Appendix 4: Overview of Performance Evaluation Metrics

The RHNA allocation methodology must meet five objectives identified in Housing Element Law.[1] To help ensure that any proposed methodology will meet the statutory RHNA objectives and receive approval from the California Department of Housing and Community Development (HCD), ABAG/MTC staff developed a set of evaluation metrics to assess different methodology options. These metrics are based largely on the analytical framework used by HCD in evaluating the draft methodologies completed by other regions in California, as evidenced by the approval letters HCD provided to the Sacramento Area Council of Governments (SACOG), San Diego Association of Governments (SANDAG), and Southern California Association of Governments (SCAG).[2] Other metrics reflect input from members of the Housing Methodology Committee (HMC).

In the evaluation metrics, each statutory objective has been reframed as a question that reflects the language Housing Element Law uses to define the objectives. Each statutory objective is accompanied by quantitative metrics for evaluating the allocation produced by a methodology. The metrics are structured as a comparison between the allocations to the top jurisdictions in the region for a particular characteristic – such as jurisdictions with the most expensive housing costs – and the allocations to the rest of the jurisdictions in the region. This set of metrics is currently incorporated in the RHNA online visualization tool. Additionally, staff presentations at HMC meetings in July, August, and September used these metrics to analyze the methodology options discussed in the materials for those meetings.

Metrics Based on Lower-Income Unit Percentage vs. Metrics Based on Total Allocation

Several of the metrics focus on whether jurisdictions with certain characteristics receive a significant share of their RHNA as *lower-income units*. These metrics reflect HCD's analysis in its letters evaluating RHNA methodologies from other regions. However, HMC members advocated for metrics that also examine *the total number of units* assigned to a jurisdiction. These HMC members asserted that it is ultimately less impactful if a jurisdiction receives a high share of its RHNA as lower-income units if that same jurisdiction receives few units overall. Accordingly, each metric that focuses on the share of lower-income units assigned to jurisdictions with certain characteristics is paired with a complementary metric that examines whether those jurisdictions also receive a share of the regional housing need that is at least proportional to their share of the region's households. A value of 1.0 for these complementary metrics means that the group of jurisdictions' overall share of RHNA is proportional relative to its overall share of households in 2019, while a value below 1.0 is less than proportional.

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[1] See California Government Code Section 65584(d).

[2] For copies of letters HCD sent to other regions, see this document from the January 2020 HMC meeting agenda packet.

Metrics Based on Proposal from HMC Members

At the September 4th HMC meeting, several committee members proposed an additional metric for evaluating how successfully a RHNA methodology affirmatively furthers fair housing (Statutory Objective 5). The proposal from these HMC members included two components:

1. Identify exclusionary jurisdictions through a composite score based on the jurisdiction's divergence index score[3] and the percent of the jurisdiction's households above 120 percent of Area Median Income (AMI)

2. Check whether a jurisdiction identified as exclusionary using the composite score is allocated a share of the region's very low- and low-income allocations that is at least proportional to its share of the region's total households in 2019

The composite score proposed for this metric identifies 49 jurisdictions that meet the suggested criteria for racial and economic exclusion that is above the regional average. Metric 5d.1 and Metric 5d.2 are based on this HMC proposal (see graphs below for more information).

Evaluation of Proposed RHNA Methodology

The graphs below show how well the proposed RHNA methodology performs in achieving the five statutory RHNA objectives based on the evaluation metrics.
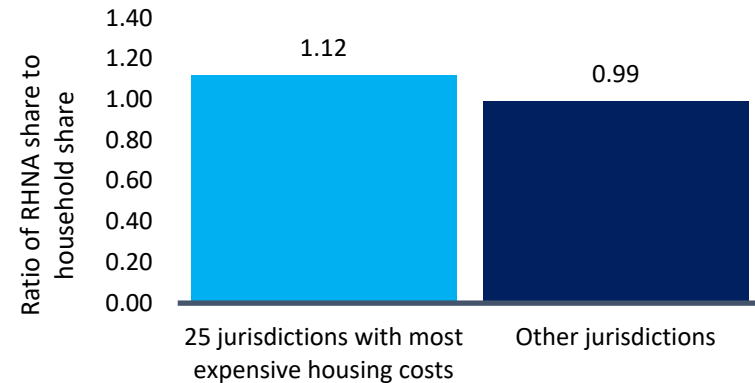
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[3] Staff has used the divergence index throughout the RHNA methodology development process to measure racial segregation. The divergence index score is a calculation of how different a jurisdiction's racial demographics are from the region's demographics. If a jurisdiction has the same racial distribution as the region, the jurisdiction's divergence index is scored at 0. The more a jurisdiction's demographics diverge from the regional distribution, the higher the divergence index score. A high score does not necessarily indicate that the jurisdiction is racially homogenous, only that its demographic profile differs markedly from the region's racial demographics. Given the multitude of racial and ethnic groups in the Bay Area, the Othering and Belonging Institute at UC Berkeley has identified the Divergence Index as the best measure of segregation in the region in part because this measure captures segregation for multiple racial groups simultaneously.

