



Bay Area Metro Center  
375 Beale Street  
Suite 700  
San Francisco, California

## Meeting Agenda - Final

### ABAG Housing Methodology Committee

*Chair, Jesse Arreguin, Mayor, City of Berkeley*

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Friday, June 19, 2020

10:00 AM

Remote

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#### Association of Bay Area Governments Housing Methodology Committee

The ABAG Housing Methodology Committee will be meeting on June 19, 2020, 10:00 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/99744704659>

Join by Telephone: 888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 997 4470 4659

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

Committee members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial "\*9".

In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public may participate by phone or Zoom or may submit comments by email at [info@bayareametro.gov](mailto: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 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, Welton Jordan, Brandon Kline, Jeffrey Levin, Scott Littlehale, Tawny Macedo, 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. [20-0898](#) ABAG Housing Methodology Committee Chair's Report for June 19, 2020

**Action:** Information

**Presenter:** Jesse Arreguin

**Attachments:** [Item 3a 1 HMC Meeting #6 Notes.pdf](#)  
[Item 3a 2 Correspondence from HMC Members.pdf](#)  
[Item 3a 3 Presentation v3.pdf](#)

## 4. Consent Calendar

- 4.a. [20-0899](#) Approval of ABAG Housing Methodology Committee minutes of May 14, 2020

**Action:** Approval

**Presenter:** Clerk of the Board

**Attachments:** [Item 4a Minutes 20200514 Draft.pdf](#)

## 5. Income Allocation

- 5.a. [20-0931](#) Further Discussion of the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

**Action:** Information

**Presenter:** Gillian Adams

**Attachments:** [Item 5a 1 Summary Sheet Income Allocation.pdf](#)  
[Item 5a 2 Attachment A Income Allocation.pdf](#)

## 6 Housing Methodology Committee Progress and Next Steps

6.a. [20-0932](#) Summary of HMC Progress to Date and Preview of Next Steps

Action: Information

Presenter: Gillian Adams

Attachments: [Item 6a 1 Summary Sheet Progress Summary and Next Steps.pdf](#)

## 7. Adjournment / Next Meeting

*The next special meeting of the ABAG Housing Methodology Committee is on July 9, 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](http://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.

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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.



**ABAG**

# Metropolitan Transportation Commission

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## Legislation Details (With Text)

**File #:** 20-0898      **Version:** 1      **Name:**

**Type:** Report      **Status:** Informational

**File created:** 5/29/2020      **In control:** ABAG Housing Methodology Committee

**On agenda:** 6/19/2020      **Final action:**

**Title:** ABAG Housing Methodology Committee Chair’s Report for June 19, 2020

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Item 3a 1 HMC Meeting #6 Notes.pdf](#)  
[Item 3a 2 Correspondence from HMC Members.pdf](#)  
[Item 3a 3 Presentation v3.pdf](#)

Date	Ver.	Action By	Action	Result
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ABAG Housing Methodology Committee Chair’s Report for June 19, 2020

Jesse Arreguin

Information



# MEMO

To: RHNA HMC Team  
From: Civic Edge Consulting  
Date: May 20, 2020  
RE: May 14, 2020 HMC Meeting #6 Notes



## Meeting Info

HMC Meeting #6  
Thursday, May 14, 2020  
Zoom Conference Webinar

## Meeting Notes by Agenda Item

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

### 2. Public Comment on Items not on Agenda

- **Tim Frank:** Stated that the HMC must expedite spending on public funding for affordable housing to quell the recession imposed due to the public health crisis. Expressed that funds could be made available through existing bonding capacity.
- **Written Comment:** Poster expressed concerns of overpopulation. Posted the evening prior to the meeting.

### 3. Chair's Report – Jesse Arreguín

### 4. Consent Calendar

### 5. Income Allocation: Potential Approaches for the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology – Gillian Adams (*Information Item*)

### HMC Member Questions/Comments – Clarifying Questions

- **Aarti Shrivastava:** Asked if it was possible to test the methodology using existing data prior to a decision being made.
  - **Gillian Adams:** Expressed that staff would use an online visualization tool later in the meeting to give an idea of how the methodologies work and what impacts they have on allocations. Further articulated that data are not finalized.

- **Jane Riley:** Requested clarification regarding the unincorporated areas doubling or tripling their allocation. Also asked which of the scenarios best match what the Sacramento region ended up doing.
  - **Adams:** Stated that the staff was in the process of reviewing the impacts on unincorporated areas and that there was further clarification to come at a future meeting. Also responded that Sacramento landed on approach B, a mix of income shift and other factors assigning low and very low-income units.
- **Josh Abrams:** Asked whether the total amount of housing allocated would change between options A and B depending on the distribution.
  - **Adams:** Responded that for Approaches A and B the total allocation would be fixed because it comes from the total allocation methodology. These approaches affect the income distribution within the total allocation but they do not affect the total itself. This is the distinction between these approaches and Approach C, as allocating by income with Approach C also affects the total a jurisdiction receives.
- **Matt Regan:** Asked when the needs determination was expected.
  - **Adams:** Stated they expected in either June or July.
- **Bob Planthold:** Asked what constituted a disproportionate share of housing in a certain level of income between cities.
  - **Adams:** Responded it was based upon a greater or lesser share than the regional average.
- **Noah Housh:** Asked whether the percentages labeled on the graphs were based on growth over existing housing numbers or purely percentages of potential allocations.
  - **Adams:** Responded that the graphs comparing results by county showed a share the county receives, relative to the total allocation.
- **Housh:** Asked how unincorporated areas became identified for potential growth.
  - **Adams:** Responded that they were explicitly called out in the presentation because staff disaggregated areas within the region to show how they were impacted. Unincorporated areas were not specifically targeted for growth.
- **Monica Brown:** Asked when it comes to the median income, are outliers dropped out?
  - **Aksel Olsen:** Stated that they did not filter out outliers, and that because a median was used, it is less susceptible to being distorted by outliers.

#### Comments from Zoom Chat

- **Michael Brilliot:** I am sorry which funds did Jesse said could be cut?
- **Rodney Nickens:** The money for the REAP/LEAP grants.
- **Brilliot:** yes
- **Victoria Fierce:** I can see them
- **Dave Vautin:** It's working



- **Planthold:** Question already sent to Gillian, alone. Give numerical examples of "disproportionate" when it comes to the 3rd requirement.
- **Rupinder Bolaria-Shifrin:** +1 to that comment on testing with actual numbers!
- **Housh:** Are the percentages labeled on the graphs based on growth over existing housing numbers or purely percentages of potential allocations?
- **Paisley Strellis:** Thank you, Noah! I will share that with Amber
- **Housh:** How did unincorporated areas become a specific area being targeted/identified for growth? This was never part of previous discussions or information presented on potential growth options.
- **Strellis:** Thank you Noah!
- **Vautin:** Gillian, I can chime in on unincorporated if you would like. Seeing 1 or 2 more questions on this.
- **Darin Ranelletti:** Unfortunately I have to temporarily leave the meeting right now. I will rejoin at 11:00 a.m.
- **Housh:** To date, the HMC has had no input on the BMR unit allocation and I have significant concerns over how far the process seems to have gone without HMC input. The presentation makes it seem as if a number of decisions on this allocation mix have been made without any HMC input. This should be taken back to baseline and built up AFTER and BASED ON HMC input.
- **Fierce:** I feel like we have given extensive input on this. Our last meeting we voted on the various methodologies and I see the results of that reflected in this presentation
- **Bolaria-Shifrin:** Agree with Victoria. Also nothing has been decided on placement of BMR or any units to date.
- **Housh:** Displacement of lower income families absolutely needs to be considered in discussions of allocation of market rate units.
- **Jeff Levin:** I agree too. The purpose of today's meeting is to start the discussion on income allocation (including BMR). We've seen some possible approaches but no decision.
- **Fierce:** absolutely. I've made several comments on the record to that effect in previous meetings

### Public Comment

- **Aaron Eckhouse,** Regional Organizing Director for California YIMBY: Stated that they wanted to echo statements about the importance of including equity factors in both the total allocation and income allocation, since using these factors in the total allocation will strengthen the degree to which this process meets the requirement to affirmatively further fair housing. Also stated that they thought an income shift factor of 100% would meet the statutory requirement to address existing disproportionate income distributions and ensures there is housing of all kinds in all communities, as every community across the Bay Area needs more affordable housing and has opportunities where they can support market rate development.
- **David Early:** Wanted to understand whether using the tool to show possible allocations would occur in the Zoom meeting with members of the public or take place in the small groups that do not include the public.



- **Shajuti Hossain, Law Fellow at Public Advocates:** Stated that they echo staff's concerns mentioned in the agenda packet about elevated gentrification and displacement risk with the 175% income shift multiplier. Asked for HMC to consider this when working in the small groups.
- **Tim Frank:** Noted that they echo Shajuti's comments. Also noted that some unincorporated areas lie within urban settings.

## 6. Methodology Evaluation: Potential Metrics for Evaluating RHNA Methodology Options – Gillian Adams (Information Item)

### HMC Member Questions/Comments – Clarifying Questions

- **Shrivastava:** Asked whether it was possible for staff to combine metrics related to single-family homes and highest housing costs in order to address both housing costs and lower densities.
  - **Adams:** Stated that it might be possible and is something that would be worth discussing in the small groups.
- **Levin:** Asked a clarifying question regarding metrics for objective 5 and whether metrics 5A and 5C look at the share of a city's allocation that is lower income units while 5B looks at how the total allocation is divided among cities.
  - **Adams:** Stated that metrics 5A and 5C look at the share of lower income units, and 5B looks at how a jurisdiction's total allocation relates to the jurisdiction's share of the region's population.
  - **Levin:** Expressed concern with metrics 5A and 5C that we could see a significant income shift but in a jurisdiction with fairly low numbers of housing overall it would be such a small number of lower income units that it would not really have a significant impact on fair housing issues for the region. 5B actually looks at whether we are giving high opportunity jurisdictions larger numbers in the first place, which more directly gets at the issue.
- **Pat Eklund:** Asked about the divergence index scores in metrics 5B and 5C. Wanted to know how these scores are calculated and what they mean.
  - **Olsen:** Stated that the divergence index is calculated by ABAG based on the latest data from the American Community Survey. Typically, higher scores are present where a jurisdiction's racial demographics differ greatly from the regional average and where there is a higher concentration of one or two racial groups.
- **Neysa Fligor:** Asked whether factors had been removed from the analysis or collapsed together since the previous meetings since some of the factors from the March meeting were not mentioned in today's presentation.
  - **Adams:** Wanted to make sure to distinguish between factors and metrics, and that what was discussed in today's presentation were metrics. Metrics are measures that will be used to understand how the RHNA methodology outputs are functioning and how well they are meeting statutory objectives. The factors



referred to in the question are what were used to develop methodologies at the last meeting, so these factors are used to build the methodology. In March, the HMC was using a set of 10 factors and not all 10 made it into the top three methodologies that received the most votes at the last HMC meeting, but staff has not closed off the use of any of those 10 factors. Eventually, the HMC will need to narrow down the set of factors based on their evaluation of different methodologies. For now, staff is trying to focus on a manageable set of factors, but nothing is currently off the table.

