Opportunity Areas* factor affirmatively furthers fair housing by assigning more lower-income units to high opportunity areas, both objectives call for in Housing Element law.[10] As noted earlier, other regions often paired the factor-based approach with the income shift. However, these are approaches are not dependent on one another, and ABAG is presenting them independently to make them easier to understand.

In this approach, each jurisdiction starts with the same income distribution, as determined by HCD for the RHND. A jurisdiction's share of units in the lower income categories is then adjusted up or down based on whether a city has relatively high or low scores compared to the region for the *Jobs-Housing Fit* and *High Opportunity Areas factors*. ABAG staff capped a jurisdiction's adjustment from the RHND income distribution at 30 percent (15 percent for each of the two factors). Once the total share of lower income units is determined, the remainder of a jurisdiction's units (as determined by the total allocation methodology) are assigned to the higher income categories (moderate- and above moderate-income units). Once these totals are set, the allocation is disaggregated into the four income categories using shares from the regional income distribution.

Figure 4 shows the effect of this factor-based income approach for three hypothetical cities with different income profiles. Both City A (higher income) and City C (average income) received the same income distribution, which demonstrates the impact of the cap that limits the extent to which the distribution can deviate from the regional distribution. Setting this cap at a different level would potentially result in different outcomes.

---

[10] See California Government Code Section 65584(d)(3) and (5).

Figure 4 Hypothetical Example of Factor-Based Income Allocation Approach
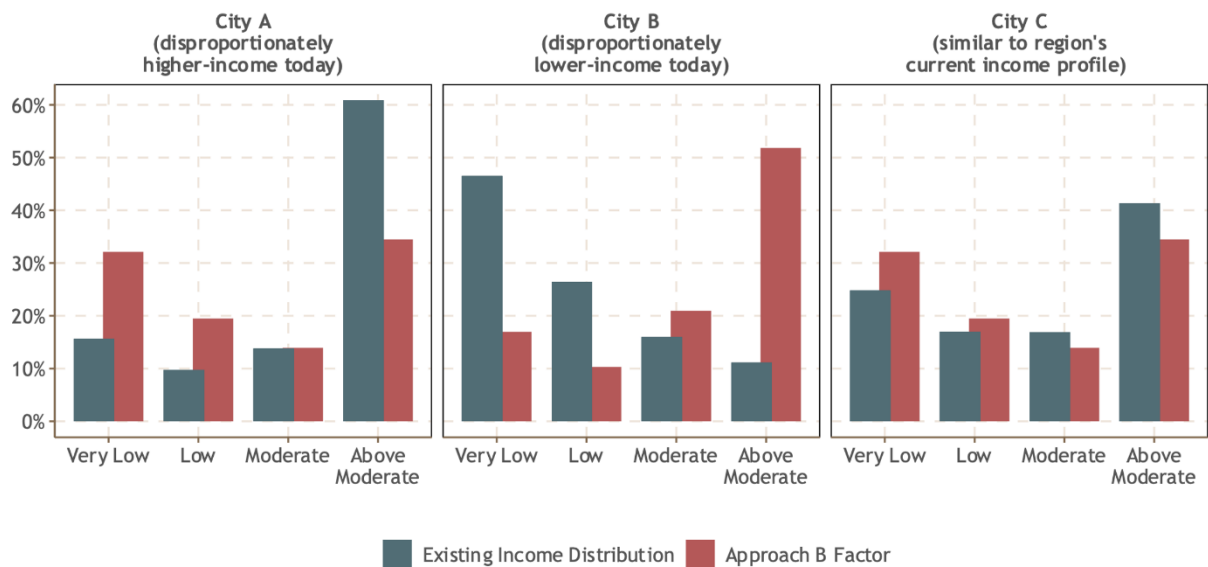
Approach C: Using Bottom-Up Income Allocation to Build the Total Allocation

In contrast to Approaches A and B, this income allocation approach does not start with a total allocation assigned with a factor-based methodology. Instead, this approach uses factors to determine allocations for the four income categories, and the sum of these income group allocations represents a jurisdiction's total allocation. Factors and weights could be modified, as appropriate, by the HMC. As an initial example, ABAG staff used the *Jobs-Housing Fit* and *High Opportunity Areas* factors to determine the allocation of lower income units (very low- and low-income) and the *Jobs-Housing Balance* and *Job Proximity-Auto* factors to determine the allocation of higher income units (moderate- and above-moderate income).[11] A jurisdiction's income distribution is determined based on how the jurisdiction scores relative to the rest of the region on the selected factors. The jurisdiction's total allocation is calculated by summing the results for each income category.