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?

Metric 1a.1: Do jurisdictions with the most expensive housing costs receive a significant percentage of their RHNA as lower-income units?

Chart — Y-axis: % of RHNA as lower-income units (0% to 50%)
- 25 jurisdictions with most expensive housing costs: 44%
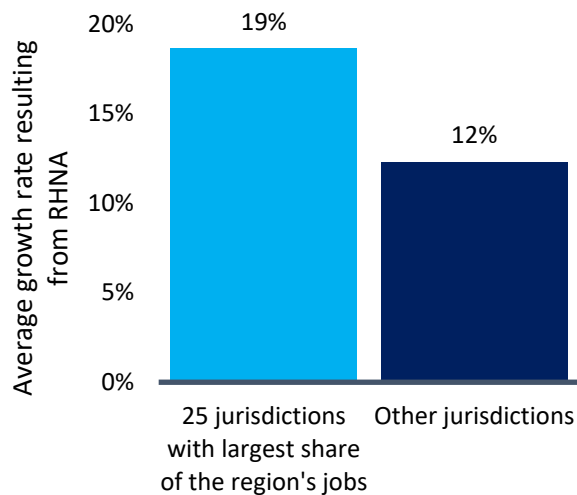- Other jurisdictions: 41%
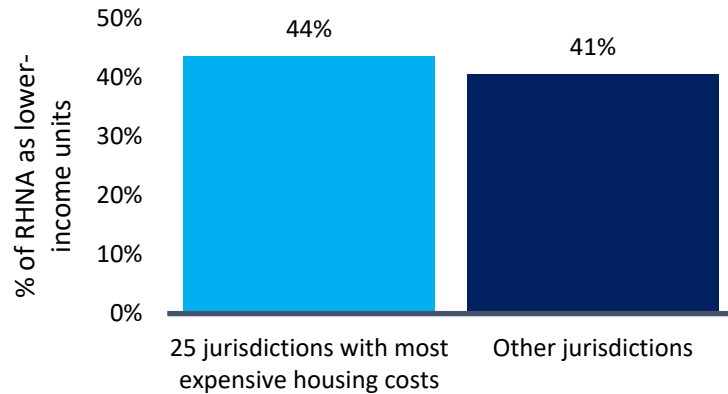
Metric 1a.2: Do jurisdictions with the most expensive housing costs receive a share of the region's housing need that is at least proportional to their share of the region's households?

Chart — Y-axis: Ratio of RHNA share to household share (0.00 to 1.40)
- 25 jurisdictions with most expensive housing costs: 1.12
- Other jurisdictions: 0.99

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?
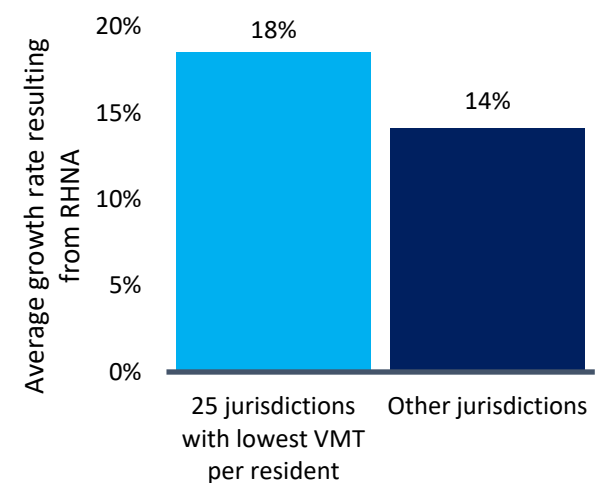
Metric 2a: Do jurisdictions with the largest share of the region's jobs have the highest growth rates resulting from RHNA?

Chart — Y-axis: Average growth rate resulting from RHNA (0% to 20%)
- 25 jurisdictions with largest share of the region's jobs: 19%
- Other jurisdictions: 12%

Metric 2b: Do jurisdictions with the largest share of the region's Transit Priority Area acres have the highest growth rates resulting from RHNA?

Chart — Y-axis: Average growth rate resulting from RHNA (0% to 20%)
- 25 jurisdictions with largest share of the region's Transit Priority Area acres: 19%
- Other jurisdictions: 12%
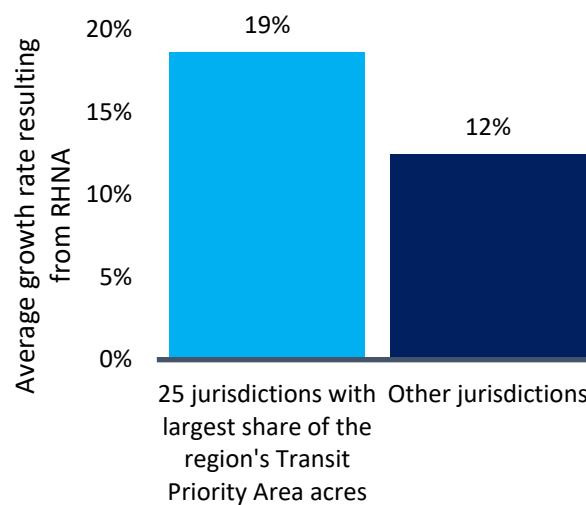
Metric 2c: Do jurisdictions with the lowest vehicle miles traveled (VMT) per resident have the highest growth rates resulting from RHNA?

