

REGIONAL HOUSING NEEDS ALLOCATION



TO: Housing Methodology Committee

DATE: December 19, 2019

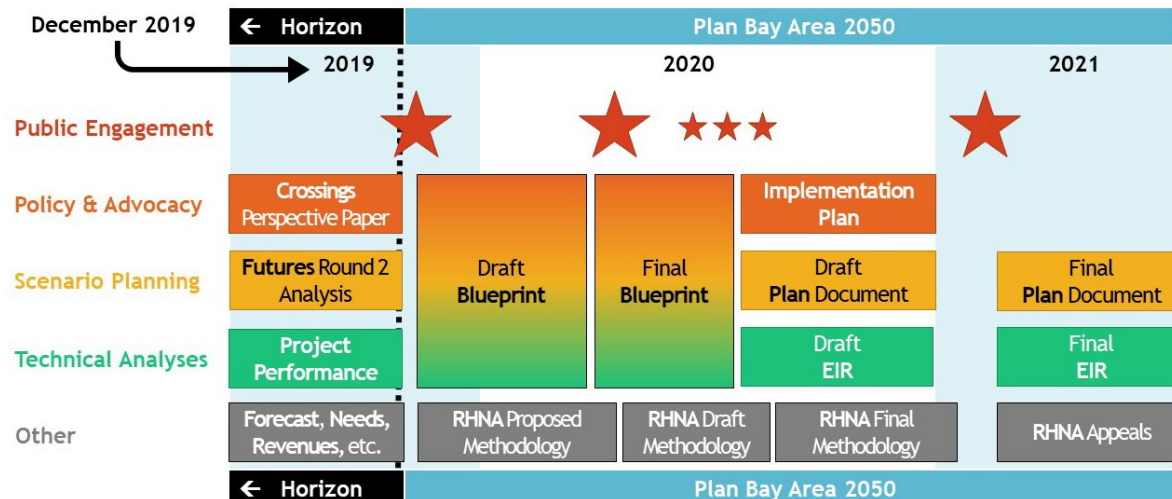
FR: Deputy Executive Director, Policy

RE: Relationship between Plan Bay Area 2050 Blueprint and RHNA

Overview

Plan Bay Area 2050 is the long-range regional plan slated for adoption in mid-2021, focusing on transportation, housing, the economy, and the environment. While the Plan and RHNA must be consistent under state law, the Plan and RHNA are different types of planning processes. This memorandum describes how the Plan and RHNA are different, what statutory requirements exist that link the Plan and RHNA, and how the Plan Blueprint could be used in the RHNA process.

Plan Bay Area 2050 Schedule



How are the Plan and RHNA Similar and How are They Different?

Both Plan Bay Area 2050 and RHNA must integrate future housing growth at all income levels and both focus on the same geography – the nine-county San Francisco Bay Area; however, there are key differences that should be understood.

Plan Bay Area 2050 is driven by conceptual strategies to be advanced on the state, regional, or local levels – e.g., inclusionary zoning or development subsidies – designed to influence the location and type of growth. These strategies are integrated into a parcel-based simulation model, UrbanSim 2.0, which forecasts the market feasibility of new development based on these assumed public policies and generates a future-year land use pattern. For the Plan Bay Area 2050 Blueprint, staff will seek input from policymakers on which strategies to integrate into the Blueprint, and then forecast a future growth pattern for housing and jobs (paired with complementary infrastructure investments) on the county and sub-county levels.

