Metropolitan Transportation Commission and the Association of Bay Area Governments

MTC Planning Committee with the ABAG Administrative Committee

January 10, 2020 **Agenda Item 5b**

Connections between the Regional Housing Need Allocation (RHNA) and Plan Bay Area 2050

Subject: Overview of connections between RHNA and Plan Bay Area 2050, the long-range regional plan for transportation, housing, the economy, and the environment, focusing on statutory requirements and potential further integration in 2020.

Background: Both RHNA and Plan Bay Area 2050 must integrate future housing growth at all income levels, and both focus on the same geography – the nine-county San Francisco Bay Area. 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.

Unlike Plan Bay Area 2050, RHNA 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:

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.
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. **Key assumptions from the Plan's Regional Growth Forecast should be provided to the state during the RHND consultation process[3].** 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

[1] California Government Code 65584.04(m)
[2] California Government Code 65584.03(c)
[3] California Government Code 65584.01(a)

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.

Issues: 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. ABAG has used the Plan as a significant component of the RHNA allocations in the past, although it should be noted that this is not required under state law. The Plan Bay Area 2050 Blueprint will likely align with most of objective and factor requirements of the RHNA process. Action on specific strategies this winter by MTC/ABAG, such as integrating new areas for growth beyond Priority Development Areas (PDAs) to achieve critical equity goals, will determine the extent of that alignment.

In general, staff recommend that the RHNA methodology integrate the Plan Bay Area 2050 Blueprint to some extent, 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.

At the December HMC meeting, staff presented the option to integrate the Plan Blueprint as one of the RHNA factors as a recommendation to the HMC. Many members noted it was premature to do so, lacking direction from the boards on the strategies to be integrated into Plan Bay Area 2050 Blueprint. Other members flagged the focus of past plans on Priority Development Areas, noting that voluntary nature of PDAs may make it harder to reach equity and GHG reduction outcomes. Action by the MTC Planning and ABAG Administrative committees later this winter could help to provide clarity to the HMC on the specific strategies being integrated, particularly with regards to growth geographies and associated housing policies.

Next Steps: Staff looks forward to feedback regarding if, and how, the Plan Blueprint should be integrated into the RHNA methodology. Furthermore, staff will be looking for direction on a suite of housing strategies, including expanding the growth pattern in Plan Bay Area 2050 to incorporate Transit-Rich Areas and High-Resource Areas, at the upcoming Commission/ABAG Board workshop. Integration of such geographies could make it easier to sync the Plan process with the RHNA process, as well as yielding more sustainable and equitable outcomes for the region.