As noted above for Approach B, the *Jobs-Housing Fit* factor specifically relates to the relationship between lower-wage workers and housing units affordable to those workers and the *High Opportunity Areas* factor supports affirmatively further fair housing by assigning more lower-income units to high opportunity areas. The *Jobs-Housing Balance* and *Job Proximity-Auto* are included because of their emphasis on the relationships between housing and jobs for moderate- and higher-income households. While many other combinations of factors are possible, staff selected these factors to make this approach conceptually similar to Approach B for a more meaningful comparison.

---

[11] These factors used the same definitions and methodology as those used in the total income allocation.

Figure 5 Hypothetical Example of Bottom-Up Income Allocation Approach

Similarities and Differences of the Potential Income Methodology Approaches

The approaches represent different ways to distribute a jurisdiction's RHNA across the four income categories. Approaches A and B both start with a total allocation and then divide it into income groups. Approach A uses an income shift multiplier to bring a jurisdiction's income distribution toward the regional income distribution. Approach B, however, relies on how a jurisdiction scores relative to the region on two factors (high opportunity areas and jobs-housing fit), which impacts the allocation of lower income units. Approach A may be the simpler and more mechanical approach: it does not use factors and focuses solely on rebalancing income distributions in jurisdictions. Approach B, on the other hand, uses factors to move the income distribution rather than just shifting it towards the regional distribution.

Unlike the first two options, Approach C does not start with a total allocation created by a factor-based methodology. While it uses the same factor-based data as the other approaches, Approach C could become more complex since the HMC needs to select factors and weights for each of the four income groups. Consequently, Approach A may be preferable for having a more standardized method for assigning the total allocations to jurisdictions. However, Approach C may offer more control over the allocations to individual income groups within jurisdictions. Approach B represents somewhat of a hybrid of the other two: this approach builds off a factor-based methodology for total allocation like Approach A, but offers more flexibility than Approach A's straightforward income shift.

Table 2 Summary of Benefits and Drawbacks for Income Allocation Approaches

Income Allocation Approach	Benefits	Drawbacks
Approach A: Income Shift	• Builds on work HMC has already done on total allocation • Allows narrative focus to be on factors for total allocation • Simpler concept, easier to explain • Directly related to statutory objective • Multiplier can be adjusted to complement underlying total allocation methodology	• Does not include ability to finetune income allocations based on factors
Approach B: Factor-Based	• Builds on work HMC has already done on total allocation • Retains the two-step methodology approach of total income first, then income allocation, which may be more familiar from other RHNA methodologies • Allows opportunity to finetune results for a particular income category	• Using factors also included in the total allocation methodology may result in overweighting those factors • Additional complexity compared to Income Shift Approach may not be warranted, given that equity-related factors already included in total allocation
Approach C: Bottom-Up	• Allows more fine-grained control over allocations for a particular income category • Could be simpler than Approach B, depending on number of factors used	• New approach that departs from work HMC has done to date • Could be more complex, depending on number of factors used

Next Steps

At the May HMC meeting, committee members will have an opportunity to use the online visualization tool to apply the income shift approach to hypothetical total allocation methodologies and explore the impact of selecting different income shift multipliers (Approach A). Staff will also seek feedback from the committee about pursuing the other approaches presented here.