- **Mindy Gentry:** Asked whether there was guidance for understanding how Objective 6 should be considered since this objective is currently pending in the state legislature.
  - **Adams:** Stated that there was no current guidance. This legislation was progressing in the fall, and while most legislation has since slowed down staff is trying to be proactive and plan for the possibility of needing to incorporate this objective in the RHNA methodology. However, there are currently few details available beyond the broad outlines of the pending legislation.
  
- **Fernando Martí:** Stated that a number of metrics are not currently present in the online RHNA tool and asked whether the HMC members could see what the strength of these metrics might be in real time on a map.
  - **Adams:** Stated that it should be possible and asked Aksel Olsen to clarify.
  - **Olsen:** Stated that currently the tool has some summary-level metrics, but it would be possible to share jurisdiction-level data.
  
- **Josh Abrams:** Asked whether it was possible to have a different way to measure Objective 6 and evaluate whether the RHNA allocated to a city can be accommodated in areas that are not high fire risk. For example, a city with a lot of jobs and hilly areas should not get a lower RHNA because they have hills, since they can put the housing in the urbanized area.
  - **Adams:** Agreed with this point and clarified that the intent of the legislation is focused on where housing might actually go, which is why staff has focused on the urbanized area within jurisdictions rather than a jurisdiction's total geography. This metric will need to be narrowly focused, as jurisdictions with fire risk may still have places where they can grow. This metric would likely focus only on places where there is a very high proportion of the urbanized area subject to very high fire risk.
  
- **Housh:** Stated their concern of basing assessment of hazards on a geographic area and that the North Bay wants this to be thoughtful and not just look at areas identified for growth in a past General Plan, since local staff might be rethinking this but have not yet updated planning documents.
  
- **Susan Adams:** Asked Adams to clarify what staff meant by the narrowly focused aspect of the hazards metric.
  - **Gillian Adams:** Stated that the way the hazards metric is defined is to focus on urbanized areas. The idea of the narrow focus is not to look at all jurisdictions where some portion has fire risk, but to focus on places where a very high fire risk



limits the ability to add housing. The way RHNA statutes are written has the expectation that jurisdictions will be able to find space for housing, and there are likely only a few places where natural hazard risk is so high that it warrants limitations on RHNA numbers.

- **Susan Adams:** Stated that Sonoma County not only has high fire risk but has had recent devastating fires, resulting in a surge in demand for housing that drove up the cost of building housing. There is a concern about this limiting the ability to construct new housing.
- **Levin:** Stated that they acknowledged Susan Adams's concerns, but cautions against taking into account existing zoning in a city since the purpose of the Housing Element update is to change existing zoning so cities can take on their share of RHNA. Another way of looking at fire hazard that doesn't take into account existing zoning would be preferable, as otherwise cities might zone in a way to prevent allocations of housing.
- **Abrams:** Asked whether the divergence index is subtle enough to take into account communities in the South Bay and Peninsula that have relatively large Asian communities by choice and are not economically segregated. Wanted to know whether the divergence index would "ding" those cities. Commented that the focus of fair housing is about people in ethnic communities and low-income communities not by choice.
  - **Olsen:** Stated that the divergence index is economically blind and that it relates strictly to jurisdictions' racial composition relative to the region as whole, so high scoring communities could range across the income spectrum.
- **Martí:** Asked how the mapping works in the online tool now that it combines both total allocation factors and income shift. Also asked a clarifying question about what "above average" and "below average" refer to in the metrics performance table in the online tool.
  - **Adams:** Stated that the map applies both the total allocation methodology plus the income shift, and the user can click on the map to view the impact on the total units allocated and the individual income categories. Also noted that the metrics table shows the "top half" and "bottom half" for each metric, so for the single-family home metric the table shows the impact on jurisdictions with the highest percentage of single-family homes and on those with the lowest percentage of single-family homes.
- **Brown:** Asked about the process for the rest of the afternoon.
  - **Amber Shipley:** Responded with the agenda for the breakout rooms and subsequent report out.

### Comments from Zoom Chat

- **Fierce:** just now realizing it isn't clear that those previous messages went to "all panelists" instead of "everyone" an fyi for those using the chat to change the To: dropdown
- **Brilliot:** Can you put 5a and 5b back on the screen



- **Fierce:** here's a link to the PDF version of the presentation, if that's helpful <http://mtc.legistar.com/gateway.aspx?M=F&ID=28cfaf55-867b-4e26-b029-13fab79dccc3.pdf>
- **Strellis:** Thank you Victoria for flagging the visibility of chat. Just a note that we will add comments from the chat to the notes from this meeting.
- **Shiple:** And a reminder that all chat notes are public record - just FYI
- **Housh:** Given that natural hazards are likely to be required to be weighted in housing development, and numerous communities in the Bay Area face these challenges, it is critical that high hazard areas be incorporated into the methodology in some fashion.
- **Riley:** agreed Noah
- **Elise Semonian:** I was wondering the same thing about public participation in the small groups
- **Abrams:** We can record the small groups so everyone can observe it afterwards?
- **Fierce:** re-posting my earlier comment, but to all participants instead of panelists: "I feel like we have given extensive input on this. Our last meeting we voted on the various methodologies and I see the results of that reflected in this presentation "
- **Shiple:** Hi all - here is a link to the tool Gillian is sharing: <https://rhna-factors.mtcanalytics.org/>
- **Levin:** Also reposting for all: I agree too. The purpose of today's meeting is to start the discussion on income allocation (including BMR). We've seen some possible approaches but no decision.

#### Public Comment

- **Aaron Eckhouse:** Stated that they agreed with Levin's concern about looking at the share of a city's allocation going to one income level versus the total number of houses being allocated, since in the past cities have received 50% of their allocation as low-income units but it only totals to six units. To advance the goals of equitable development and affirmatively furthering fair housing, it is more important to look at total numbers rather than percentages. Also stated a concern that the transit proximity metric as it is currently designed only really includes San Francisco, Oakland, and San Jose, and that they felt it should be redesigned to look at greenhouse gas emissions in different communities. Mentioned that they felt the total hazard index produced strange results and should be recalibrated.
- **David Early:** Concerned that those not on the HMC will be unable to participate in or observe the small groups, which is different from the past when they could observe. Wondered what the thinking was behind a process that does not allow for observation.
  - **Adams:** Confirmed that the breakout rooms will be for HMC members only, which is consistent with the in-person meetings where HMC members break up into small groups and members of the public are not sitting at these tables or watching what is happening. Added that the meeting will be finishing with a report out of the small group discussions where members of the public can hear what took place, and there will be polling to get feedback from both the HMC members and the public.



- **Noah Housh:** Stated that they wanted this comment recorded as a public comment, rather than being reflected in the committee member comments since they are an alternate for a member who is present. Stated the presentation today made it seem like some decisions had been made on the below-market-rate allocations but wanted to clarify that their written comments in the chat box meant that the HMC members should think of today as the beginning of the discussions for those decisions. Acknowledged that the HMC has been talking about the income allocation throughout the RHNA process but today is the discussion where the HMC drills down on this specific topic.

## 7. Small Group Discussion

### Small Group Exercise Report Outs

#### **Group #1**

##### **Facilitator: Ada Chan**

The facilitator stated that the group had challenges with the tool and was not able to complete the exercise within the allotted time. There were concerns around how to balance the income shift number where HMC members could see low-income communities not getting inundated with higher-income units. Expressed that group members would like more time to use the tool and email in their comments.

#### **Group #2**

##### **Facilitator: Aksel Olsen**

The facilitator expressed that there was excitement around the tool from group members but learning it all with limited time was a challenge. The group talked about how the total unit allocation is a big part of the equity conversation, and so the income shift can perhaps be lower than last time. The total allocation looks very different than it was for the last RHNA, so a lot of the equity goals can be met as result of the starting point being different. The group struggled with what the income shift level should be. If the group used 100% and assigned the regional distribution, wealthy jurisdictions would get the same distribution as relative low-income jurisdictions, and the group wondered if that was fair since they have very different starting points. The group ended up with 125%. The group was relatively in agreement about the level, but acknowledged that the decision was a bit arbitrary given the information available and the time limit.

#### **Group #3**

##### **Facilitator: Bobby Lu**

The facilitator expressed similar challenges as previous groups, noting limited time to get everyone up to speed on the updated tool. The group was not able to land on a specific income shift level for either of the methodologies. Acknowledged that the group wanted to equalize the income distribution in the region but expressed caution around allocating too many moderate-income and above moderate-income units into low income neighborhoods and the potential impacts of gentrification. Group suggested having two methodologies for very low/low-income units and moderate/above moderate-income



units. The group also discussed the challenges that jurisdictions have in getting housing built and the need for the correct strategies and policies in the Housing Element.

#### **Group #4**

##### **Facilitator: Brad Paul**

One member, Pat Eklund, chose to abstain from the voting process on account of technical issues related to the meeting process. The group reached a consensus and stated that 150% was a good way to bring affordable housing to high opportunity areas without burdening low-income areas with too much market-rate housing. Flagged that some unincorporated areas appeared to end up with more units than cities, and the group discussed how some unincorporated areas are urbanized while others are rural. One group member suggested adding a metric to consider past performance, while others felt this was unnecessary due to new rules in place for RHNA. Group felt strongly about metrics 2A and 2B and locating housing near jobs and transit. One member expressed the need to factor in whether areas near transit are places where it is actually possible to build.

