



Regional Housing Needs Allocation (RHNA) Update

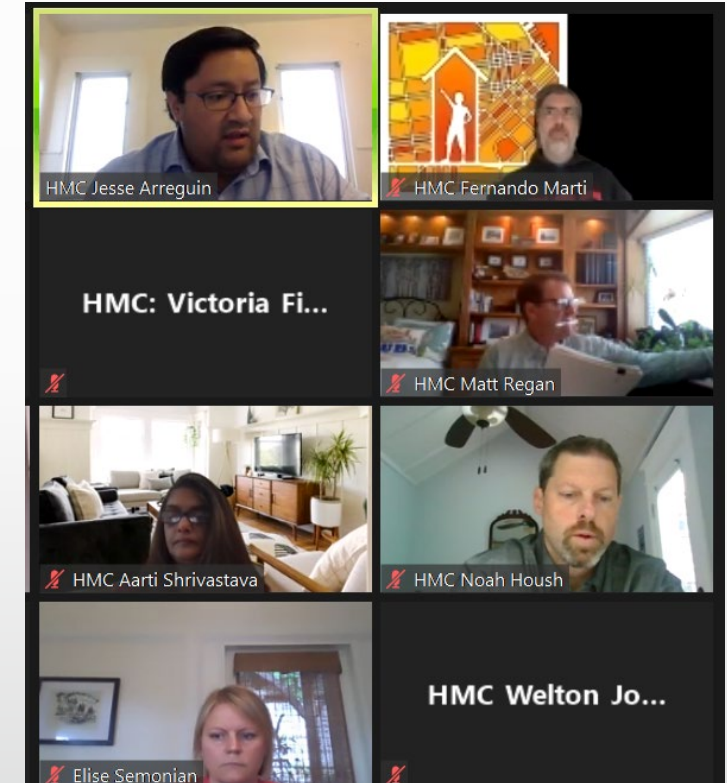
ABAG Regional
Planning Committee
September 10, 2020

RHNA methodology overview

- **Purpose:** the RHNA methodology must assign the entire Regional Housing Needs Determination (RHND) from HCD in a way that meets the 5 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

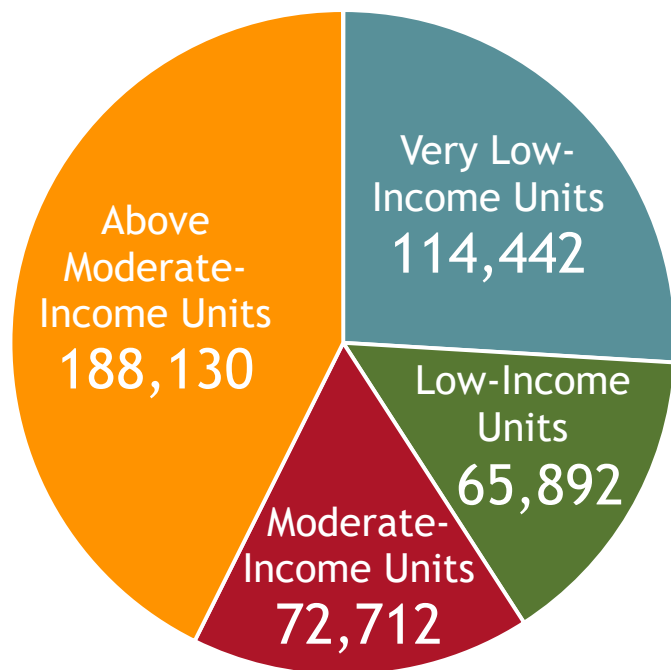
What we have heard from the Housing Methodology Committee

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
 - Relationship between housing and jobs
3. Equity factors need to be part of total allocation, not just income allocation
4. Do not limit allocations based on past RHNA
5. Housing in high hazard areas is a concern, but RHNA may not be the best tool to address