The housing strategies currently under consideration for inclusion in the Plan are:

- *Spur housing production*
 - Allow a Greater Mix of Housing Types and Densities in Priority Development Areas
 - Allow a Greater Mix of Housing Types and Densities Around All Major Transit Stops
 - Allow a Greater Mix of Housing Types and Densities in High Resource Areas
 - Streamline Development in All Areas Designated for Growth
 - Transform Aging Malls and Office Parks Into Neighborhoods
 - Repurpose Public Land to Build Housing
- *Retain and expand affordable housing*
 - Increase Renter Protections
 - Fund Affordable Housing Preservation and Production
 - Require 10% to 20% of New Housing to Be Affordable

RHNA, unlike Plan Bay Area 2050, is a factor-driven allocation process. Rather than forecasting future growth as driven by assumed public policies, the RHNA process is defined by metrics and factors that typically are used to craft a formula to allocate housing needs by income level. These factors can be reflective of current regional conditions, or they can include historic or future forecast data points. Unlike Plan Bay Area 2050, RHNA is focused on the short-to-medium term housing needs through the year 2030; it has a stronger implementation lens as it is directly related to Housing Elements on the local level. Lastly, unlike Plan Bay Area 2050's Regional Growth Forecast which is developed by ABAG/MTC, the Regional Housing Needs Determination (RHND) used for RHNA is developed by the state Department of Housing and Community Development (HCD) with select opportunities for input by ABAG.

Statutory Requirements

Statutory requirements that connect these processes are relatively limited. There are three primary connection points within the statutory requirements for the Plan and RHNA:

- 1) **RHNA must be consistent with the development pattern from the Plan.**¹ Housing Element Law does not provide a definition of consistency or specific guidance about how it should be achieved. Historically, MTC/ABAG has interpreted the consistency requirement to mean that the eight-year RHNA housing allocation for a given jurisdiction should not exceed the 30-year Plan housing forecast for the same jurisdiction. While this has historically not been a major issue, the significant expected increase in RHND, combined with the introduction of the requirement that the RHNA affirmatively further fair housing, may require greater reconciliation between the Plan Blueprint's strategies and the RHNA methodology's factors in mid-2020.

¹ [Government Code Section 65584.04\(m\).](#)

- 2) **Subregional shares must be generated based on the Plan.**² For any designated subregions, the share of the RHND allocated to that subregion must be generally based solely on the long-range plan, as opposed to other factors that may be integrated into the methodology.³
- 3) **Key assumptions from the Plan's Regional Growth Forecast should be provided to the state during the RHND consultation process.**⁴ However, the state is not required to integrate Council of Governments input on population growth estimates unless that total regional population forecast for the projection year is within ± 1.5 percent of the state's own forecast for the Bay Area. Similarly, the state will take under advisement information on overcrowding, etc. from the Regional Growth Forecast, but it may exercise appropriate discretion when calculating the RHND for a given region.

What RHNA Objectives and Factors Will the Blueprint Address?

Using growth forecasts from the Plan Bay Area 2050 Draft Blueprint and/or Final Blueprint as a factor for RHNA can be an effective way to ensure consistency between the Plan and RHNA. While ABAG has used the Plan as a significant component of the RHNA allocations in the past, this is not required under state law. For example, SANDAG (San Diego) did not use their long-range plan as part of their recently approved RHNA methodology, whereas SACOG (Sacramento) is planning on using their long-range plan as a core input to the RHNA process. HCD has accepted both of these approaches.

In general, staff suggest that the HMC consider integrating the Plan Bay Area 2050 Blueprint into the RHNA methodology, in part to maximize consistency between the two efforts and in part to address a suite of important RHNA objectives and factors. That said, the HMC will advise the ABAG Regional Planning Committee on its recommended methodology, including the extent to which the Plan Bay Area 2050 Blueprint should be used as part of the RHNA allocation methodology.

The Blueprint serves as a potential resource⁵ that would allow the methodology to address a broad set of factors without identifying new datasets or metrics. The Plan Bay Area 2050 Blueprint is being developed through a different process, and thus not all of the issue areas RHNA is statutorily required to tackle are requirements for Plan Bay Area 2050 (and vice versa).

The following tables highlight which objectives and which factors are likely to be integrated into the Blueprint, and which would likely need to be supplemented by additional RHNA methodology factors.

² [Government Code Section 65584.03\(c\).](#)

³ Per Government Code Section 65584.03(c), "the share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan."