#### **Group #5**

##### **Facilitator: Dave Vautin**

The facilitator stated the group felt the approach with a slider for income shift may be too simplistic, though there was consensus that lower income units should go in high resource and exclusionary locations. There was less consensus on where market-rate units should go. They reached consensus that the slider should be 125% or 150%, but other factors might be needed in addition to reduce risk of gentrification and displacement. They explored both the "Code Red" and the "Balanced" methodologies and discussed the possibility of something in between the two, noting the need to focus on jobs and that equity is a key issue but maybe does not need to be weighted at 60%. The group also expressed concerns about metrics 1B and 2B and suggested the focus should be on jobs as opposed to transit.

#### **Group #6**

##### **Facilitator: Leah Zippert**

The facilitator reported that the group had comments about addressing sprawl and GHGs, and the group wanted to look at Approach C rather than A and B for the income allocation. The group felt the metrics were too generalized and wanted more fine-grained analysis. There was also a desire for a table that could simultaneously compare all three methodology options.

#### **HMC Member Comments**

- **Bolaria-Shifrin:** Expressed alignment with preventing displacement as a top priority but articulated that new development does not necessarily equal displacement.
- **Levin:** Echoed desire expressed by others for a methodology that allocates lower income units one way while using a different method for allocating moderate-income units and above. Wanted to see what the "bottom-up" approach actually looks like.



- **Diane Dillon:** Stated that they would like further discussion before putting significant weight on the results of today's discussion. Stated that they felt that this meeting did not facilitate an understanding of the challenges and changes faced in this RHNA cycle. Expressed that using the map on the tool was challenging and hard to follow.

**Comments from Zoom Chat**

- **Levin:** I'm not sure, but I think that using past performance as a factor is actually prohibited by statute.
- **Riley:** That's basically true, but there are ways to address it. My point was that the baseline used should reflect recent efforts/performance by the jurisdiction. An old baseline should not be used.
- **Fierce:** <https://pollev.com/mtcabag302>
- **Scott Littlehale:** I agree with Jeff Levin's comment re "Bottom Up" approach and the possible helpfulness of seeing some different results of applying the approach.
- **Rick Bonilla:** I 2nd Diane Dillon's comments
- **Nickens:** I second Diane and Ruby's comments.
- **Strellis:** For those who would like to submit comments the email is [RHNA@thecivicedge.com](mailto:RHNA@thecivicedge.com)
- **Shrivastava:** I vote 150%
- **Nickens:** I also agree with Scott and Jeff that the Bottom Up Approach should be explored further.
- **Brilliot:** Where are the results of the voting?

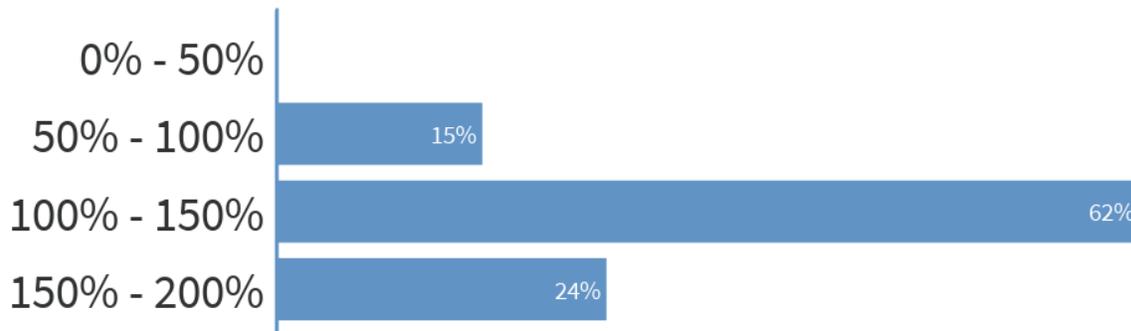
**Public Comment**

- No public comment

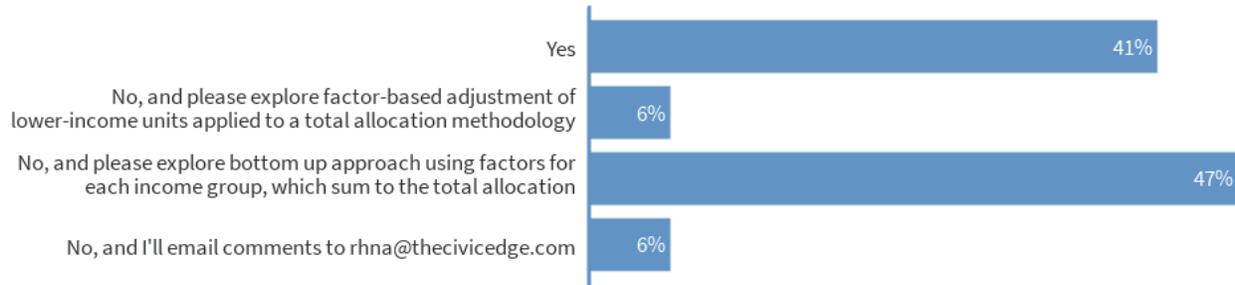
**Poll Everywhere Results**

- **HMC Member results**

*Question #1: What level of income shift combined with the HMC's total allocation methodologies from March seems to most effectively accomplish the statutory objectives and further regional planning goals?*



Question #2: Based on today's presentation and your experience using the online visualization tool, do you feel that using the income shift approach in ABAG's RHNA methodology will successfully achieve the statutory objectives?



Additional Comments via Email:

- **Pat Eklund:** We need to re-do today. Due to COVID-19, we need to reduce what we think we can get done in these meetings. Limit them to 2 hours and focus on 1 issue. Maybe do preparation ahead of time if there is a tool that needs to be used. I feel as though my comments have not been captured since I was not able to participate even as a member. This is my 3rd RHNA cycle I have participated in and, probably one of the more frustrating ones. We are trying to accomplish too much and what is being sacrificed is our input. There is NO time for input. My suggestion – limit each meeting to 1 issue. If we are still on a time crunch, then meet twice a month. These 3-4 hour meetings are NOT appropriate or good. Again, what gets sacrificed is the quality of our input and getting input from all of us. There are some that already have made up their minds and their input is being characterized for the group. By the way, my abstention on these items was NOT noted by Brad Paul. I did not vote or really participate because it took me almost the whole time to figure out how to get into the breakout session by phone. That technological glitch was forgotten when this was set up. I want to thank Paisley for trying to help me. She did a great job given the challenges, but bottom line – we are trying to do too much too fast .. SLOW DOWN! The quality of the input is being sacrificed.
- **Audience results**

  - **Shajuti Hossain, Public Advocates:** 1 – C (100-150%) ; 2 – C (explore bottom up)
  - **Andrew Crabtree, City of Santa Clara:** 1 – C (100-150%); 2 – A (yes)

**8. Adjournment / Next Meeting – July 9**



TO: Housing Methodology Committee

DATE: June 15, 2020

FR: Deputy Executive Director, Policy

RE: HMC Member Correspondence

## Overview

This memo provides an overview of the correspondence received since the May 14 meeting.

### 1. **Bob Planthold – June 13, 2020 – Commentary: Here’s how California can ignite an engine of affordable homebuilding | CalMatters**

While not directly related to the formal RHNA methodology, might our committee suggest some ideas that can be relevant to directly affecting zoning --whether density, high mandatory fees, or ?? --be allocated points or priority in any RHNA allocation?

<https://calmatters.org/commentary/heres-how-california-can-ignite-an-engine-of-affordable-homebuilding/>

Bob Planthold



**WELCOME**

ABAG Housing  
Methodology Committee

June 19, 2020



# REVIEW INCOME ALLOCATION APPROACHES

ABAG Housing  
Methodology Committee

June 19, 2020

# 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%
<b>TOTAL</b>	<b>441,176</b>	<b>100%</b>

\* 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](https://en.wikipedia.org/wiki/Case_citation#/media/File:Unitedstatesreports.jpg)

# Potential approaches to income allocation

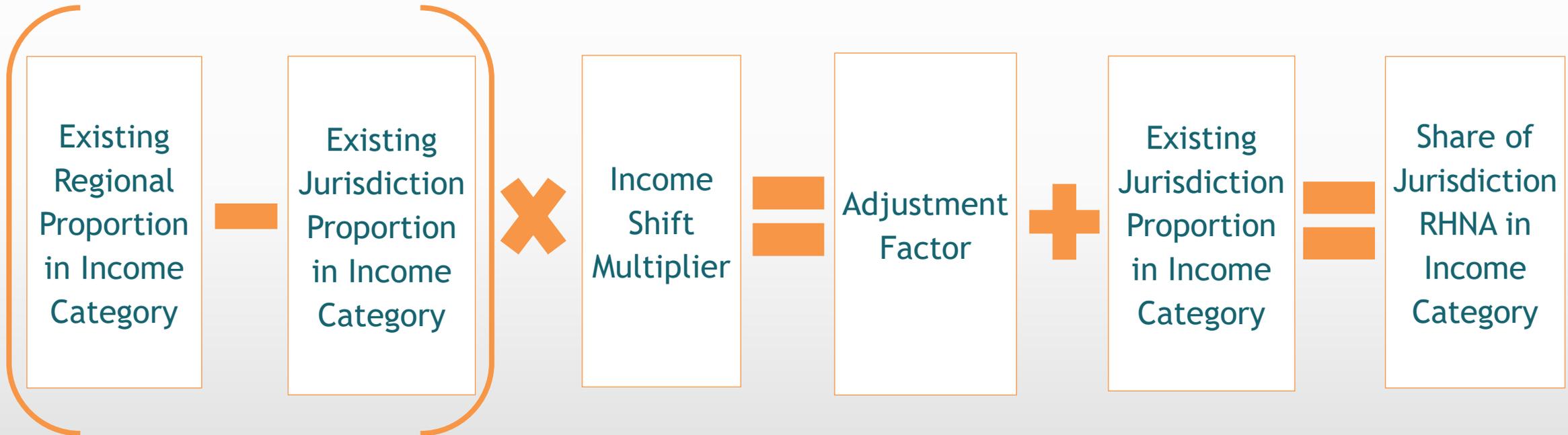
Income allocation  
applied to total  
allocation

