WELCOME

ABAG Housing
Methodology Committee
May 14, 2020

Association of Bay Area Governments

Virtual etiquette

- HMC Norms still in place – just virtually

- Keep your device on mute unless you are speaking

- Use "gallery" view to see every participant

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

- Look into the camera when you speak

- Try not to talk over others

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

- Fun Tip: Choose a virtual background!

Today's agenda

1. Zoom webinar: staff presentations

   a. Income allocation methodology

   b. Evaluation metrics

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

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

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

3. Return to Zoom webinar

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

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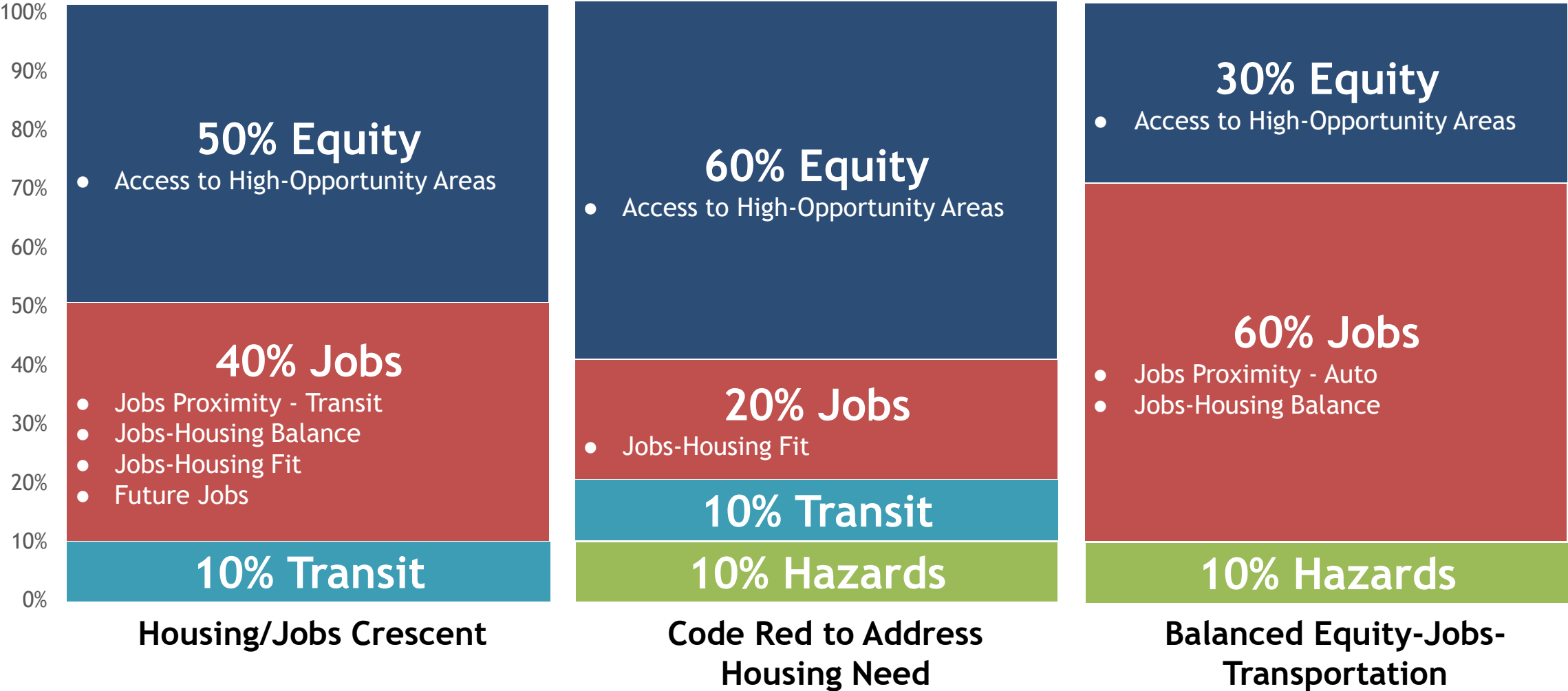May 14, 2020