Recommendation: Information

Attachments: Attachment A: Presentation

Therese W. McMillan

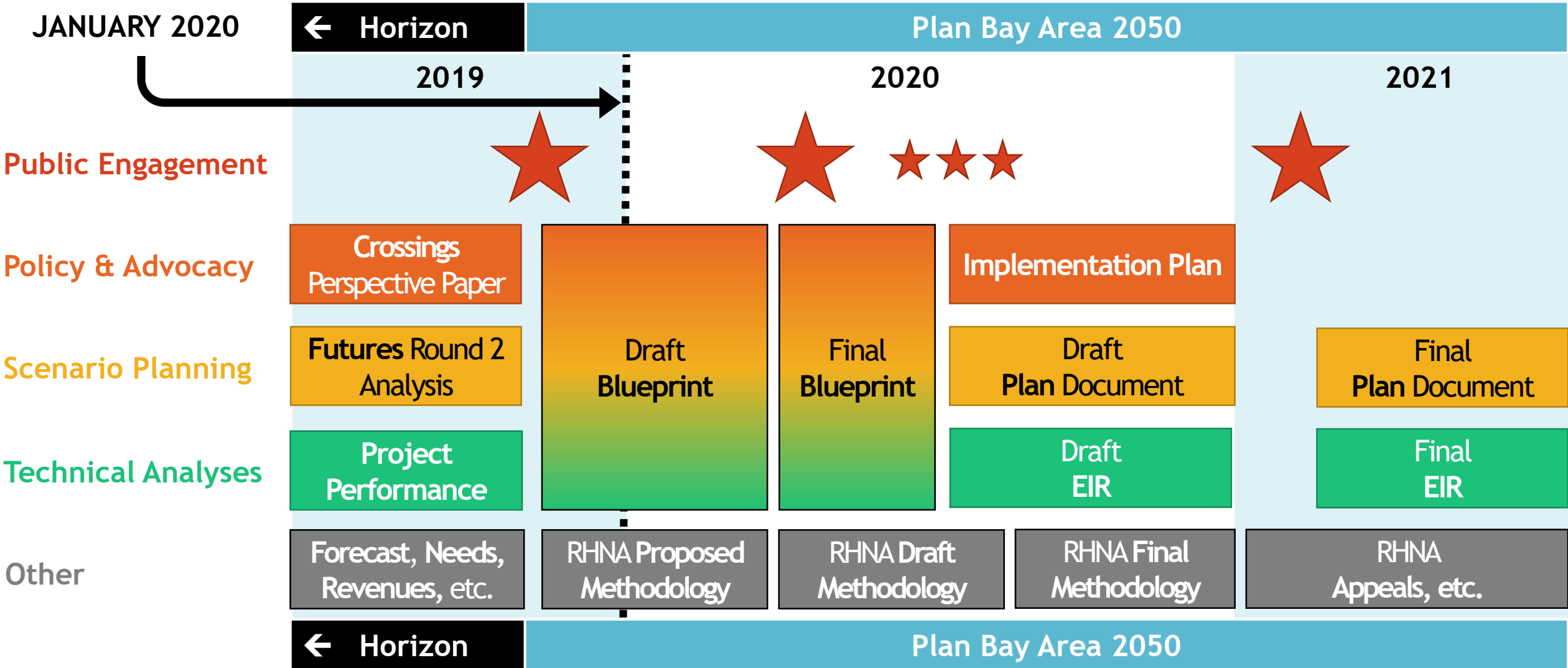
PLAN BAY AREA 2050

Connections between RHNA and Plan Bay Area 2050

MTC Planning Committee with ABAG Administrative Committee

January 10, 2020 - Dave Vautin, MTC/ABAG

Plan Bay Area 2050 & RHNA Schedules



Plan Bay Area 2050 and RHNA: **How are they similar?**

- Both RHNA and Plan Bay Area 2050 **must integrate future housing growth at all income levels** (very-low, low, medium, high).
- Both efforts **focus on the same geography** – the nine-county San Francisco Bay Area.

Per California Government Code 65584.04(m)(1) as amended by Senate Bill 375:

"[RHNA] shall allocate housing units within the region consistent with the development pattern included in the sustainable communities strategy" (i.e., Plan Bay Area 2050).

Plan Bay Area 2050 and RHNA: How are they different? (1)

- 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.
- RHNA is **a factor-driven allocation process**, where metrics and factors are typically used to craft a formula to allocate housing needs by income level.
- Unlike Plan Bay Area 2050, **RHNA is focused on the short-to-medium term housing needs through the year 2030**; RHNA has a stronger implementation lens as it is directly related to Housing Elements on the local level.

Plan Bay Area 2050 and RHNA: How are they different? (2)

- In a world of uncertainty, it is difficult to predict future growth trends and housing needs - as we explored in the Horizon process. However, **both processes rely on a singular forecast**.
- Plan Bay Area 2050's Regional Growth Forecast is **developed by MTC/ABAG** with input from regional stakeholders and a technical advisory group of economic experts.
- RHNA's Regional Housing Needs Determination (RHND) is **developed by the state Department of Housing and Community Development** (HCD) with select opportunities for input by ABAG.

Statutory Requirements

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.

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.

Key assumptions from the Plan's Regional Growth Forecast should be provided to the state during the RHND consultation process[3].