**Income  
Shift**

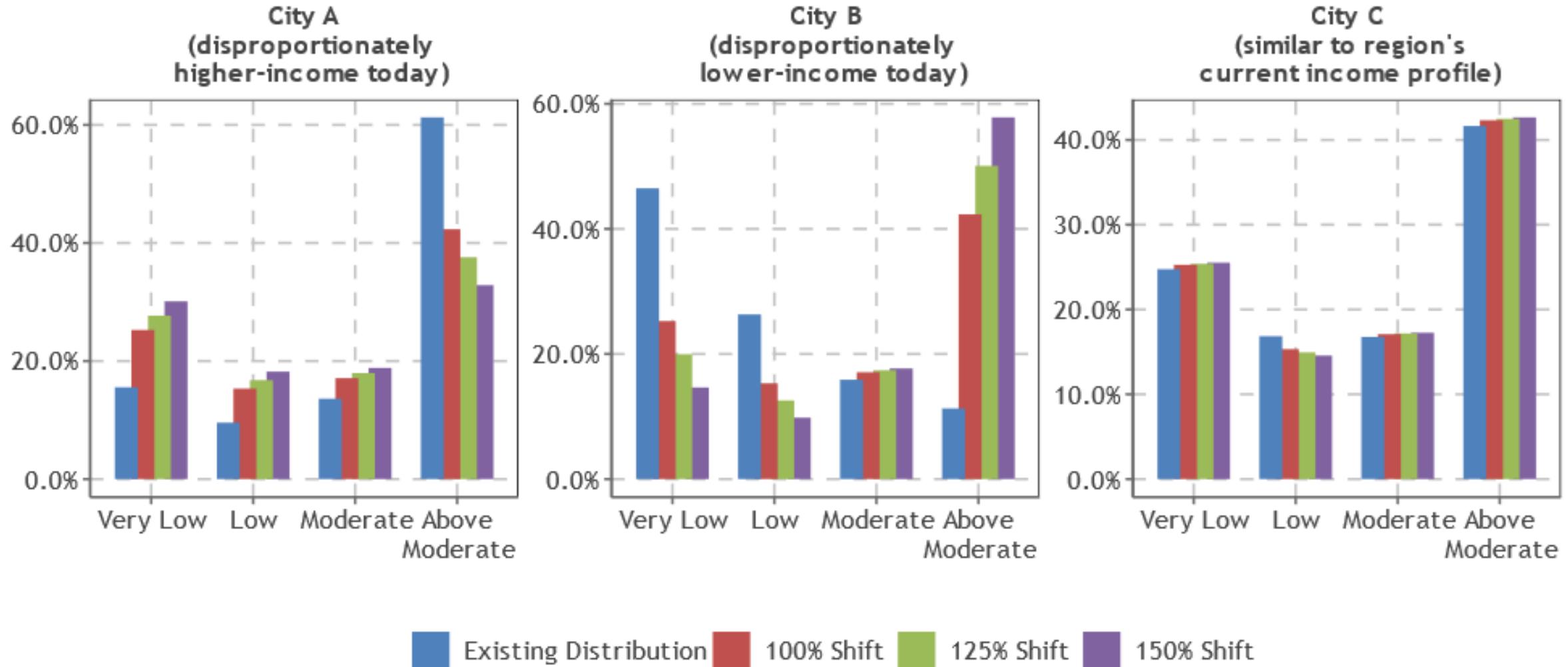
Income allocation  
builds the total  
allocation

**Bottom-  
Up**

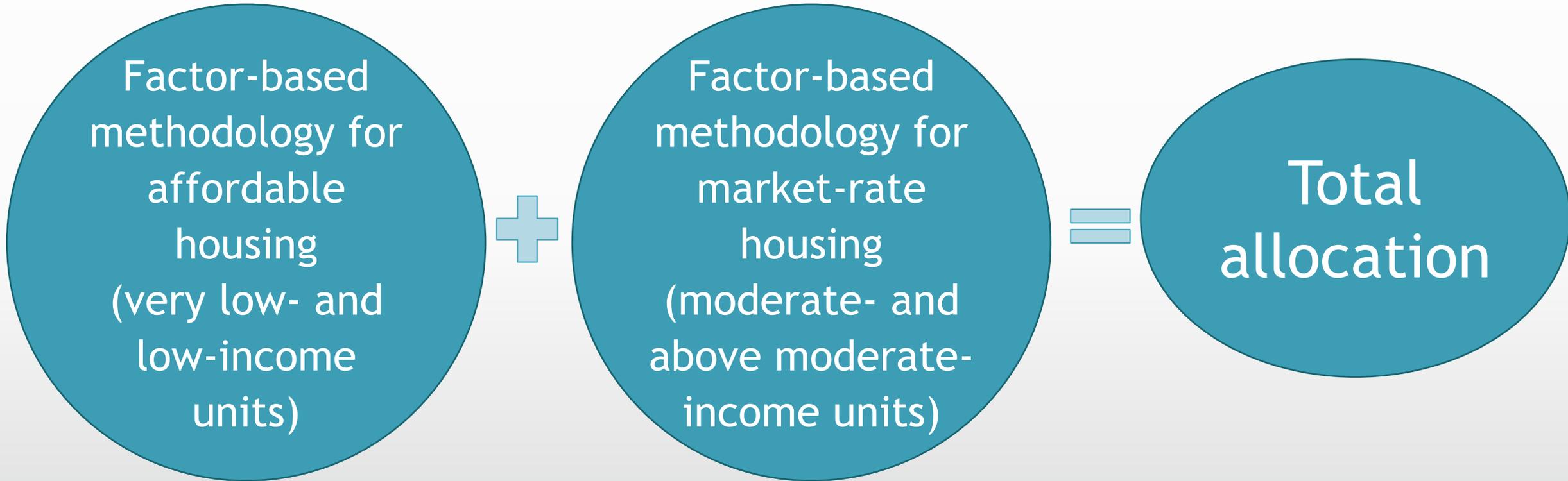
# Income Shift methodology



## 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%

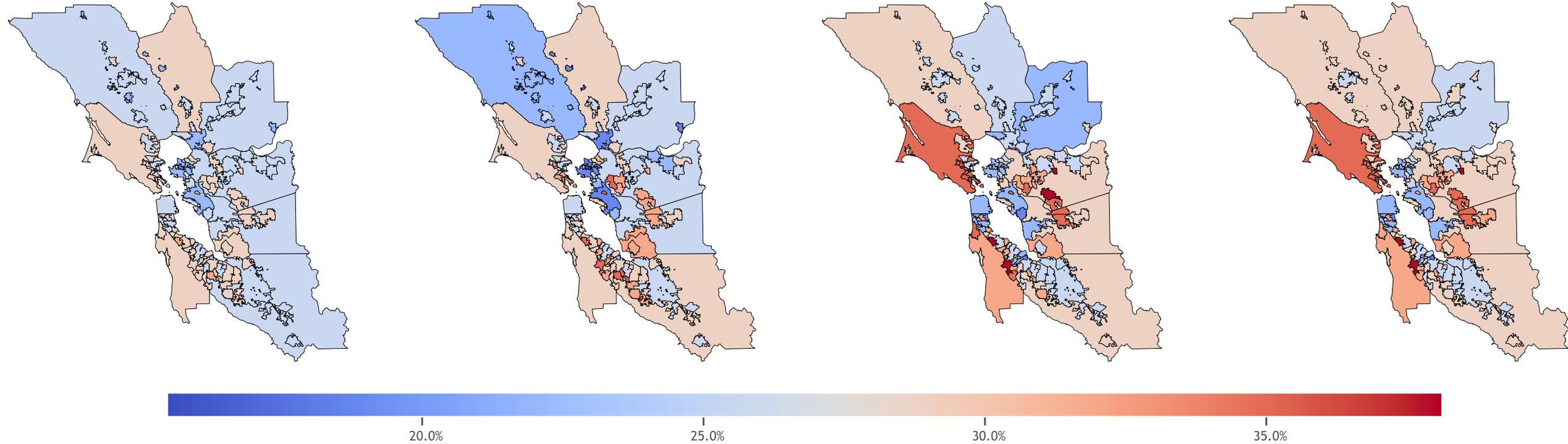
# Comparing very low-income allocation

125% Income Shift

150% Income Shift

Bottom-Up 2-Factor Concept

Bottom-Up 3-Factor Concept



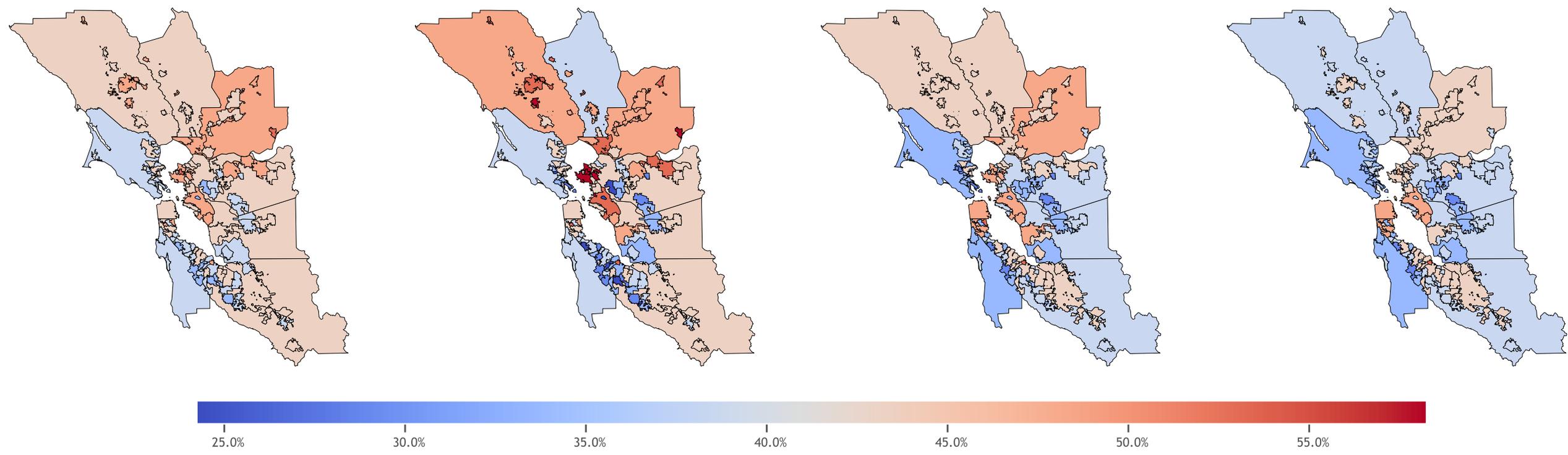
# Comparing above moderate-income allocation

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

# 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 <sup>all</sup> life



In my **community**,

I want to see MORE \$ for  
ART  
because ...