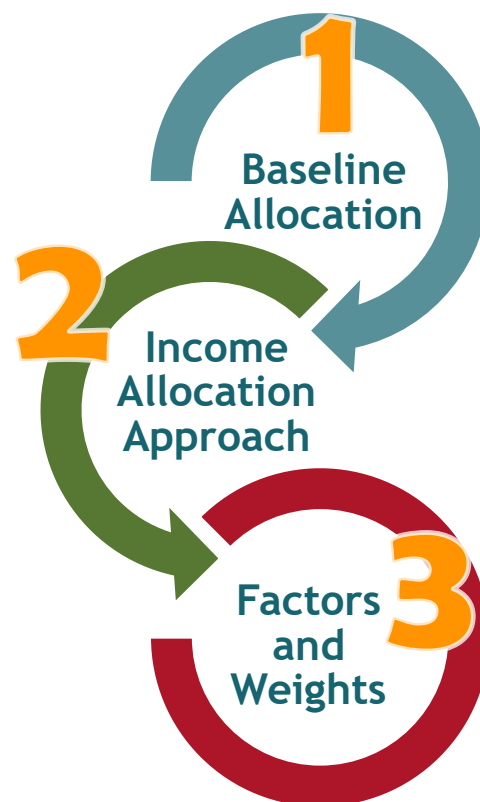
RHNA methodology building blocks for allocating a share of the RHND to jurisdictions

Regional Housing Needs Determination from HCD



Total RHND: 441,176

RHNA Methodology Building Blocks



Allocation to Local Jurisdiction

Very Low-Income Units

Low-Income Units

Moderate-Income Units

Above Moderate-Income Units

Building block #1 - baseline allocation



- Used to assign each jurisdiction an **initial share** of the Regional Housing Needs Determination (RHND) - starting point for the process
- **Factors and weights then adjust a jurisdiction's baseline allocation up or down**, depending on how the jurisdiction scores on a factor compared to other jurisdictions in the region

Considering baseline allocation options

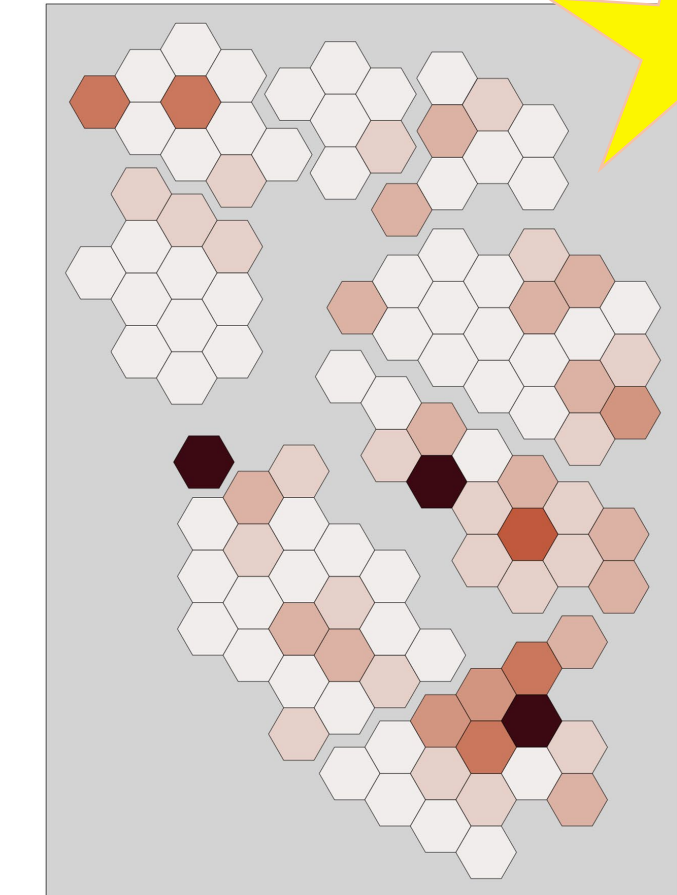


Future Year 2050 Households
(Blueprint)