RHNA Income Allocation Methodology

ABAG Housing Methodology Committee
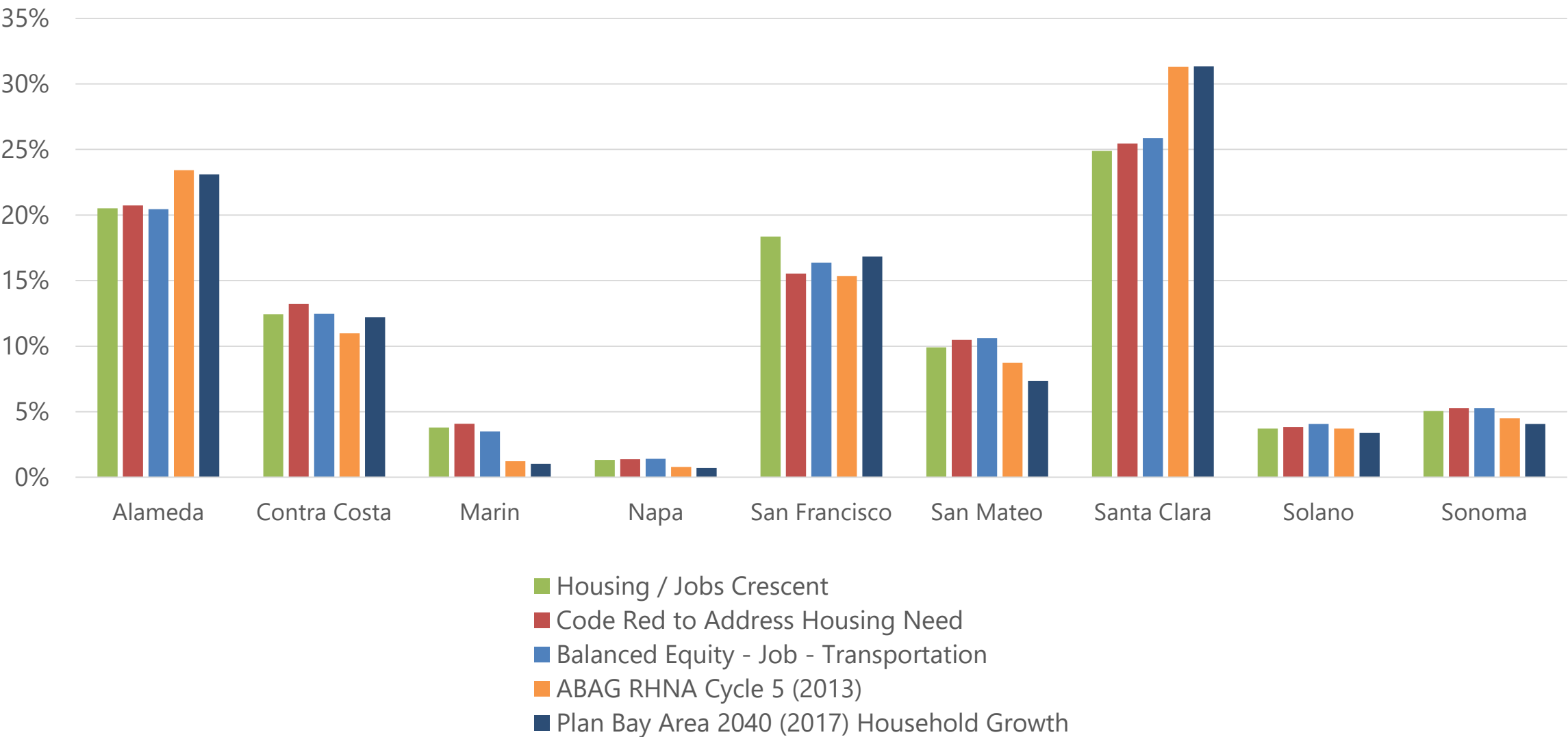May 14, 2020

Materials sent to HMC in April

- Revised timeline of key milestones for completing RHNA process

- Additional HMC meeting dates

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

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

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

- Summary of methodology options from March HMC meeting

Total allocation methodologies from March

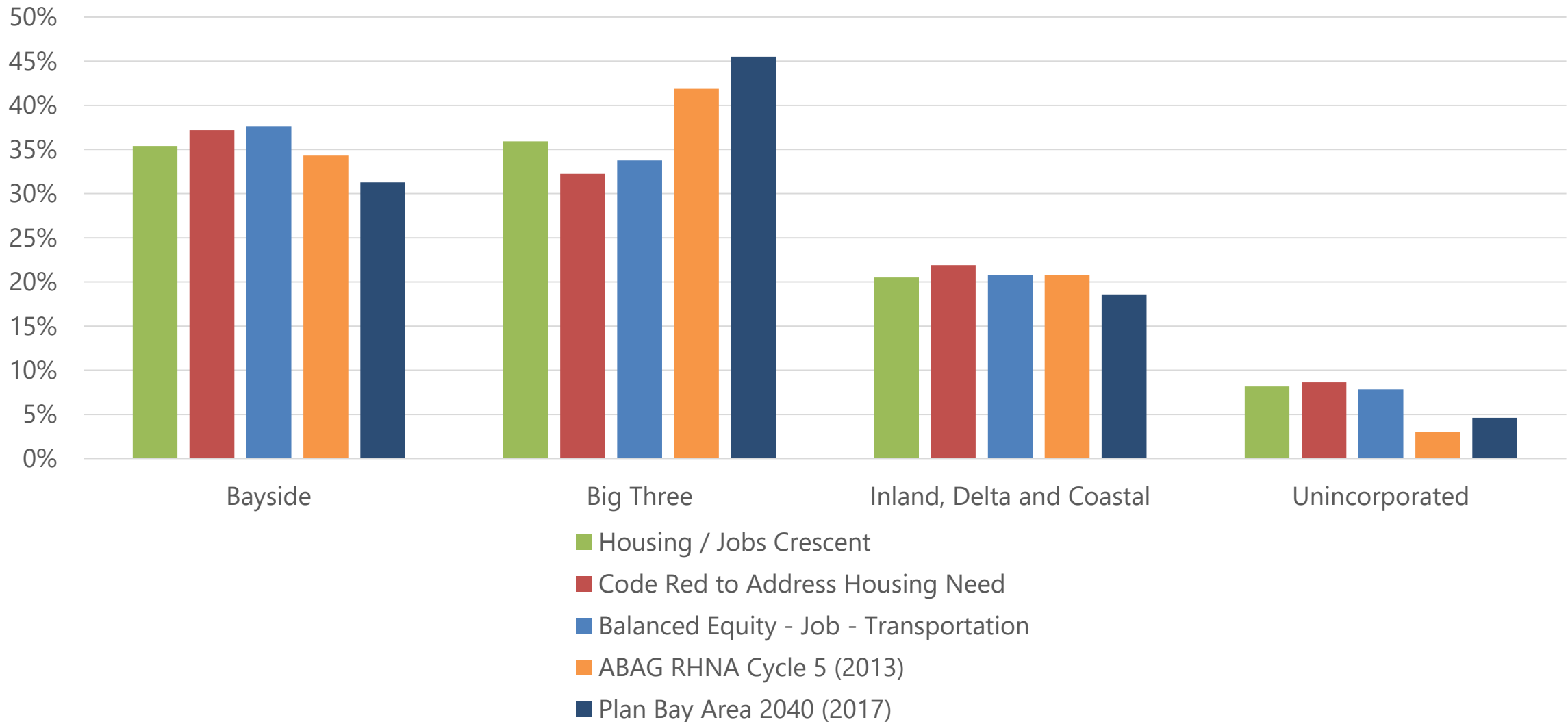## Comparison of three methodology options that received most votes