⁴ [Government Code Section 65584.01.](#)

⁵ Because the Plan Bay Area 2050 Blueprint will focus on year 2050 growth forecasts for the county and sub-county levels, staff could produce a consistent set of year 2030 Blueprint growth forecasts by jurisdiction, solely for use in the RHNA process.

Tables 1 and 2 below show the ways in which the information and analyses in Plan Bay Area 2050 are aligned with the RHNA objectives and factors outlined in Housing Element Law. In addition to increasing consistency between RHNA and the Plan, use of the Plan could help address many of the goals of RHNA because it uses local land use planning and zoning as a foundation and comprehensively considers how housing is related to transportation, the economy, and the environment. The use of the UrbanSim 2.0 land use model allows for the integration of market realities and the impacts of policy changes into the forecasted development pattern in the Plan Blueprint.

The primary challenge to using the Plan in the allocation methodology is the fact that decisions about the strategies to be incorporated into the Plan Blueprint are ongoing. This includes decisions about whether the Blueprint will focus most growth on the voluntarily-adopted Priority Development Areas (PDAs) or whether other areas, such as other locations near transit or areas designated as High Resource Areas by the State, will also see increased future growth. These decisions will affect the extent to which the Blueprint promotes the equitable distribution of housing that is required for RHNA. These decisions will be made by MTC and ABAG policymakers this winter, with a forecasted growth pattern for the Draft Blueprint identified in spring 2020.

Table 1: Which RHNA Objectives Are Already Integrated into the Plan Blueprint?

Objectives (from Government Code §65584(d) and (e))	Comments
Increase housing supply and mix of housing types, tenure, and affordability all cities and counties within the region in an equitable manner	Integrated into the Plan Blueprint, with a few caveats. While the Plan Blueprint generally strives to address this objective, if the strategies in the Plan do not integrate geographies beyond the Priority Development Areas, the growth pattern may not be as equitable as potentially desired by the HMC.
Promote infill development and socioeconomic equity, protect environmental and agricultural resources, encourage efficient development patterns, and achieve GHG reduction targets	Integrated into the Plan Blueprint. These are generally in line with statutory requirements of Senate Bill 375, as well as the adopted Vision and Guiding Principles for the Plan.
Promote improved intraregional jobs-housing relationship, including balance between low-wage jobs and housing units affordable to low-wage workers in each jurisdiction	Depends on strategies to be integrated into the Plan Blueprint. If policymakers choose to integrate affordable housing strategies or strategies to shift the location of jobs, then the Plan Blueprint could address this RHNA objective directly.
Balance disproportionate household income distributions (more high-income RHNA to lower-income areas and vice-versa)	
Affirmatively further fair housing	

Table 2: Which RHNA Factors Are Already Integrated into the Plan Blueprint?

Factors <i>(from Government Code §65584.04(d))</i>	Comments
Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing.	Integrated into the Plan Blueprint. UrbanSim 2.0 integrates existing baseline data on affordable housing availability and jobs by wage level, and future forecasts are influenced by strategies for both issue areas.
Lack of capacity for sewer or water service due to decisions outside the jurisdiction's control.	Integrated into the Plan Blueprint, with a few caveats. While the UrbanSim 2.0 model does use General Plans or current zoning as a baseline – which often may reflect utility constraints – strategies to increase developable capacity in a city may generate increased needs for water or sewer infrastructure.
The availability of land suitable for urban development.	Integrated into the Plan Blueprint, with a few caveats. When crafting the growth pattern, usage of UrbanSim 2.0 helps to ensure that certain parcels that are not buildable – for example, very steep slopes or marshlands that are unsuitable for new development – remain undeveloped.
Lands protected from urban development under existing federal or state programs.	Integrated into the Plan Blueprint. UrbanSim 2.0 understands baseline land use policies and designations, which include federal and state protected lands such as parks and open space.
County policies to preserve prime agricultural land.	Depends on strategies to be integrated into the Plan Blueprint. For the past two Plan cycles, MTC/ABAG have integrated an Urban Growth Boundary strategy that keeps today's boundary lines in effect through the planning horizon year. If that strategy is preserved – which seems likely based on public and policymaker input to date – then the Plan Blueprint will address this factor.
The distribution of household growth assumed for regional transportation plans and opportunities to maximize use of public transportation and existing transportation infrastructure.	Integrated into the Plan Blueprint. The Blueprint includes complementary transportation strategies and investments, and the UrbanSim 2.0 analysis is done in concert with transportation modeling to understand improved accessibilities from such investments.
Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.	Depends on strategies to be integrated into the Plan Blueprint. For the past two Plan cycles, MTC/ABAG have integrated an Urban Growth Boundary strategy that keeps today's boundary lines in effect through the planning horizon year. If that strategy is preserved – which seems likely based on public and policymaker input to date – then the Plan Blueprint will address this factor.
The loss of units in assisted housing developments as a result of expiring affordability contracts.	Not likely to be reflected in Plan Blueprint. Data about the loss of affordable multi-family rental units in assisted housing developments is not used in the UrbanSim 2.0 simulation model.