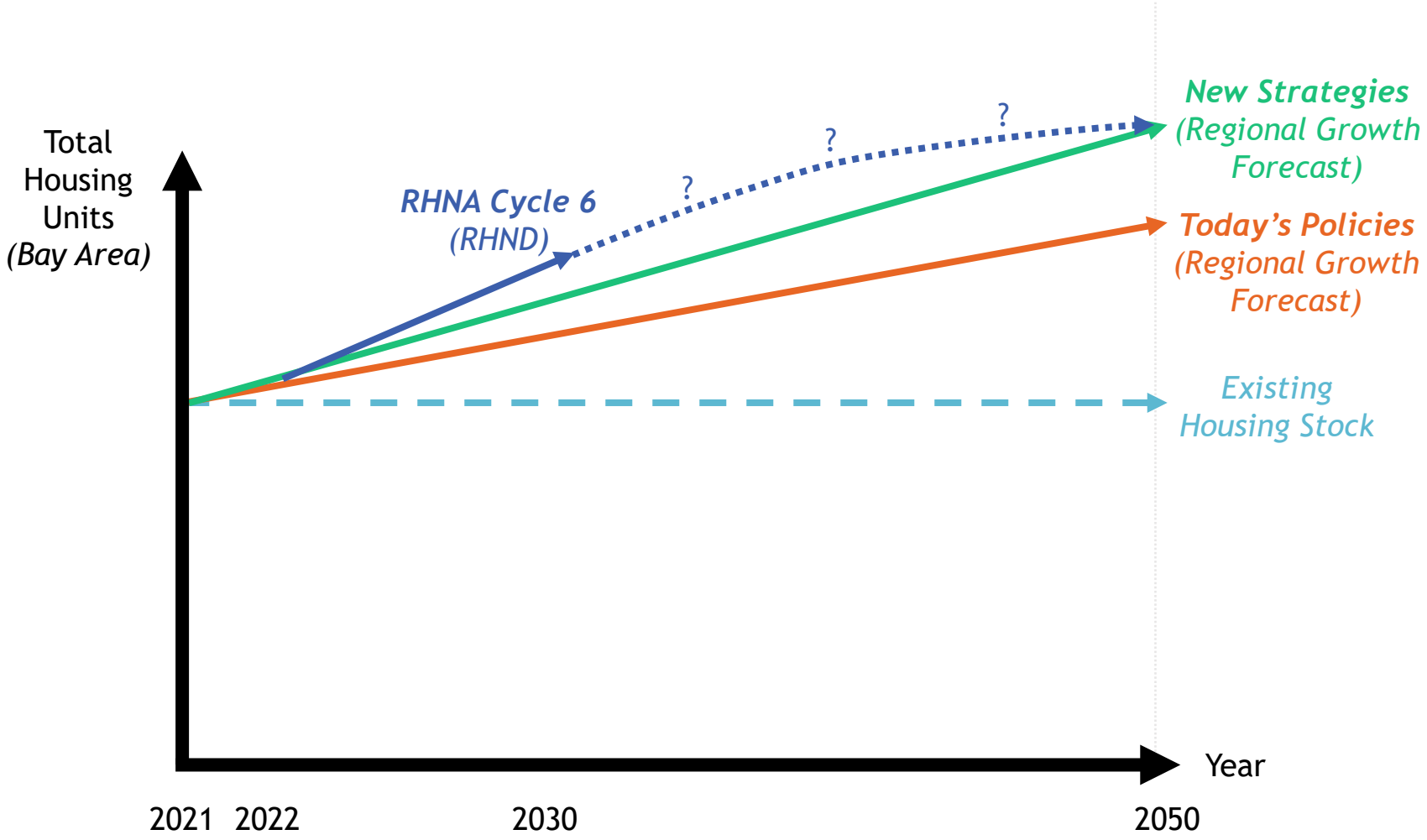
- **However, the state is not required to integrate Council of Governments input on population growth estimates** unless that total regional population forecast for the projection year is within ±1.5 percent of the state's own forecast for the Bay Area.

1. *California Government Code 65584.04(m)*
2. *California Government Code 65584.03(c)*
3. *California Government Code 65584.01(a)*

Plan Bay Area 2050 and RHNA:
What are some key definitions for both processes?

RHNA			Plan Bay Area 2050	
April 2020: Receipt of Final RHND from HCD	**Regional Housing Need Determination (RHND).** *Total housing need through 2030 determined by HCD.*	1	**Regional Growth Forecast.** *Projection of population, jobs, and housing through 2050.*	**January 2020:** MTC/ABAG Workshop *(Draft)* **April 2020:** Joint Planning *(Final)*
April 2020: Housing Methodology Committee **Spring 2020:** ABAG Executive Board *(Proposed)*	**Factors/Methodology.** *Metrics & weights that must meet statutory requirements.*	2	**Strategies.** *Assumed policies and investments to influence the location of new homes and jobs.*	**February 2020:** Joint Planning *(Draft)* **Summer 2020:** Joint Planning *(Final)*
May 2020: ABAG Executive Board *(Proposed)* **Fall 2020:** ABAG Executive Board *(Draft)* **Winter 2020-21:** ABAG Executive Board *(Final -- **Action Item**)*	**Allocation.** *Result of applying methodology to total need to determine jurisdiction allocations.*	3	**Blueprint.** *Result of modeling how strategies influence the distribution of housing & jobs on the local level.*	**May 2020:** Joint Planning *(Draft)* **September 2020:** Joint Planning & Commission/Board *(Final -- **Action Item**)*