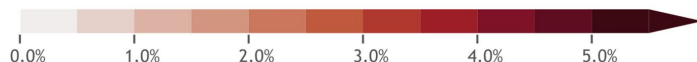
HMC
Preference

HMC preferred this option because it:

- Captures the benefits of using the Plan Bay Area 2050 Blueprint in the RHNA methodology
- Provides a middle ground between using Households 2019 and Housing Growth (Blueprint), since this option considers both existing households as well as expected future growth



Percent of Total



Building block #2 - income allocation approach



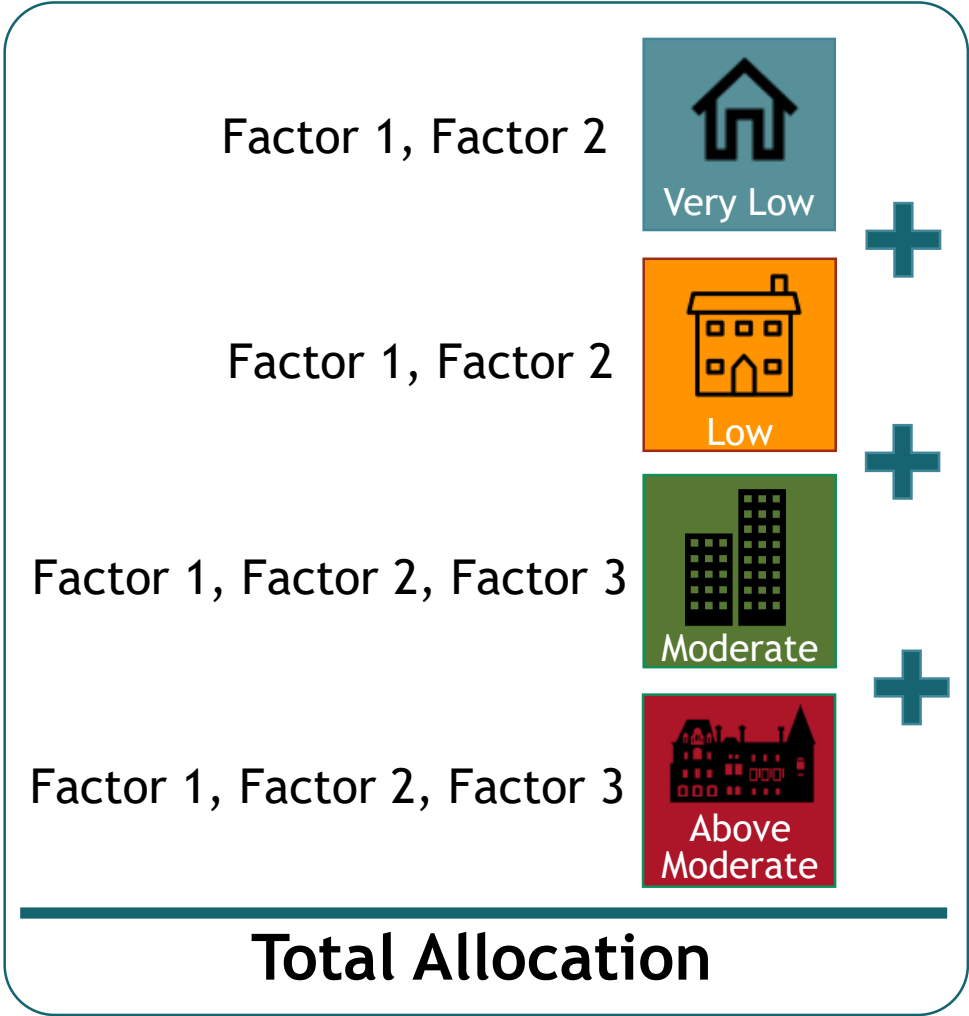
- Jurisdictions receive an allocation **separated into 4 affordability categories** that cover households at all income levels
- Two methodology options explored
 - **Income Shift:** Total units allocated first, then Income Shift moves local income distributions closer to regional distribution
 - **Bottom-Up:** Factors used to determine allocations to the 4 income categories separately, then sum of these income group allocations equals a jurisdiction's total allocation