WANT TO SEE 3% ON THE  
FUNDING ON THE  
AND ...



# PUBLIC COMMENT

ABAG Housing  
Methodology Committee  
June 19, 2020



# HMC PROGRESS AND NEXT STEPS

ABAG Housing  
Methodology Committee

June 19, 2020

# 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?

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  
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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  
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I love nature ... it restores  
me ... and because nature & the  
environment supports <sup>all</sup> life



In my **community**,

I want to see MORE \$ for  
ART  
because ...

WANT TO SEE MORE \$ ON THE  
FRONT OF THE HOUSE!  
AND ...



# PUBLIC COMMENT

ABAG Housing  
Methodology Committee  
June 19, 2020



# WRAP UP AND NEXT STEPS

ABAG Housing  
Methodology Committee  
June 19, 2020

# 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



**ABAG**

# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

**File #:** 20-0899      **Version:** 1      **Name:**

**Type:** Minutes      **Status:** Consent

**File created:** 5/29/2020      **In control:** ABAG Housing Methodology Committee

**On agenda:** 6/19/2020      **Final action:**

**Title:** Approval of ABAG Housing Methodology Committee minutes of May 14, 2020

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Item 4a Minutes 20200514 Draft.pdf](#)

Date	Ver.	Action By	Action	Result
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Approval of ABAG Housing Methodology Committee minutes of May 14, 2020

Clerk of the Board

Approval



Bay Area Metro Center  
375 Beale Street  
Suite 700  
San Francisco, California

## Meeting Minutes - Draft

# ABAG Housing Methodology Committee

*Chair, Jesse Arreguin, Mayor, City of Berkeley*

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Thursday, May 14, 2020

9:05 AM

Yerba Buena - 1st Floor

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### 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 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

Chair Arreguin called the meeting to order at about 9:08 a.m. Quorum was present.

**Present:** 35 - Abrams, Adams, Addison, Arreguin, Bolaria-Shifrin, Bonilla, Brilliot, Brown, Brown-Stevens, Campos, Clark, Dillon, Ebbs, Eklund, Fearn, Fierce, Fligor, Gentry, Jordan, Levin, Littlehale, Macedo, Marti, Nickens, Pappas, Pierce, Planthold, Ranelletti, Regan, Riley, Romero, Semonian, Shrivastava, Smith, and Walsh

**Absent:** 2 - Hancock, and Kline

### 2. Public Comment

The following gave public comment: Tim Frank.

### 3. Chair's Report

3.a. [20-0609](#) ABAG Housing Methodology Committee Chair's Report

Chair Arreguin gave the report.

#### 4. Consent Calendar

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

**Aye:** 33 - Abrams, Adams, Addison, Arreguin, Bolaria-Shifrin, Bonilla, Brown, Brown-Stevens, Campos, Clark, Dillon, Ebbs, Eklund, Fearn, Fierce, Fligor, Gentry, Jordan, Levin, Littlehale, Macedo, Nickens, Pappas, Pierce, Planthold, Ranelletti, Regan, Riley, Romero, Semonian, Shrivastava, Smith, and Walsh

**Absent:** 4 - Brilliot, Hancock, Kline, and Marti

- 4.a. [20-0606](#) Approval of ABAG Housing Methodology Committee minutes of March 12, 2020

#### 5. Income Allocation

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

Gillian Adams gave the report.

The following gave public comment: Aaron Eckhouse, David Early, Shajuti Hossain, Tim Frank.

#### 6. Methodology Evaluation

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

Gillian Adams gave the report.

The following gave public comment: Aaron Eckhouse, David Early.

#### 7. Small Group Discussions

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

#### 8. Adjournment / Next Meeting

Chair Arreguin adjourned the meeting at about 12:45 p.m. The next meeting of the ABAG Housing Methodology Committee is on June 19, 2020.



**ABAG**

# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

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**File #:** 20-0931      **Version:** 1      **Name:**

**Type:** Report      **Status:** Informational

**File created:** 6/2/2020      **In control:** ABAG Housing Methodology Committee

**On agenda:** 6/19/2020      **Final action:**

**Title:** Further Discussion of the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Item 5a 1 Summary Sheet Income Allocation.pdf](#)  
[Item 5a 2 Attachment A Income Allocation.pdf](#)

Date	Ver.	Action By	Action	Result
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Further Discussion of the Regional Housing Needs Allocation (RHNA) Income Allocation Methodology

Gillian Adams

Information

**Association of Bay Area Governments**

**Housing Methodology Committee**

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June 19, 2020

Agenda Item 5.a.

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**RHNA Income Allocation**

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**Subject:** Further Discussion of 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) from the State to the cities and counties in the nine-county Bay Area. 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 requires 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,”<sup>1</sup> meaning the RHNA methodology will in part be assessed by HCD for 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.

At the May HMC meeting, staff presented several possible methodologies for allocating units by income that are aligned with the statutory objectives of RHNA. In Attachment A, staff provided additional detail and clarity about the Income Shift and Bottom-Up income distribution approaches, which received the most support from HMC members in May.

**Issues:** None

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<sup>1</sup> See [California Government Code Section 65584\(d\)](#).

**Association of Bay Area Governments**

**Housing Methodology Committee**

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**June 19, 2020**

**Agenda Item 5.a.**

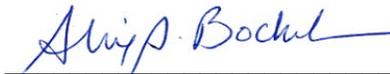
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**RHNA Income Allocation**

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**Recommended Action:** Information

**Attachment:** A. Income Allocation Memo

**Reviewed:**   
\_\_\_\_\_   
Alix Bockelman

# REGIONAL HOUSING NEEDS ALLOCATION



TO: Housing Methodology Committee

DATE: June 19, 2020

FR: Deputy Executive Director, Policy

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

## Overview

The Regional Housing Needs Allocation (RHNA) methodology must assign a total number of housing units to each Bay Area jurisdiction and distribute each jurisdiction's allocation among four income categories that include households at all income levels. In a letter dated June 9, 2020, the California Department of Housing and Community Development (HCD) provided ABAG with the Regional Housing Needs Determination (RHND) for the Bay Area (**Table 1**).

**Table 1: ABAG Regional Housing Needs Determination from HCD**

Income Category	Percent	Housing Unit Need
Very Low	25.9%	114,442
Low	14.9%	65,892
Moderate	16.5%	72,712
Above Moderate	42.6%	188,130
<b>Total</b>	<b>100%</b>	<b>441,176</b>

The RHNA methodology's income allocation component is crucial for creating a methodology that successfully achieves the statutory objectives of RHNA. This memo delves deeper into the income allocation methodology approaches that received the most support from Housing Methodology Committee (HMC) members and the audience at the May HMC meeting. For the purpose of the memo and analysis, we have updated the numbers to reflect the RHND from HCD.

## Refresher on Statutory Requirements

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"<sup>1</sup> 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. State law also requires the RHNA methodology to improve coordination between the locations of low-wage jobs and housing affordable to low-wage workers (jobs-housing fit). The RHNA methodology must also affirmatively further fair housing, which will require allocating more lower income units to communities that historically have not provided affordable housing.

## Potential Income Allocation Methodologies Presented at May HMC Meeting

At the May HMC meeting, staff presented several possible methodologies for allocating units by income that are aligned with the statutory objectives of RHNA. The options presented represent two fundamentally different processes for determining units by income:

<sup>1</sup> See [California Government Code Section 65584\(d\)](#).

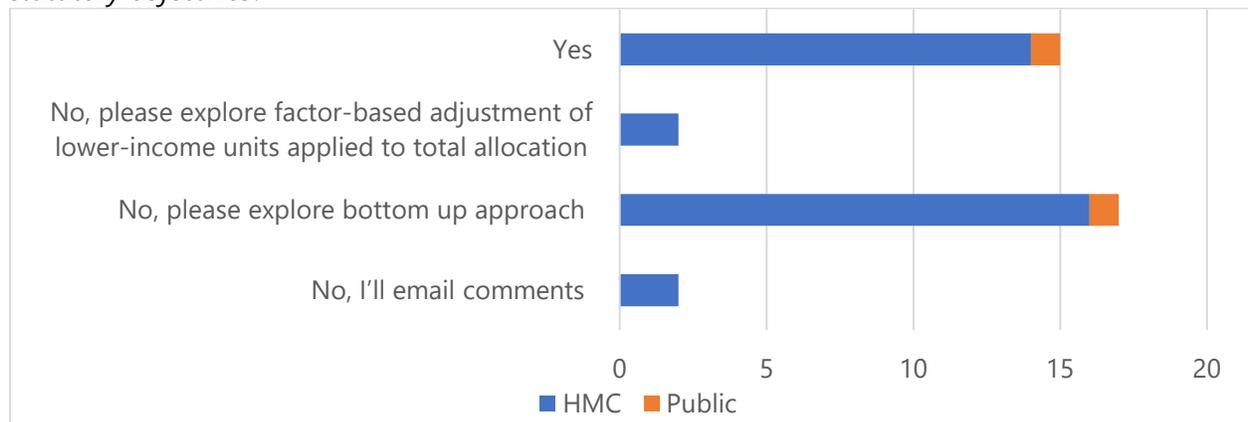
- **Income Shift.** In this approach, the total number of units allocated to a jurisdiction is identified first, and the income allocation methodology is used to distribute that total among the four income categories.<sup>2</sup> Two variants of this approach can be seen in other regions' RHNA methodologies: *Income Shift* (used by the San Diego region and ABAG last RHNA cycle) and *Income Shift Plus Equity-Focused Factors* (used by the Los Angeles and Sacramento regions).
- **Bottoms-Up.** In this approach, the income allocation methodology is used to identify the number of units for each income category, and the sum of units in the four income categories equals a jurisdiction's total allocation. This approach was developed based on feedback provided by HMC members.

After presenting these options, staff asked HMC members and members of the audience for feedback about which income allocation approach they preferred and which multiplier they liked best for the *Income Shift* approach. Voting results are displayed in **Figure 1** and **Figure 2**. The comment received by email is in **Appendix A**.

Figure 1 shows that the *Bottom-Up* and *Income Shift* approaches received the most support. There was only minimal support for the *Income Shift Plus Equity-Focused Factors* approach, which indicates this approach is not as complementary to the total allocation methodologies the HMC is considering. Notably, the regions that used the *Income Shift Plus Equity-Focused Factors* approach used equity-related factors solely in the income allocation methodology. The HMC, however, has expressed support for using equity-related factors in the total allocation methodology, which makes the addition of equity-related factors in the income allocation less imperative.