Housing/Jobs Crescent

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

Code Red to Address Housing Need

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

Balanced Equity-Jobs-Transportation

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

Methodology factors: top options

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

Methodology factors: top options

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

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RHNA income categories

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

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

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

Statutory requirements for income allocation

- Increase affordability in an equitable manner throughout the region

- Improve the balance between low-wage jobs and housing affordable to low-wage workers (jobs-housing fit)

- Allocate less RHNA in an income category when a jurisdiction already has a disproportionately high share of households in that income category

- Affirmatively further fair housing

CA Government Code § 65584(d)

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

Other regions' income allocation approaches
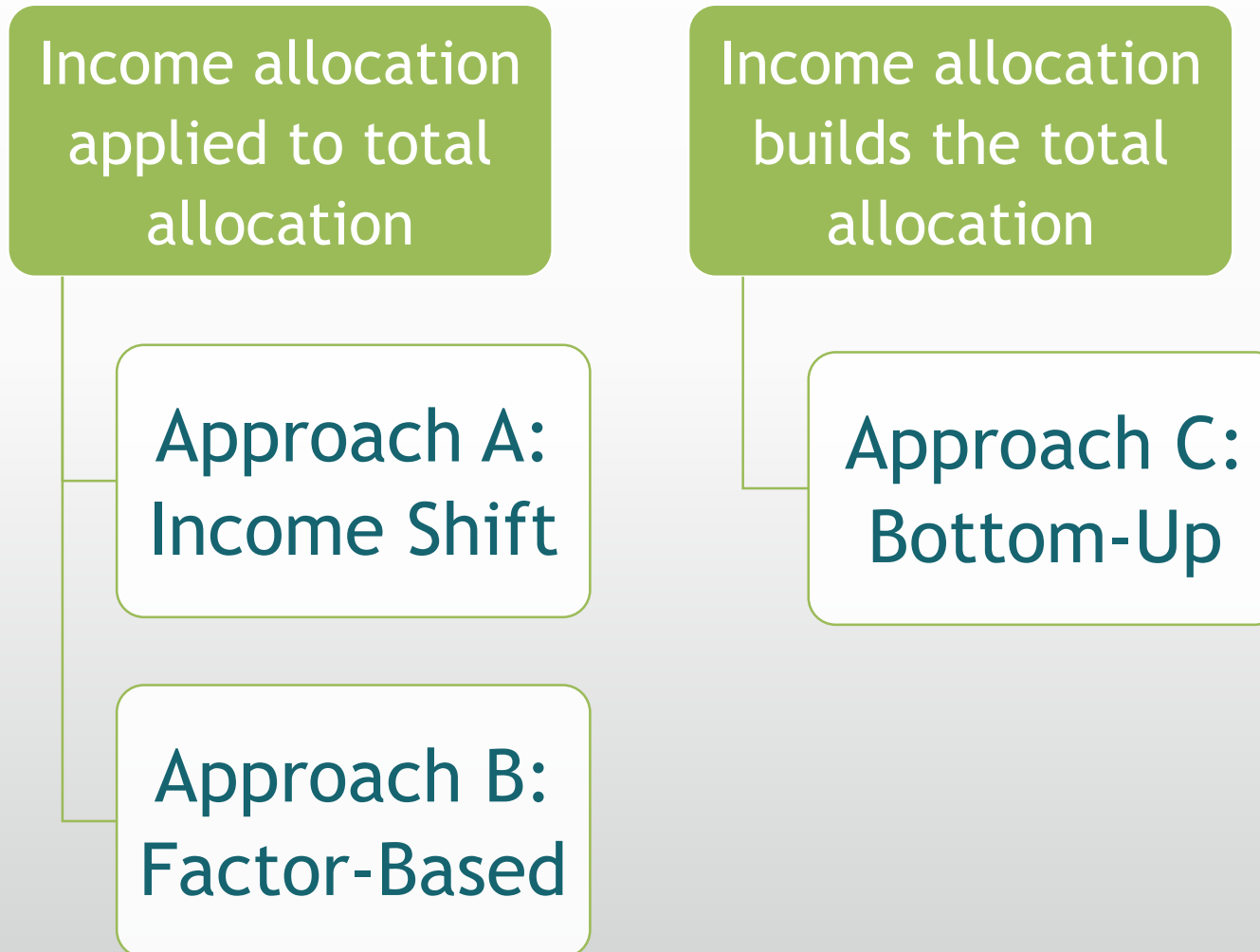
Income shift