Bottom-up approach



HMC preferred this option because it allows greater flexibility to adjust the income allocations

- Can direct more lower-income units to jurisdictions with a disproportionate share of higher-income households *and* direct fewer market-rate units to jurisdictions with a disproportionate share of lower-income households to reduce displacement pressures



Building block #3 - factors and weights

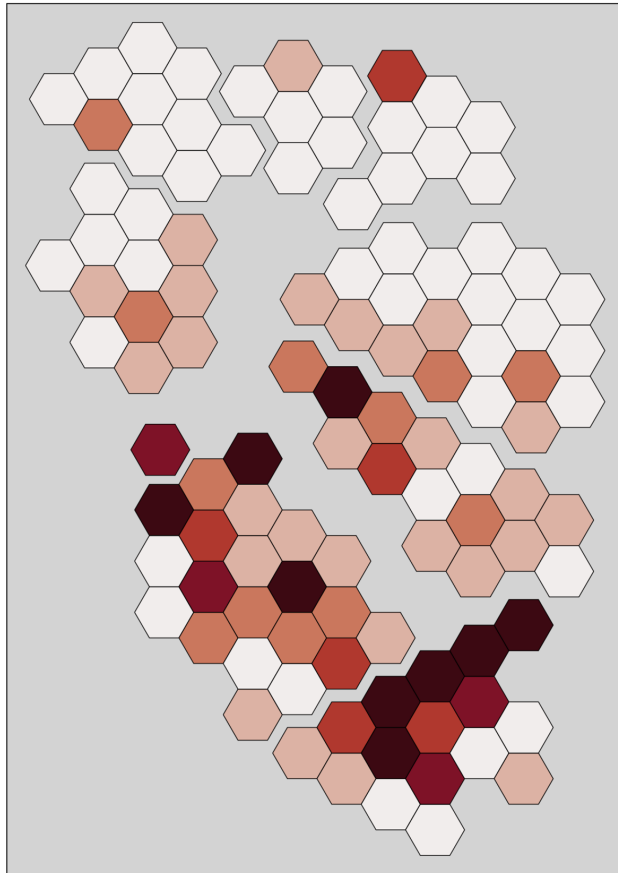


- **Allocation factors:** data about a topic or attribute related to where housing should be prioritized (e.g., jobs-housing fit, acres near transit, etc.)
 - Data for a factor is used to compare jurisdictions; jurisdictions with a higher score receive more housing
 - Factors are standardized by scaling to a specific range that limits how much the baseline can be adjusted
- **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

Example: Option 1A: Jobs Emphasis



Bottom-Up - 3-Factor Concept
(Baseline: 2050 Households (Blueprint))



Jurisdiction Growth Rate

10.0% 12.5% 15.0% 17.5% 20.0% 22.5% 25.0%

- Illustrative approach:
 - ***Very Low and Low***
 - 40% - Access to High Opportunity Areas
 - 40% - Jobs-Housing Fit
 - 20% - Job Proximity - Transit
 - ***Moderate and Above Moderate***
 - 50% - Job Proximity - Auto
 - 30% - Job Proximity - Transit
 - 20% - Jobs-Housing Balance

Mid-September: HMC will select a set of factors and weights for recommendation to RPC & ABAG Board

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

Next steps

Task	Date
HMC recommends proposed methodology to RPC	September 18, 2020
RPC recommends proposed methodology to Executive Board	October 2020
Executive Board approves release of proposed methodology and draft subregion shares for 30-day public comment period	October 2020
Public hearing on proposed methodology and draft subregion shares	Fall 2020
RPC recommends draft methodology to Executive Board	December 2020
Executive Board approves draft allocation methodology to submit to HCD	December 2020
Executive Board approves subregion shares	December 2020

- *Following in 2021: final methodology, draft allocations, appeals process*

For more information: please contact Gillian Adams, RHNA Manager, at gadams@bayareametro.gov