Metropolitan Transportation Commission

Legislation Details (With Text)

File #:	20-0608	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Informational
File created:	4/1/2020		**In control:**	ABAG Housing Methodology Committee
On agenda:	5/14/2020		**Final action:**	
Title:	Potential Metrics for Evaluating RHNA Methodology Options			
Sponsors:				
Indexes:				
Code sections:				
Attachments:	Item 6a 1 Summary Sheet Evaluation Metrics v1.pdf			
	Item 6a 2 Attachment A Evaluation Metrics v3.pdf			

Date	Ver.	Action By	Action	Result

Potential Metrics for Evaluating RHNA Methodology Options

Gillian Adams

Information

May 14, 2020	**Agenda Item 6.a.**

RHNA Methodology Evaluation Metrics

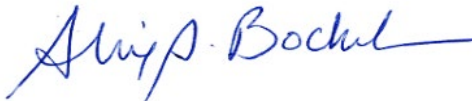|	
Subject:	Potential Metrics for Evaluating RHNA Methodology Options
Background:	Since developing the Regional Housing Need Allocation (RHNA) methodology is a complex process, it can be beneficial to identify metrics that can be used to evaluate different methodology options developed by the Housing Methodology Committee (HMC). The purpose of these metrics is to inform the HMC's decisions during the methodology development process about how to effectively balance the broad array of RHNA policy goals. These metrics can also ensure that any proposed methodology will meet the statutory RHNA objectives and further regional planning goals.
	In **Attachment A**, ABAG staff has developed a set of potential metrics for evaluating RHNA methodology options that are aligned with the statutory objectives of RHNA. Staff is looking for feedback at this time, prior to their use at future meetings.
Issues:	None
Recommended Action:	Information
Attachment:	A. Evaluation Metrics Memo
Reviewed:	Alix Bockleman

TO: Housing Methodology Committee   DATE: May 14, 2020

FR: Deputy Executive Director, Policy

RE: Potential Metrics for Evaluating the RHNA Methodology

Overview

The Housing Methodology Committee's (HMC) objective is to recommend an allocation methodology for dividing up the Bay Area's Regional Housing Need Determination among the region's jurisdictions. This Regional Housing Needs Allocation (RHNA) methodology is a formula that calculates the number of housing units assigned to each city and county, and the formula also distributes each jurisdiction's housing unit allocation among four affordability levels. ABAG will submit the methodology to the Department of Housing and Community Development (HCD) for approval, and HCD will determine whether the methodology furthers the five objectives identified in Housing Element Law.

Developing the methodology is a complex process; therefore, staff proposes to identify metrics that can be used to evaluate different methodology options developed by the HMC. These metrics can help ensure that any proposed methodology will meet the statutory RHNA objectives and further regional planning goals. The five RHNA statutory objectives embody many different policy goals, some of which are not always aligned with each other. One purpose of these metrics is to inform the HMC's decisions about how to effectively balance these goals while developing a methodology that meets the required objectives.

Importantly, any evaluation metrics the HMC chooses need to reflect the narrow scope of RHNA. The primary role of the RHNA methodology is to encourage a regional pattern of housing growth for the Bay Area, and RHNA does not play a role in identifying specific locations within a jurisdiction that will be zoned for housing. Accordingly, this memo presents options for evaluation metrics that can assess whether a methodology furthers the statutory objectives and other high priority regional policy goals directly related to RHNA. Staff seeks the HMC's feedback on what measures might be the most relevant or helpful for evaluating potential RHNA methodologies.

Potential Evaluation Framework for the RHNA Methodology

Staff has developed a set of potential metrics for evaluating RHNA methodology options suggested by the HMC (Tables 1 and 2). In the tables below, each statutory objective has been reframed as a question to help the HMC assess how well a methodology option achieves state requirements and regional planning goals. The wording of the question reflects the language the statute uses to define the objectives.[1] Each statutory objective is accompanied by potential quantitative metrics for evaluating the allocation produced by a methodology. This question-oriented evaluation framework can assist the HMC with developing a cohesive narrative for

---

[1] See California Government Code Section 65584(d).

explaining how a methodology produces optimal outcomes for the region and achieves the objectives required by law.