1 RHNA: Regional Housing Need Determination
Plan Bay Area 2050: Regional Growth Forecast



How has MTC/ABAG typically evaluated consistency between these two efforts?

Consistency Issue #1

Plan Bay Area 2050		**RHNA**
Growth in Bay Area housing units through year 2050	≥	Need for Bay Area housing units through year 2030

Consistency Issue #2

Plan Bay Area 2050		**RHNA**
Local forecasted housing growth through year 2050 *(Blueprint)*	≥	Allocation of housing need to local jurisdiction through year 2030

2 RHNA: Factors & Methodology *(under development)* Plan Bay Area 2050: Housing Strategies *(draft)*

Spur Housing Production

Allow a Greater Mix of Housing Densities and Types in Growth Areas. Expand the geographic footprint for focused growth beyond Priority Development Areas (PDAs) to Transit-Rich Areas and High-Resource Areas.

Streamline Development in Growth Areas. Apply a set of development streamlining measures, including faster development approvals and lower parking requirements.

Transform Aging Malls and Office Parks into Mixed-Income Neighborhoods. Enable new land uses at these locations and support multi-benefit development goals.

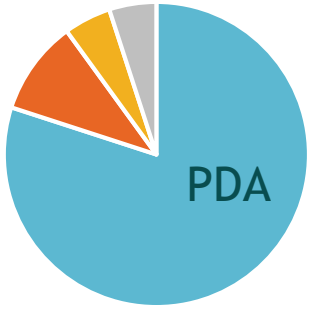
Retain & Expand Affordable Housing

Fund Affordable Housing Preservation and Production. Raise $1.5 billion in new annual revenues to preserve existing affordable units and construct new affordable housing units at a more aggressive pace.

Require 10 to 20 Percent of New Housing to Be Affordable. Expand inclusionary zoning across the Bay Area with a variable rate, ranging between 10 percent in weaker-market communities and 20 percent in stronger-market communities.

Integrating New Geographies into PBA 2050 Blueprint:
An Opportunity to Strengthen Consistency with RHNA

A



Highly focused growth in **existing & proposed PDAs**

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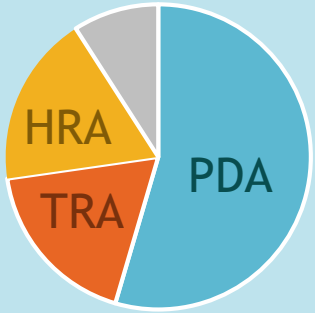

Focused growth in PDAs **plus select Transit-Rich and High-Resource Areas** outside PDAs ***("PDAs Plus")***