- ABAG 2015-2023 RHNA cycle
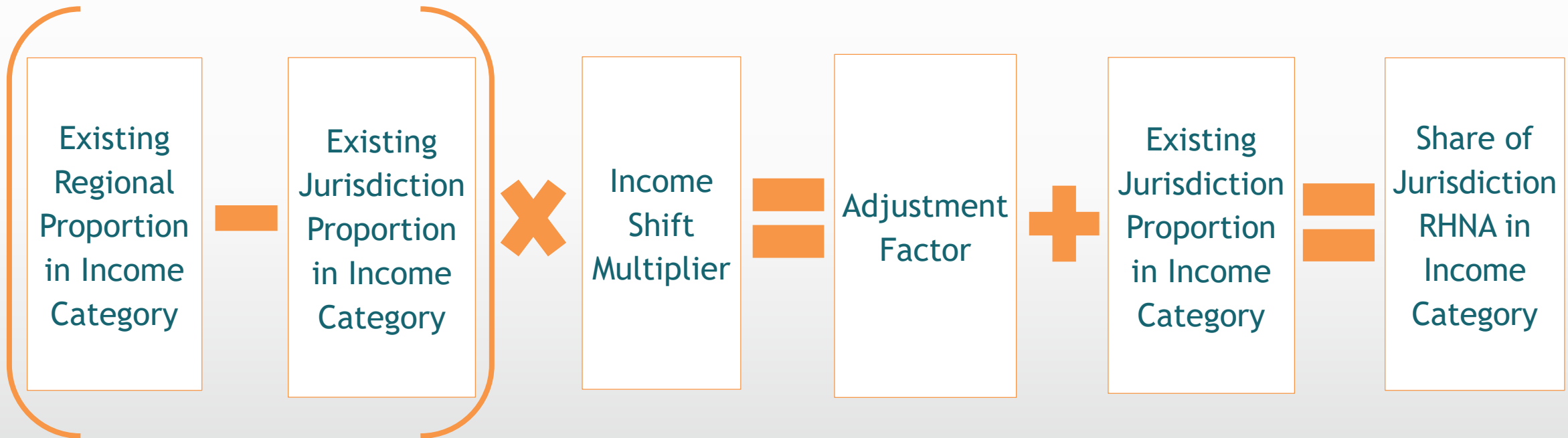- San Diego

Income shift + equity-focused factors

- Sacramento
- Los Angeles