Factors (from Government Code §65584.04(d))	Comments
The percentage of existing households paying more than 30 percent and more than 50 percent of their income in rent.	Integrated into the Plan Blueprint, with a few caveats. UrbanSim 2.0 understands both housing costs and relative incomes when forecasting future growth; the Regional Growth Forecast considers overcrowding directly. Strategies to address housing unaffordability and to reduce overcrowding will be considered by MTC/ABAG during the development of the Blueprint; however, no decisions have been made by the ABAG/MTC boards on which to include in the Plan at this time.
The rate of overcrowding.	
The housing needs of farmworkers.	Integrated into the Plan Blueprint, with a few caveats. The Plan Blueprint must house all forecasted new households through year 2050, which includes farmworkers. Affordable housing strategies could be integrated with specific consideration for farmworkers; however, no decisions have been made by the ABAG/MTC boards on which to include in the Plan at this time.
The housing needs generated by the presence of a university within the jurisdiction.	Integrated into the Plan Blueprint. Students can be housed in the regular housing market or in group quarter accommodations. The regional forecast projects the number of households and group quarter residents, some of whom are students. At the local scale, when developing the growth pattern using UrbanSim 2.0, institutions like major universities and their associated residential and non-residential pipeline projects are integrated.
The loss of units during a state of emergency that have yet to be rebuilt or replaced at the time of the analysis.	Integrated into the Plan Blueprint, with a few caveats. Emergencies that destroyed units prior to the Plan baseline year of 2015 would be integrated into the baseline inputs to UrbanSim 2.0. Emergencies that destroyed units after the Plan baseline year are assumed to be rebuilt before the Plan horizon year (2050).
The region's greenhouse gas emissions targets provided by the State Air Resources Board.	Integrated into the Plan Blueprint. This is consistent with the statutory requirements of Senate Bill 375.

Next Steps

Staff looks forward to feedback regarding if, and how, the Plan Blueprint should be integrated into the RHNA methodology. Options going forward include:

- 1) **Integrate the Plan Blueprint into the RHNA proposed methodology, once informed by MTC/ABAG board direction on key strategies this winter.** Integrating the Plan Blueprint will strengthen the nexus with the Plan and reduce the complexity of the RHNA methodology. Action this winter will help clarify which factors and objectives are ultimately addressed by strategies integrated into the Plan Blueprint. (preliminary staff recommendation)

- 2) **Do not integrate the Plan Blueprint into the RHNA methodology.** Not integrating the Plan Blueprint would provide greater flexibility in the RHNA process, but it may also increase the risk that the Plan Blueprint's strategies and the RHNA methodology would need to be revised substantially in summer 2020 to achieve consistency as required by state law.

Should option 1 to be the preferred path forward for the HMC, staff can return to the HMC this winter to highlight strategies integrated into the Draft Blueprint by the ABAG Board and MTC Commission. Staff can present again this spring once the Draft Blueprint's forecasted growth pattern for Plan Bay Area 2050 becomes publicly available.