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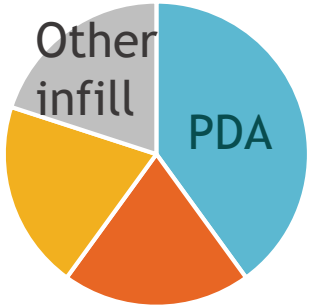
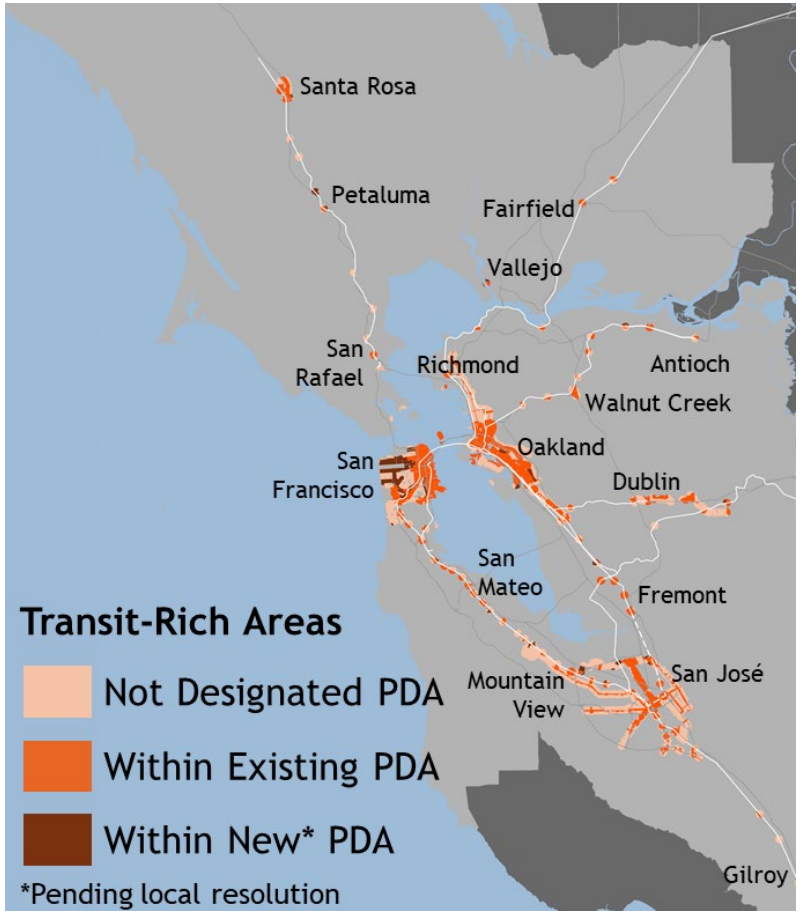
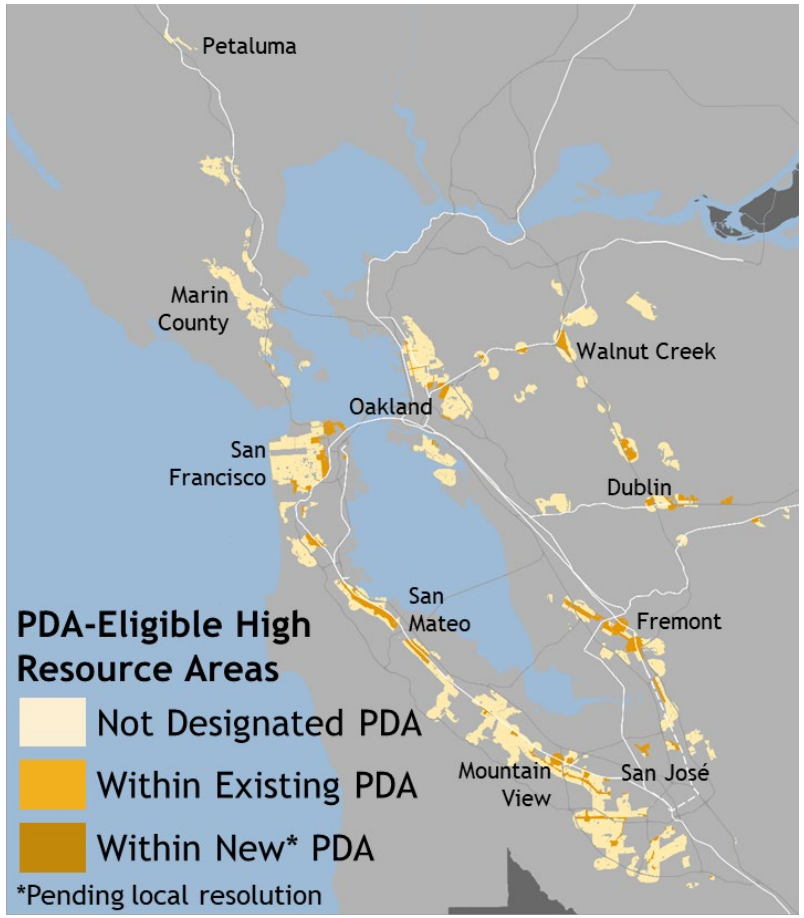


Focused growth in PDAs **plus more distributed growth** within urban growth boundaries