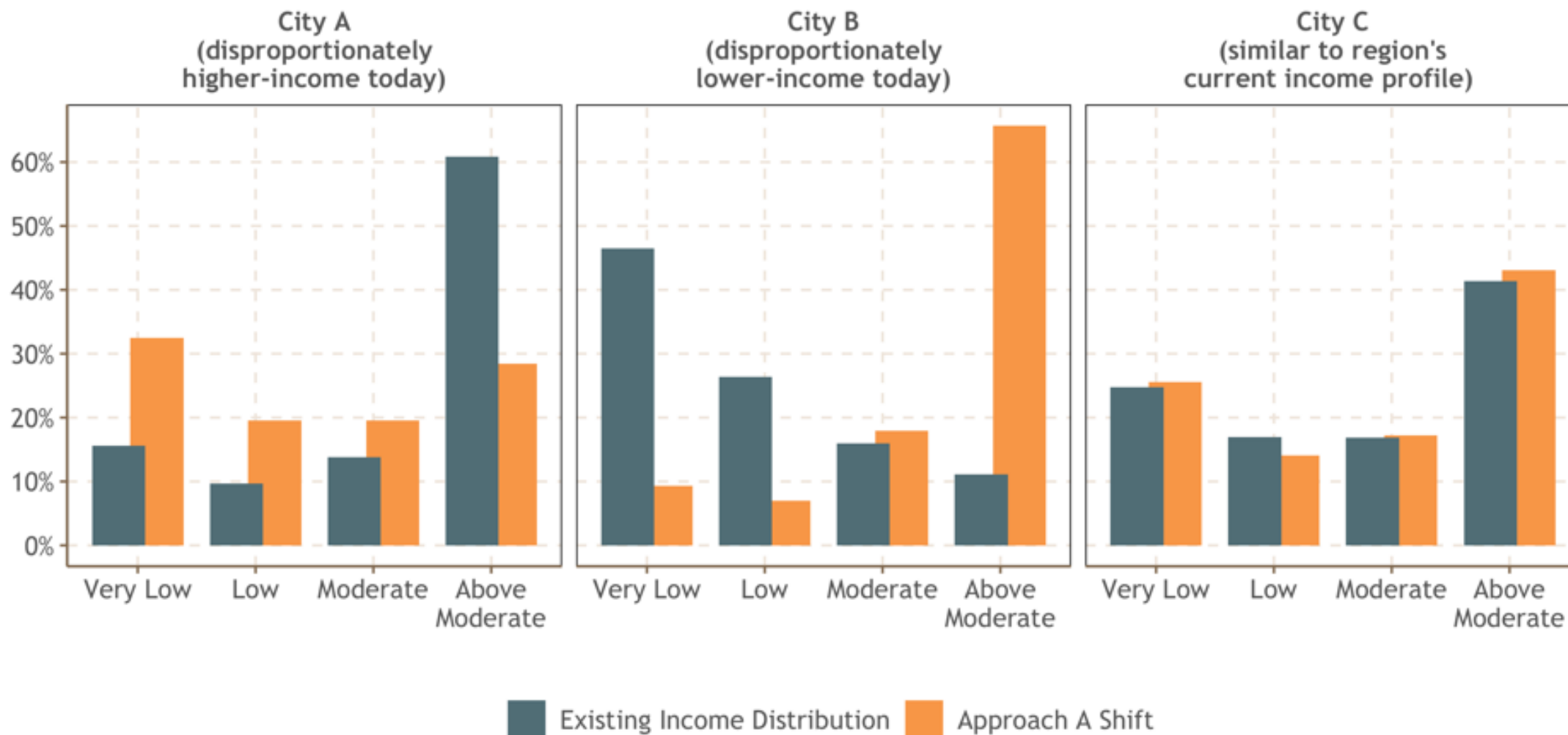
Potential approaches to income allocation
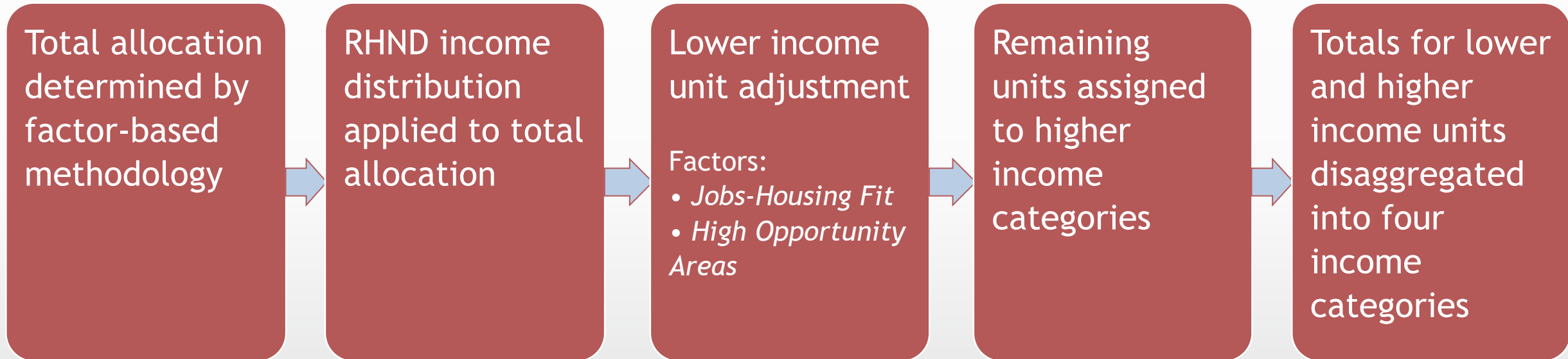
Income allocation applied to total allocation

