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.
    - o **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.
    - o **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.
    - o **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.
    - o **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.
    - o **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.
    - o **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?
    - o **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.
  - o **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.
  - o **Adams:** Stated that it should be possible and asked Aksel Olsen to clarify.
  - o **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.
  - o **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.
  - o **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.

- o **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.
  - o **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.
  - o **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.
  - o **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.
- **Shipley:** 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 "
- **Shipley:** 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
- **Shrivastava:** I vote 150%
- **Nickens:** I also agree with Scott and Jeff that the Bottom Up Approach should be explored further.
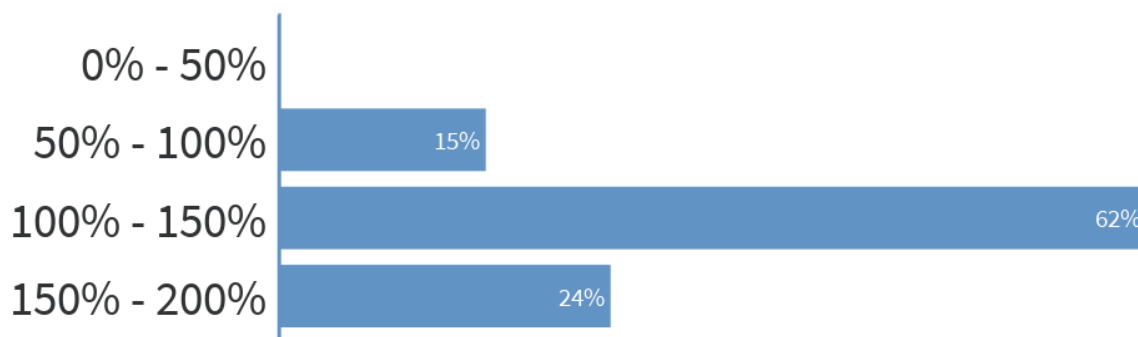- **Brilliot:** Where are the results of the voting?

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?
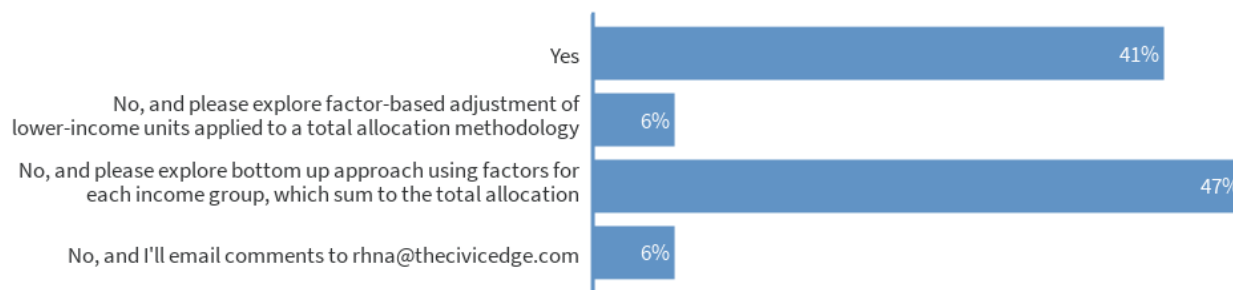
Additional Comments via Email:

- **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**