Metrics Identified by HCD
At the January 2020 HMC meeting, staff presented an overview of the analysis conducted by HCD in evaluating the RHNA methodologies completed by other regions in California. Staff reviewed the approval letters HCD provided to the Sacramento Area Council of Governments (SACOG), San Diego Association of Governments (SANDAG), and Southern California Association of Governments (SCAG).[2] In these letters, HCD describes how the RHNA methodologies further each of the five statutory objectives. While the letters do not provide specific measures for evaluating the methodologies, these documents give a sense of the criteria HCD will use to determine whether the draft methodology selected by ABAG sufficiently achieves the statutory objectives.[3]

The metrics in Table 1 come directly from statements HCD made in the letters to SACOG, SANDAG, and SCAG explaining why their methodologies achieve the statutory objectives. HCD's explanations vary across the letters and mention some metrics more consistently than others. Table 1 notes which metrics appear in all three letters sent by HCD.

In addition to considering the metrics identified in HCD's letters, the HMC may wish to incorporate additional measures for evaluating proposed RHNA methodologies. Table 2 presents evaluation metrics developed by staff related to Objective 2[4], Objective 5[5], and a possible new sixth objective (pending state legislation, more details provided below). In its letters to other regions, HCD discussed how RHNA methodologies achieved Objective 2 by either aligning with the existing locations of jobs and transit or by being based on long-range regional plans, similar to Plan Bay Area 2050. ABAG staff wanted to provide the HMC with more specific quantitative measures for assessing whether a methodology achieves this objective, which are listed in Table 2. The paragraphs below provide more context for the metrics in Table 2 related to Objective 5 and the pending sixth objective.

Additional Metrics for Fair Housing and Racial Equity
One of the statutory objectives for RHNA is that the methodology must affirmatively further fair housing. Housing Element Law defines affirmatively furthering fair housing as:

> "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to

---

[2] For copies of letters HCD sent to other regions, see this document from the January 2020 HMC meeting agenda packet.
[3] For a summary of the evaluation metrics alluded to in the HCD letters, see this document from the January 2020 HMC meeting agenda packet.
[4] Objective 2 is "Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board." See California Government Code Section 65584(d)(2) for more information.
[5] Objective 5 is "Affirmatively furthering fair housing." See California Government Code Section 65584(d)(5) for more information.

opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws."[6]

HCD's discussion of affirmatively furthering fair housing in its letters to SACOG, SANDAG, and SCAG centers solely on data from the Opportunity Map produced by the California Tax Credit Allocation Committee (TCAC) and HCD. HCD's evaluation of whether other regions' methodologies further this objective focused on whether a methodology directs lower income RHNA to jurisdictions with a high percentage of households living in census tracts labelled High Resource or Highest Resource on the Opportunity Map.[7] However, the HMC could use other evaluation metrics—in addition to the Opportunity Map scores—to ensure the RHNA methodology has a maximum impact on overcoming patterns of segregation and fostering inclusive communities. For example, some HMC members and community stakeholders have expressed interest in evaluation metrics that consider racial segregation more explicitly and specifically focus on areas with housing markets characterized by socioeconomic and racial exclusion. The metrics in Table 2 accompanying Objective 5 reflect this input from stakeholders as well as staff's interpretation of statutory language related to affirmatively furthering fair housing.

Pending Addition of Sixth Statutory Objective
Senate Bill 182 (Jackson) would add a new RHNA objective to Housing Element Law and add wildfire risk to the list of factors that must be considered for the RHNA methodology. Indications are that this bill will be passed this year and apply to this RHNA cycle for ABAG. Although the bill includes specifics about addressing fire risks, nothing in the bill prohibits ABAG from considering wildfire risk in addition to other hazards. Additionally, throughout the methodology development process, the HMC has expressed an interest in minimizing the number of households who face high risk from natural hazards. Hazard risk reduction is also a priority within ABAG/MTC's long-range planning efforts. Table 2 proposes a metric related to this potential sixth objective that uses the revised ABAG/MTC Multi-Hazard Index presented to the HMC at its March 2020 meeting.[8]

---

[6] See California Government Code Section 65584(d).

[7] For more information on the Opportunity Map, see pages 10-13 of this document from the March 2020 HMC meeting's agenda packet.