Income allocation builds the total allocation

Approach A: Income Shift

Approach B: Factor-Based

Approach C: Bottom-Up

Approach A: income shift applied to total allocation

$$\left(\text{Existing Regional Proportion in Income Category} - \text{Existing Jurisdiction Proportion in Income Category} \right) \times \text{Income Shift Multiplier} = \text{Adjustment Factor} + \text{Existing Jurisdiction Proportion in Income Category} = \text{Share of Jurisdiction RHNA in Income Category}$$
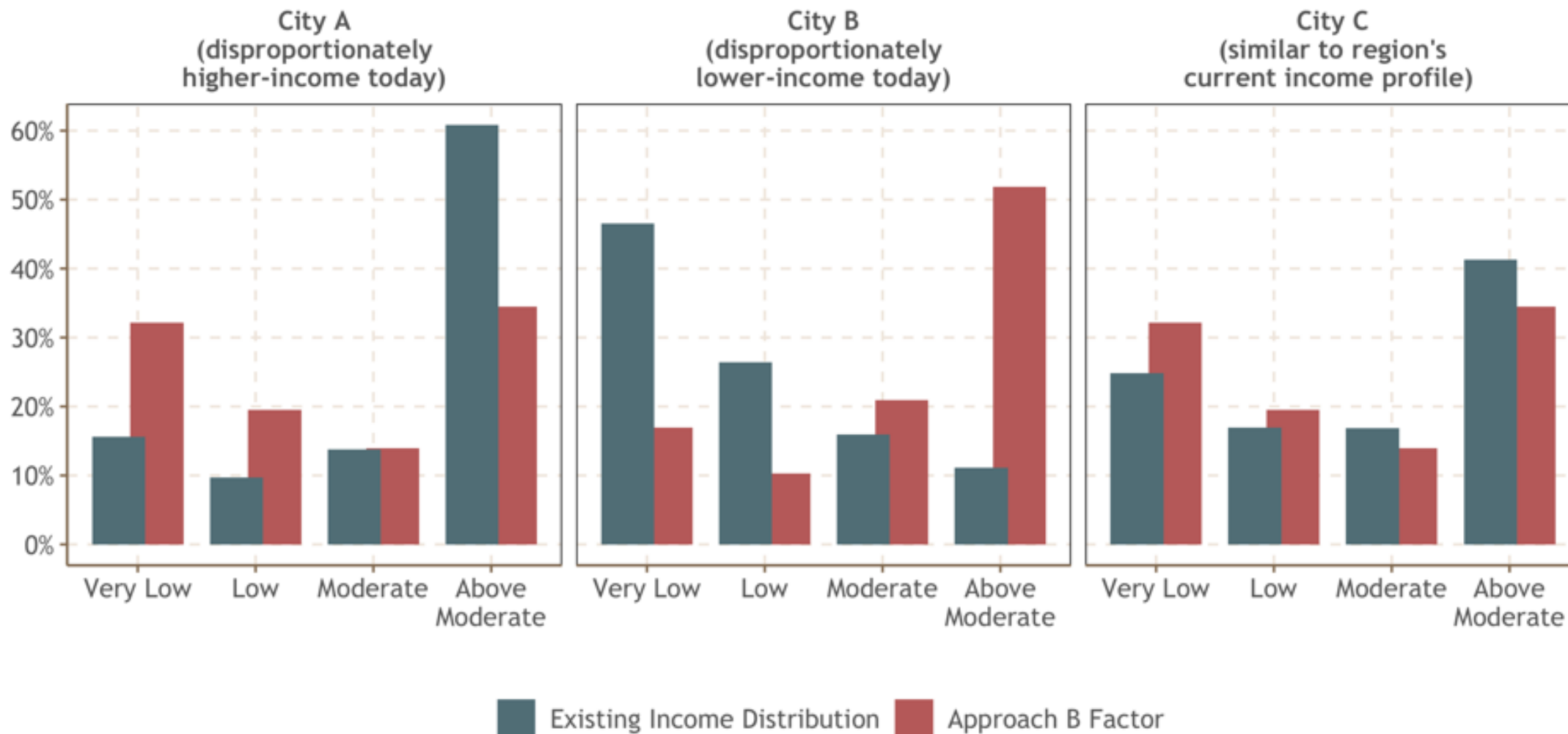
Hypothetical example of income shift approach, using 175% multiplier

Approach B: using factors applied to total allocation

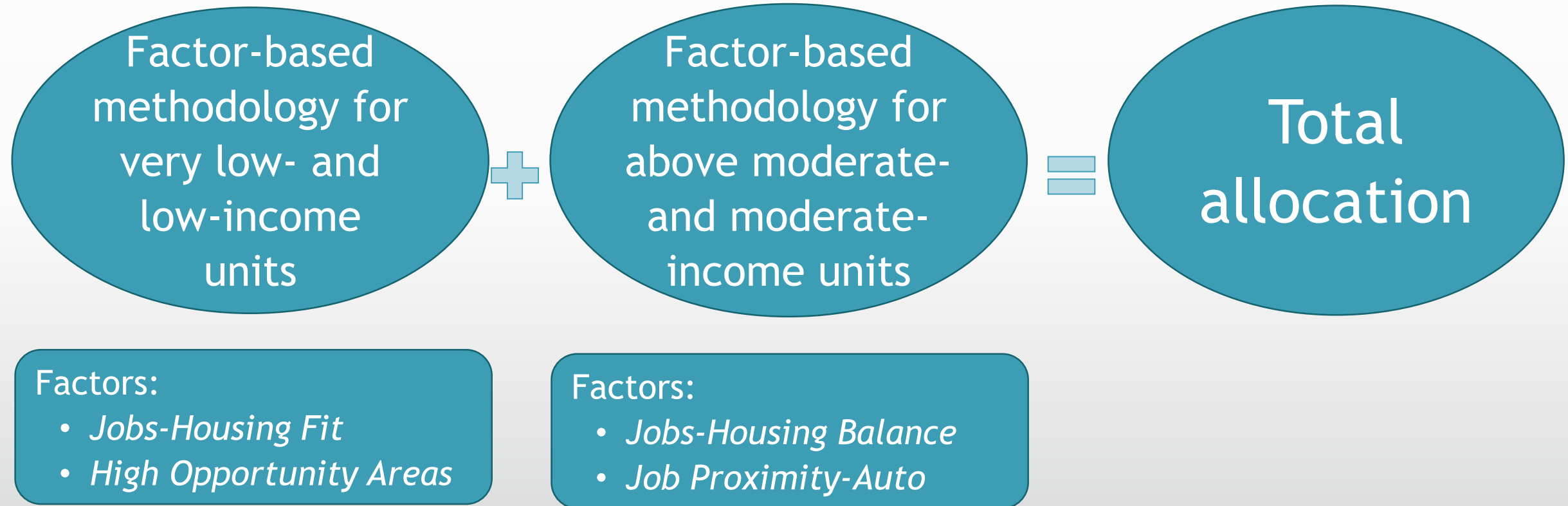| Total allocation determined by factor-based methodology | RHND income distribution applied to total allocation | Lower income unit adjustment