**Figure 1: Feedback About Income Allocation Methodology Approaches**

*Based on today's presentation and your experience using the online visualization tool, do you feel that using the income shift approach in ABAG's RHNA methodology will successfully achieve the statutory objectives?*



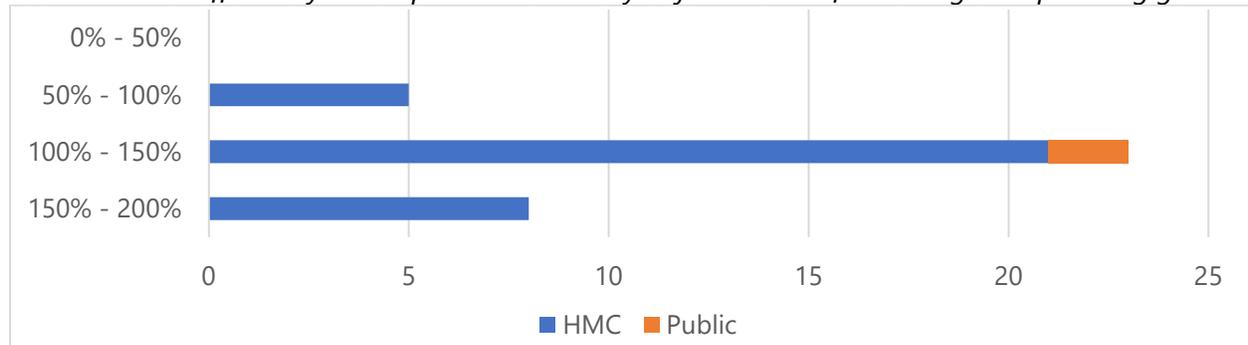
<sup>2</sup> State law defines the following RHNA income categories:

- 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

Figure 2 shows there is strong support for an income shift multiplier between 100% and 150%, if the Income Shift approach is selected to move forward.

**Figure 2: Feedback About Income Shift Multiplier**

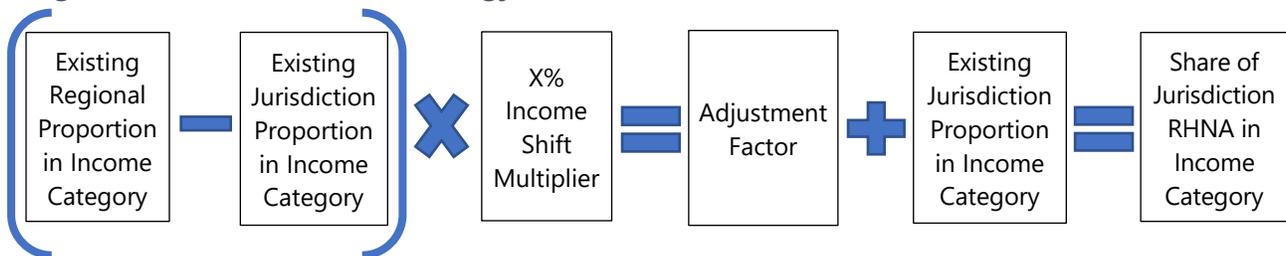
What level of income shift combined with the HMC’s total allocation methodologies from March seems to most effectively accomplish the statutory objectives and further regional planning goals?



**Income Shift**

In the *Income Shift* approach, a jurisdiction’s distribution of households by income is compared to the distribution for the region. The *Income Shift* moves the local income distributions closer to or beyond the regional distribution, depending on the income shift multiplier. A jurisdiction that has a higher percentage of existing households in a given income category compared to the region receives a smaller share of units in that income category, and vice versa. 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.”<sup>3</sup> **Figure 3** shows the steps in the *Income Shift* process. This process is repeated for each of the four income categories.

**Figure 3: Income Shift Methodology**

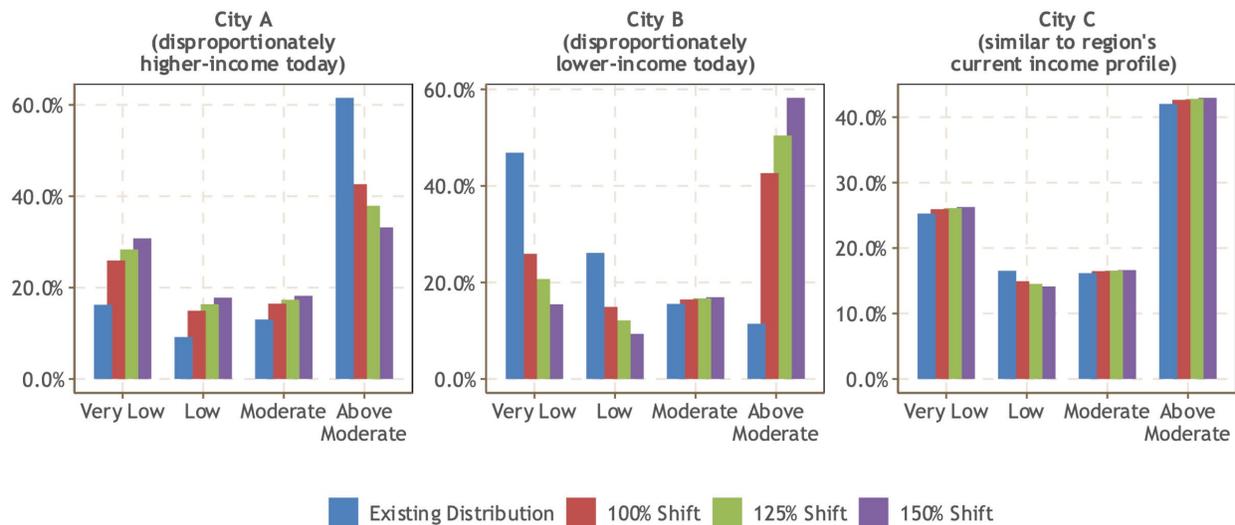


An income shift multiplier of 100% results in every jurisdiction’s RHNA mirroring the region’s existing income distribution. In theory, setting the income shift multiplier above 100 percent could close the gap between a jurisdiction’s income distribution and the region’s distribution in a shorter period of time. However, 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.

<sup>3</sup> See [California Government Code Section 65584\(d\)\(4\)](#).

Based on the feedback from the May meeting, staff has developed charts to demonstrate the impacts of applying the income shift multipliers of 100 percent, 125 percent, and 150 percent. **Figure 4** shows the results for cities with different income profiles.<sup>4</sup> City A's residents are largely higher-income households and the city has 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.

**Figure 4: Hypothetical Comparison of Effects of Different Income Shift Multipliers**



**Bottom-Up Income Allocation to Build the Total Allocation**

In contrast to the *Income Shift*, the *Bottom-Up* 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. Staff has developed two concepts for the *Bottom-Up* approach, using some of the same factors that have received the most attention and support from the HMC for use in the total allocation (see **Table 2**). Staff also chose factors where there was more variation in the scores that jurisdictions received, since greater variation increases the factor's impact in creating distinctions between the allocations jurisdictions receive. A jurisdiction's allocation within each income category 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.

<sup>4</sup> Figure 4 shows the results from applying the three Income Shift multipliers to the Balanced Equity-Jobs-Transportation methodology developed by HMC members at the March meeting. The results from the three sample methodology options from March were very similar, so staff is only presenting one set of results for the sake of simplicity. The use of the Balanced Equity-Jobs-Transportation option is not an endorsement of this option. View a [summary of the sample methodology options from the March meeting](#) for more information.

**Table 2: Factors and Weights for Bottom-Up Income Allocation Variations**

<b>Bottom-Up 2-Factor Concept</b>	<b>Bottom-Up 3-Factor Concept</b>
<p><b>Affordable: Very Low and Low</b></p> <ul style="list-style-type: none"> <li>• Access to High Opportunity Areas 50%</li> <li>• Jobs-Housing Fit 50%</li> </ul>	<p><b>Affordable: Very Low and Low</b></p> <ul style="list-style-type: none"> <li>• Access to High Opportunity Areas 40%</li> <li>• Jobs-Housing Fit 40%</li> <li>• Job Proximity – Transit 20%</li> </ul>
<p><b>Market-Rate: Moderate and Above Moderate</b></p> <ul style="list-style-type: none"> <li>• Job Proximity – Auto 50%</li> <li>• Jobs-Housing Balance 50%</li> </ul>	<p><b>Market-Rate: Moderate and Above Moderate</b></p> <ul style="list-style-type: none"> <li>• Job Proximity – Auto 50%</li> <li>• Job Proximity – Transit 30%</li> <li>• Jobs-Housing Balance 20%</li> </ul>

The *Bottom-Up 2-Factor Concept* uses two factors, weighted equally at 50 percent, for each combined income group.<sup>5</sup> It includes the *Jobs-Housing Fit* and *High Opportunity Areas* factors to determine the allocation of affordable units (very low- and low-income). 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 two factors used to determine the allocation of market-rate units (moderate- and above-moderate income) are the *Jobs-Housing Balance* and *Job Proximity-Auto* factors. The *Jobs-Housing Balance* and *Job Proximity-Auto* factors are included in the methodology for higher-income units because of their emphasis on the relationships between housing and jobs. Locating market-rate housing close to jobs can provide more options for these households to live near their work, which aligns with the statutory objectives and the HMC’s policy priorities.

The *Bottom-Up 3-Factor Concept* uses three factors to determine the allocation for each income category. It includes the *High Opportunity Areas* (40 percent weight), *Jobs-Housing Fit* (40 percent weight), and *Job Proximity – Transit* (20 percent weight) factors for allocating affordable units. The market-rate units are allocated using the *Job Proximity – Auto* (50 percent weight), *Job Proximity – Transit* (30 percent weight), and *Jobs-Housing Balance* (20 percent weight) factors. This concept includes the same factors as the *Bottom-Up 2-Factor Concept*, but with different weights. It also adds *Job Proximity – Transit* as the third factor to encourage more housing near transit, in alignment with the goal of reducing greenhouse gas emissions.