[8] For more information on the revised ABAG/MTC Multi-Hazard Index, see pages 14-15 of this document from the March 2020 HMC meeting's agenda packet.

Table 1. Metrics Based on HCD's Evaluation of Other Region's Methodologies

*Metrics highlighted in **bold** with asterisks (**) appear in all three letters sent by HCD to other regions.

Statutory Objective	Possible Metric	Data Source
Objective 1: Does the allocation increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner?	**1a. Higher percentage of RHNA as lower income units for jurisdictions with the highest housing costs**	Census ACS for 2014-2018
	1b. Higher percentage of RHNA as lower income units for jurisdictions with highest percent of single-family homes	Census ACS for 2014-2018
Objective 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets?	2a. Higher percentage of RHNA total unit allocations to jurisdictions with highest percentage of the region's jobs	MTC, Census LEHD for 2017
Objective 3: Does the allocation promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low wage workers in each jurisdiction?	3a. Higher percentage of RHNA as lower income units for jurisdictions with the highest ratio of low-wage jobs to housing units affordable to low-wage workers	MTC, Census ACS for 2014-2018, Census LEHD for 2017
Objective 4: Does the allocation direct a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category?	4a. Lower percentage of RHNA as lower income units for jurisdictions with a higher share of lower-income households[9]	Census ACS for 2014-2018
	4b. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households[10]	Census ACS for 2014-2018
Objective 5: Does the allocation affirmatively further fair housing?	**5a. Higher percentage of RHNA as lower income units for jurisdictions with the most households in High Resource/Highest Resource tracts**	HCD/TCAC 2020 Opportunity Maps

---

[9] Lower-income households includes households in the very low- and low-income groups (<80% of Area Median Income).

[10] Higher-income households includes households in the moderate- and above moderate-income groups (>=80% of Area Median Income).

Table 2. Additional Evaluation Metrics Proposed by ABAG Staff

Statutory Objective	Possible Metric	Data Source
Objective 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets?	2b. Higher RHNA total unit allocations for jurisdictions with the highest percent of the region's total Transit Priority Area acres	MTC
	2c. Percentage of jurisdictions whose RHNA housing growth through 2031 is less than or equal to housing growth projected in Plan Bay Area 2050 through 2050	MTC
Objective 5: Does the allocation affirmatively further fair housing?	5b. Higher percentage of RHNA total unit allocations compared to the jurisdiction percentage of regional households, calculated for jurisdictions with a higher share of higher-income households with highest divergence scores	Census ACS for 2014-2018
	5c. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households with highest divergence scores	Census ACS for 2014-2018
Objective 6 *(pending state legislation)*: Does the allocation promote resilient communities, including reducing development pressure within very high fire risk areas?	6a. Lower total units allocated per household for jurisdictions with highest percent of urbanized area at high risk from natural hazards[11]	MTC; Census ACS for 2014-2018; USGS liquefaction susceptibility; CAL FIRE FRAP LRA/SRA data; FEMA (flood zones), Alquist-Priolo Fault Zones (California Geological Survey)

Next Steps

ABAG staff has added many of the proposed evaluation metrics to the online visualization tool (https://rhna-factors.mtcanalytics.org) to enable users to evaluate different methodology options. HMC members will have an opportunity at the May meeting to assess the three methodology options created in March as a starting place for exploring the use of these metrics. Staff will be seeking feedback about the metrics prior to their use at future meetings.

---

[11] For more information ABAG/MTC Multi-Hazard index used to assess hazard risk, see pages see pages 14-15 of this document from the March 2020 HMC meeting's agenda packet.

File #:	20-0808	**Version:** 1	**Name:**	
Type:	Report		**Status:**	Informational
File created:	5/7/2020		**In control:**	ABAG Housing Methodology Committee
On agenda:	5/14/2020		**Final action:**	
Title:	Small Group Discussions on Income Allocation Methodology and Methodology Evaluation Metrics			
Sponsors:				
Indexes:				
Code sections:				
Attachments:				

Date	Ver.	Action By	Action	Result

Small Group Discussions on Income Allocation Methodology and Methodology Evaluation Metrics

Gillian Adams

Information