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

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Hypothetical example of factor-based approach

Approach C: bottom-up factors build total allocation

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

+

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

=

Total allocation

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

Factors:
- *Jobs-Housing Balance*
- *Job Proximity-Auto*

Hypothetical example of bottom-up approach
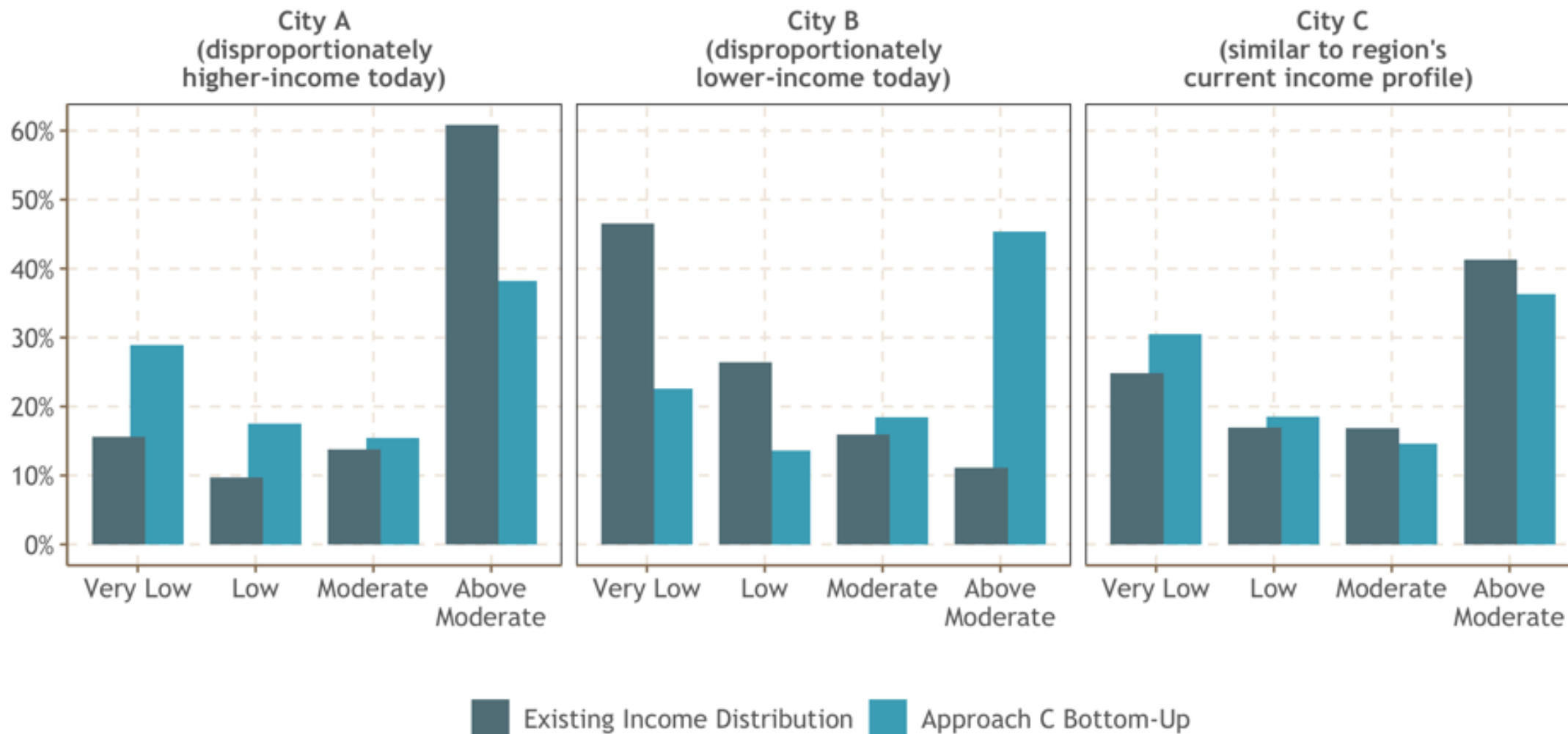
Comparison of hypothetical income approaches
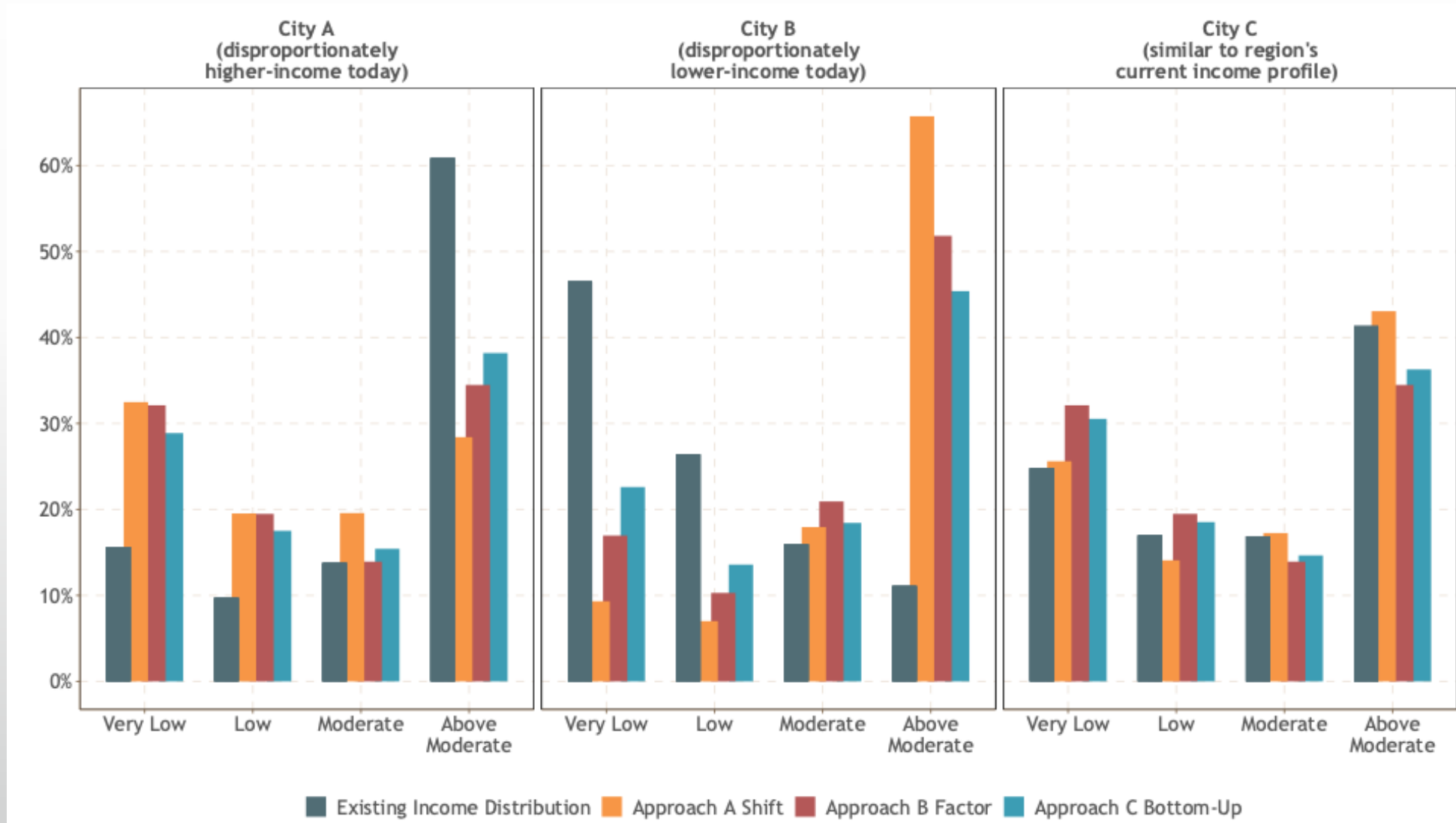
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RHNA Methodology Evaluation Metrics

ABAG Housing Methodology Committee

May 14, 2020

Evaluation purpose

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

- Provide feedback about how to effectively balance RHNA policy goals

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

Potential evaluation framework

- Presented as questions aligned with each RHNA statutory objective

- Includes metrics related to meeting each statutory objective

- Two types of metrics:

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

  - Additional metrics to advance RHNA objectives and regional planning goals

Proposed evaluation metrics

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

Proposed evaluation metrics

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

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Proposed evaluation metrics

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

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Proposed evaluation metrics

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

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

Proposed evaluation metrics

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

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Proposed evaluation metrics

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

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Small group discussions

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

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

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

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WRAP UP AND NEXT STEPS

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