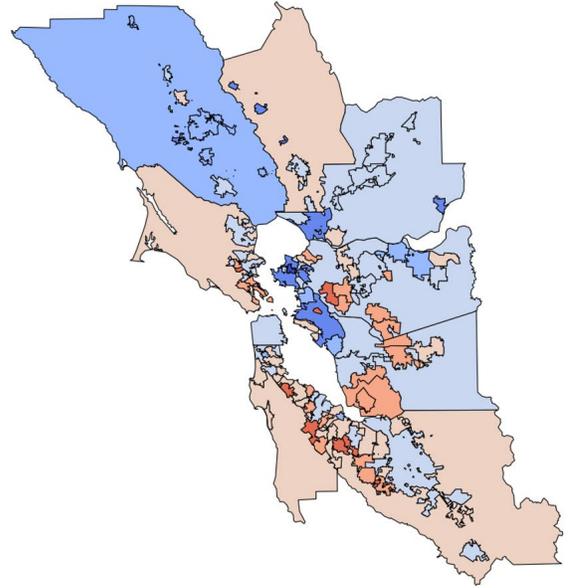
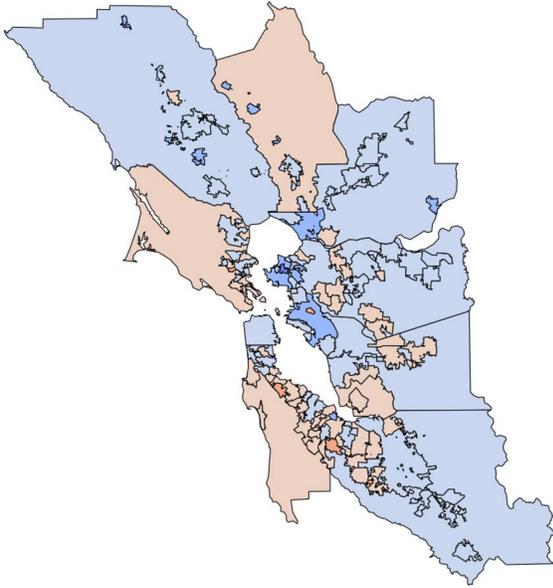
**Figure 5** shows the pattern for how very low-income units are allocated throughout the Bay Area for several of the Income Shift options and the Bottom-Up options. Jurisdictions shown in dark red have a higher share of very low-income units as a portion of their allocation. **Figure 6** shows the same information for above moderate-income units.

<sup>5</sup> These factors used the same definitions and methodology as those used in the total income allocation.

**Figure 5: Comparison of Shares of Very Low-Income Units for Income Allocation Options**

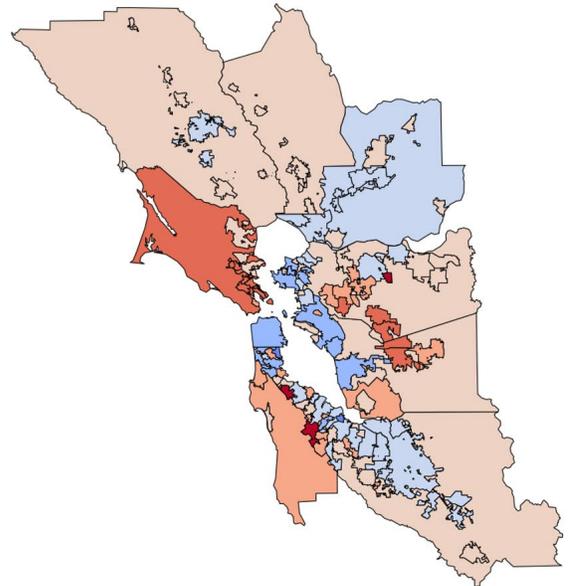
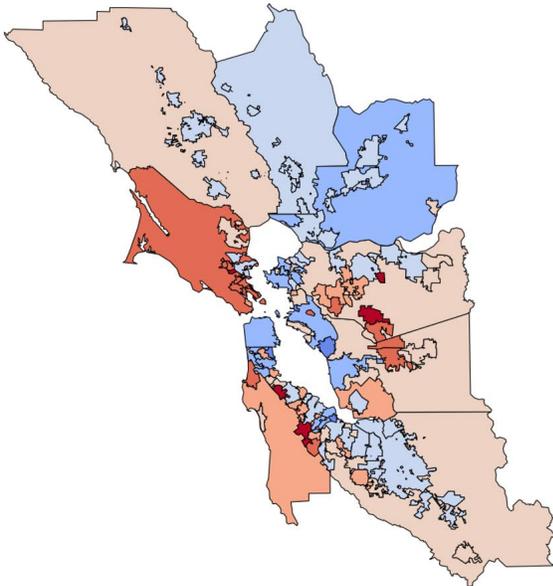
125% Income Shift

150% Income Shift

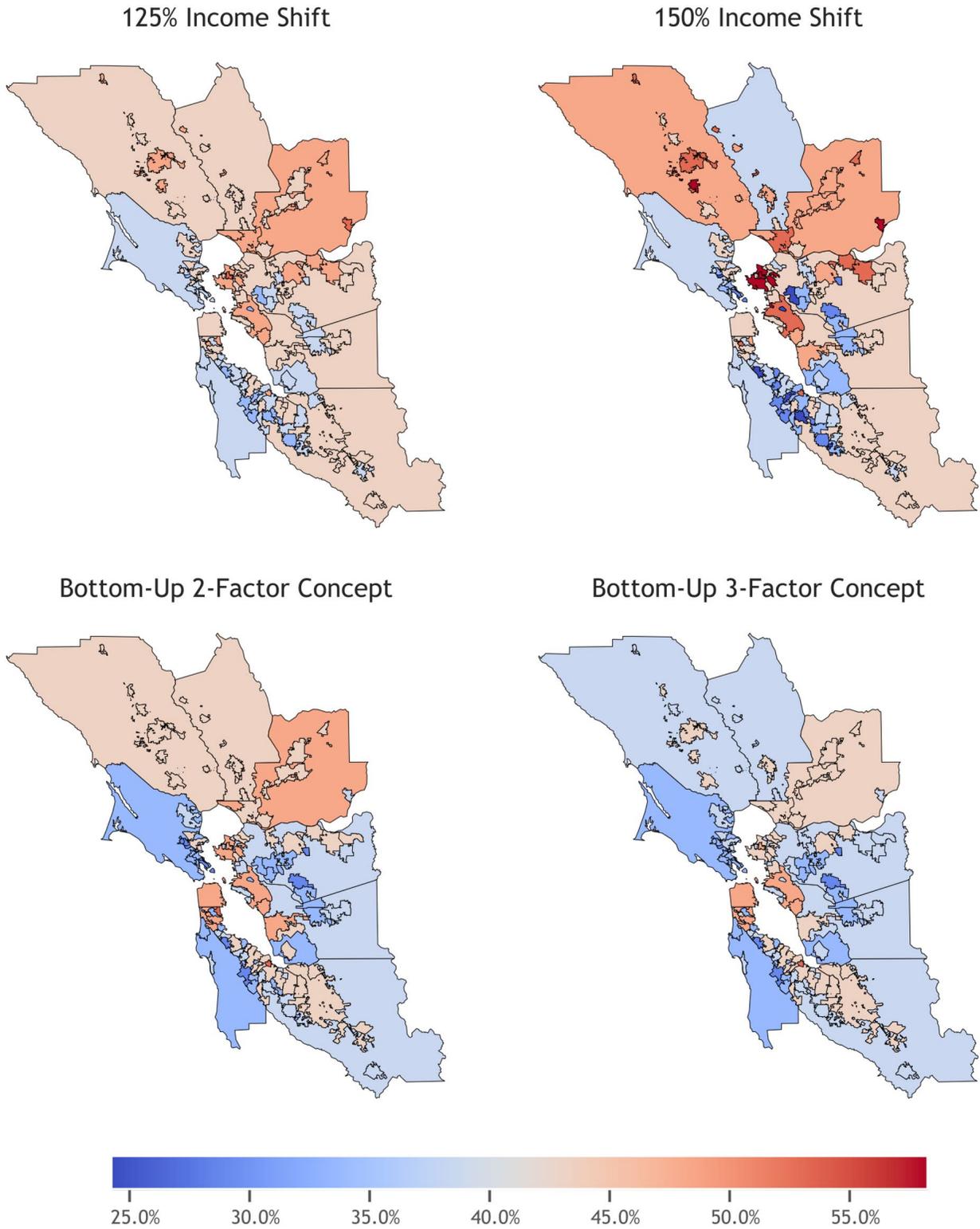


Bottom-Up 2-Factor Concept

Bottom-Up 3-Factor Concept



**Figure 6: Comparison of Shares of Above Moderate-Income Units for Income Allocation Options**



**Figure 7** compares the results, including the total allocation and share of units in each income category, for the three multipliers for the *Income Shift* approach and the two concepts for the *Bottom-Up* approach. One issue HMC members have raised about the *Income Shift* is that a higher multiplier is desirable for allocating affordable housing units to communities with more higher-income households but a higher multiplier also directs more market-rate housing to communities with more lower-income households, raising concerns about possible displacement.