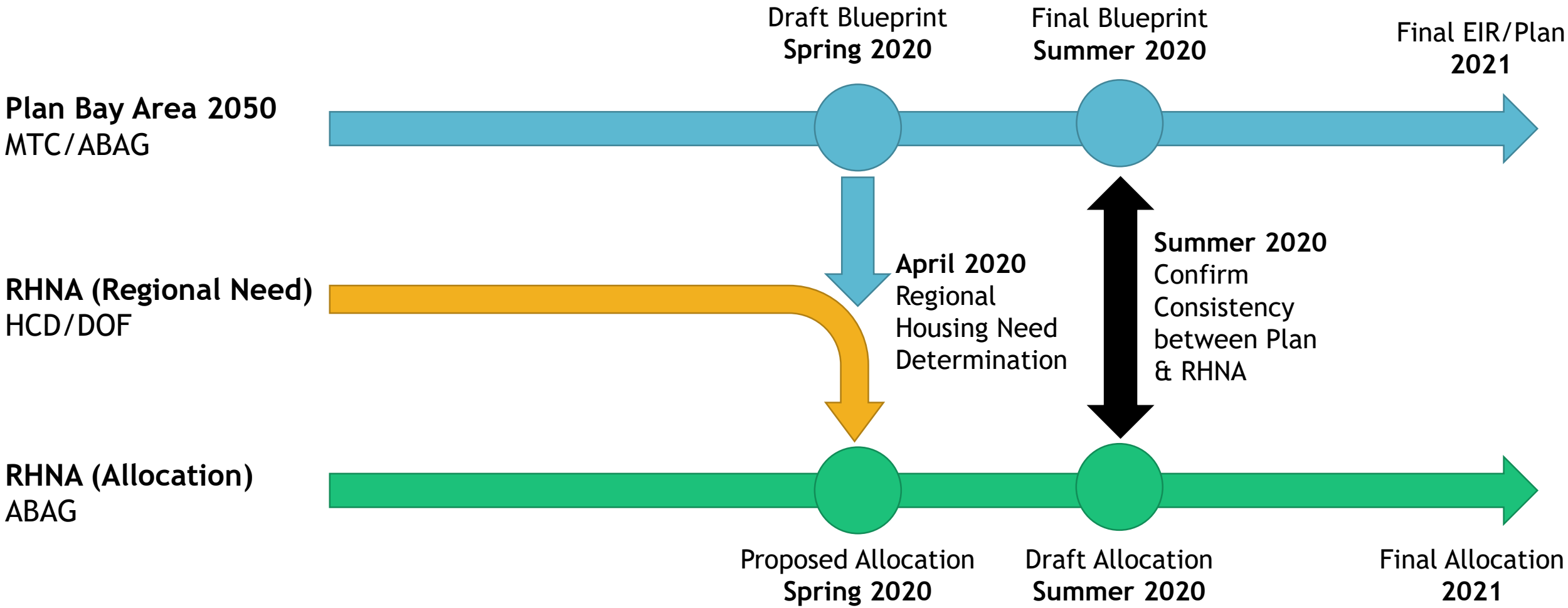




Sources: California HCD, 2019; MTC/ABAG, 2019

No TRAs or PDA-Eligible HRAs exist beyond the cropped areas of either map.

3 RHNA: Allocation *(coming this spring)* Plan Bay Area 2050: Blueprint *(coming this spring)*



Opportunities for Closer Alignment

- **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.** ABAG has used the Plan as a significant component of the RHNA allocations in the past, although it should be noted that this is not required under state law.
- In general, **staff recommend that the RHNA methodology integrate the Plan Bay Area 2050 Blueprint to some extent**, in part to maximize consistency between the two efforts and in part to address a suite of important RHNA objectives and factors.

Addressing RHNA Housing Methodology Committee (HMC) Feedback and Reflecting on Concerns

- Many HMC members felt it was premature to commit to integrating the Plan and RHNA, **as we have not received final direction from the boards on strategies to be integrated into Plan Bay Area 2050 Blueprint.**
- **Action by MTC and ABAG later this winter could help provide clarity to the HMC** on the specific strategies being integrated, particularly with regards to growth geographies and associated housing policies.

Next Steps

- **Plan Bay Area 2050**
  - **January:** Commission & Board Workshop Discussion on Housing Geographies & Strategies
  - **February:** Action Item on Draft Blueprint Strategies
  - **May:** Release of Draft Blueprint & Public Workshops
- **RHNA**
  - **Winter:** HMC Discussion on RHNA Methodology
  - **Spring:** Presentation of Proposed Methodology to Board