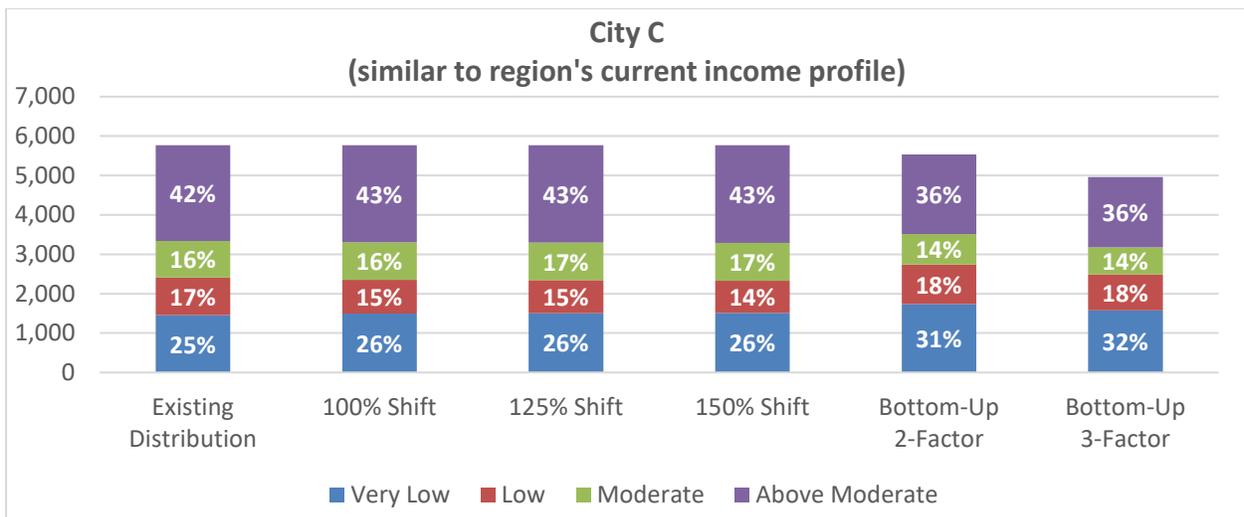
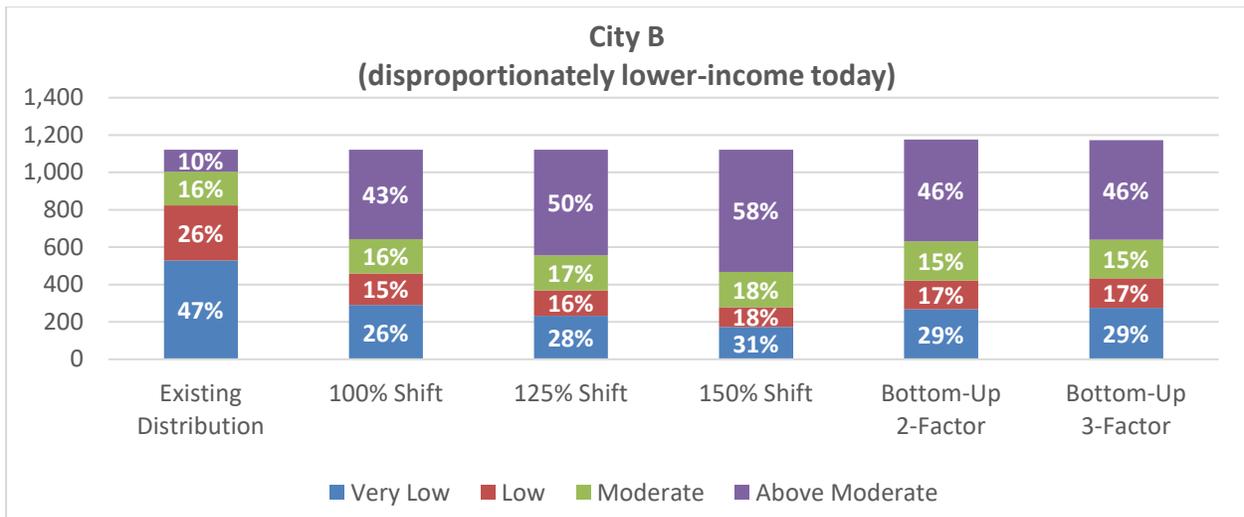
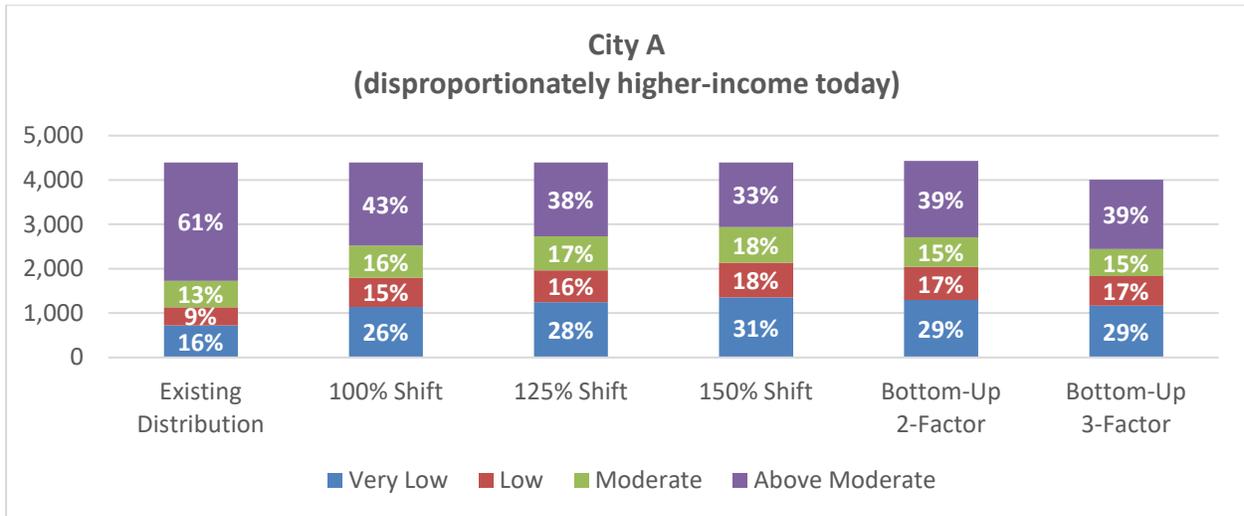
One benefit of the *Bottom-Up* approach is that it allows for the allocations for affordable and market-rate units to be set independently, so directing more affordable units to communities with more higher-income households would not necessarily result in more market-rate units going to communities with more lower-income households. For City A (the disproportionately higher-income hypothetical jurisdiction), the two *Bottom-Up* concepts result in shares of very low- and low-income units that are consistent with the 125 percent *Income Shift*.

For City B (the disproportionately lower-income hypothetical jurisdiction), the share of Above Moderate-Income units is slightly above the 100 percent *Income Shift*. Although the share of Above Moderate-Income units for City B is smaller in the *Bottom-Up* concepts, City B still receives a higher share of Above Moderate-Income units than City A or City C. The *Bottom-Up* concepts seem to provide balance between directing affordable units to communities with more higher-income households while also directing a smaller share of market-rate housing to communities with more lower-income households.

The *Income Shift* approach has only minimal effects on hypothetical City C, since its share of households in each income category is similar to the shares for the region as a whole. The income shift multiplier is applied to the difference between the region and the jurisdiction, and it has only a minimal impact when this difference is small. The *Bottom-Up* concepts both result in higher shares of affordable units for City C compared to the *Income Shift* options.

One feature of the *Bottom-Up* approach is that there is less predictability about what the total allocation will be. For City A, one variation resulted in a similar number of total units as the *Income Shift*, while the second variation resulted in a smaller total allocation. There is a similar pattern in the results for City C. For City B, both *Bottom-Up* concepts resulted in higher total allocations.

**Figure 7: Hypothetical Comparison of Total Allocations by Income**



**Table 3: Pros/Cons for Income Shift and Bottom-Up Income Allocation Approaches**

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

**Next Steps**

At the June meeting, HMC members will have an opportunity to provide feedback about the different income allocation options. The discussion will focus on the following 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?
- 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?
- 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?

## Appendix A: Comments Emailed to Staff about Income Allocation Approaches

Only one HMC member submitted written comments related to the survey. Response from Pat Eklund:

1. *What level of income shift combined with the HMC's total allocation methodologies from March seems to most effectively accomplish the statutory objectives and further regional planning goals?*
  - b. 50% - 100%
2. *Based on today's presentation and your experience using the online visualization tool, do you feel that using the income shift approach in ABAG's RHNA methodology will successfully achieve the statutory objectives?*
  - d. No, and I'll email comments to [rhna@thecivicedge.com](mailto:rhna@thecivicedge.com) -- We need to re-do today. Due to COVID-19, we need to reduce what we think we can get done in these meetings. Limit them to 2 hours and focus on 1 issue. Maybe do preparation ahead of time if there is a tool that needs to be used. I feel as though my comments have not been captured since I was not able to participate even as a member. This is my 3<sup>rd</sup> RHNA cycle I have participated in .. and, probably one of the more frustrating ones. We are trying to accomplish too much and what is being sacrificed is our input. There is NO time for input .. My suggestion – limit each meeting to 1 issue .. if we are still on a time crunch .. then meet twice a month. These 3-4 hour meetings are NOT appropriate or good .. again what gets sacrificed is the quality of our input and getting input from all of us. There are some that already have made up their minds and their input is being characterized for the group.

By the way, my abstention on these items was NOT noted by Brad Paul. I did not vote or really participate because it took me almost the whole time to figure out how to get in to the break out session by phone. That technological glitch was forgotten when this was set up. I want to thank Paisley for trying to help me .. she did a great job given the challenges .. but, bottom line – we are trying to do too much too fast .. SLOW DOWN! The quality of the input is being sacrificed.



ABAG

# Metropolitan Transportation Commission

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## Legislation Details (With Text)

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**Type:** Report      **Status:** Informational

**File created:** 6/2/2020      **In control:** ABAG Housing Methodology Committee

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**Attachments:** [Item 6a 1 Summary Sheet Progress Summary and Next Steps.pdf](#)

Date	Ver.	Action By	Action	Result
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Summary of HMC Progress to Date and Preview of Next Steps

Gillian Adams

Information

**Association of Bay Area Governments**

**Housing Methodology Committee**

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June 19, 2020

Agenda Item 6.a.

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**HMC Progress and Next Steps**

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**Subject:** Summary of HMC Progress to Date and Preview of Next Steps

**Background:** The Association of Bay Area Governments (ABAG), with guidance from the Housing Methodology Committee (HMC), must allocate the Regional Housing Needs Determination (RHND) identified by the State to the cities and counties in the nine-county Bay Area. 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.

The HMC has been meeting to discuss the RHNA methodology since October 2019. Staff will review the information about the components of the RHNA methodology provided in previous meetings and summarize the ideas and themes that have emerged from the HMC's deliberations. Staff will seek confirmation of these themes as a prelude to the remaining HMC meetings, where committee members will have to put the pieces of the methodology together.

In July, staff will present information about the Plan Bay Area 2050 Draft Blueprint for the HMC to consider whether to incorporate it into the RHNA methodology. In subsequent meetings, committee members will have an opportunity to continue refining the methodology prior to making a recommendation in September to the Regional Planning Committee about the proposed RHNA methodology.

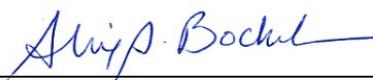
The staff meeting presentation summarizes the building blocks of the RHNA methodology, what staff has heard from the HMC members, and proposes questions for discussion at the meeting.

**Issues:** None

**Recommended Action:** Information

**Attachment:** None

**Reviewed:**

  
\_\_\_\_\_  
Alix Bockelman