Chart — Y-axis: Average growth rate resulting from RHNA (0% to 20%)
- 25 jurisdictions with lowest VMT per resident: 18%
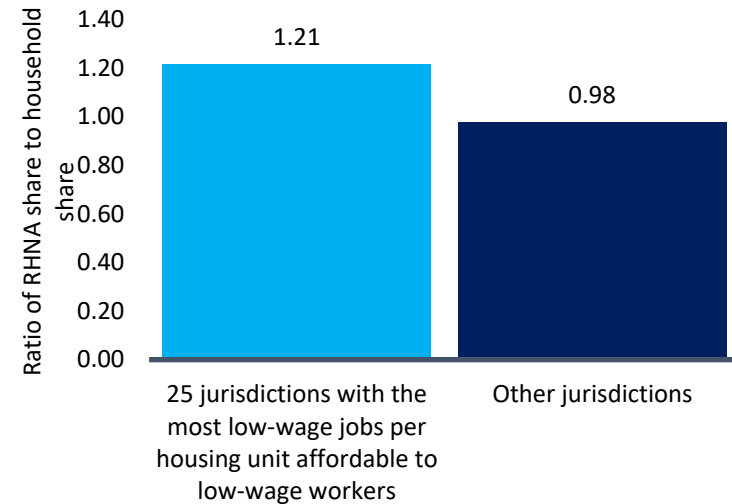- Other jurisdictions: 14%

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?

Metric 3a.1: Do jurisdictions with the most low-wage workers per housing unit affordable to low-wage workers receive a significant percentage of their RHNA as lower-income units?
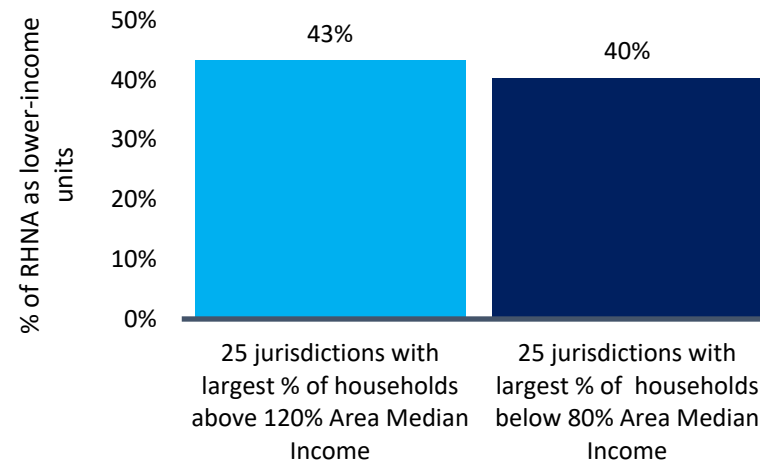

Bar chart showing % of RHNA as lower-income units. "25 jurisdictions with the most low-wage jobs per housing unit affordable to low-wage workers": 42%. "Other jurisdictions": 41%.
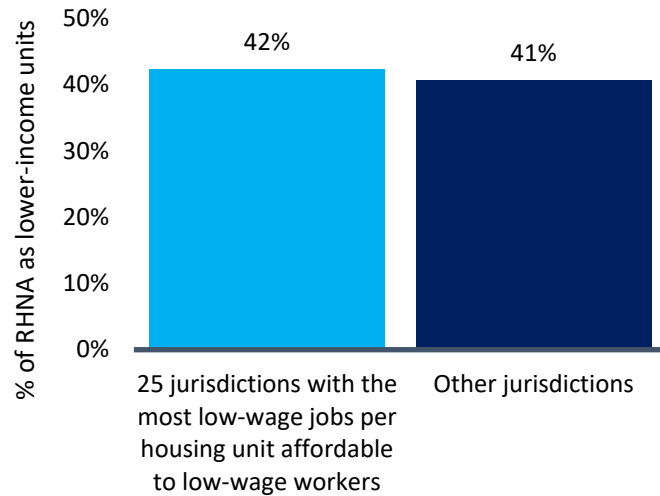
Metric 3a.2: Do jurisdictions with the most low–wage workers per housing unit affordable to low–wage workers receive a share of the region's housing need that is at least proportional to their share of the region's households?

Bar chart showing Ratio of RHNA share to household share. "25 jurisdictions with the most low-wage jobs per housing unit affordable to low-wage workers": 1.21. "Other jurisdictions": 0.98.

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?

Metric 4: Do jurisdictions with the largest percentage of high-income residents receive a larger share of their RHNA as lower-income units than jurisdictions with the largest percentage of low-income residents?

Bar chart showing % of RHNA as lower-income units. "25 jurisdictions with largest % of households above 120% Area Median Income": 43%. "25 jurisdictions with largest % of households below 80% Area Median Income": 40%.
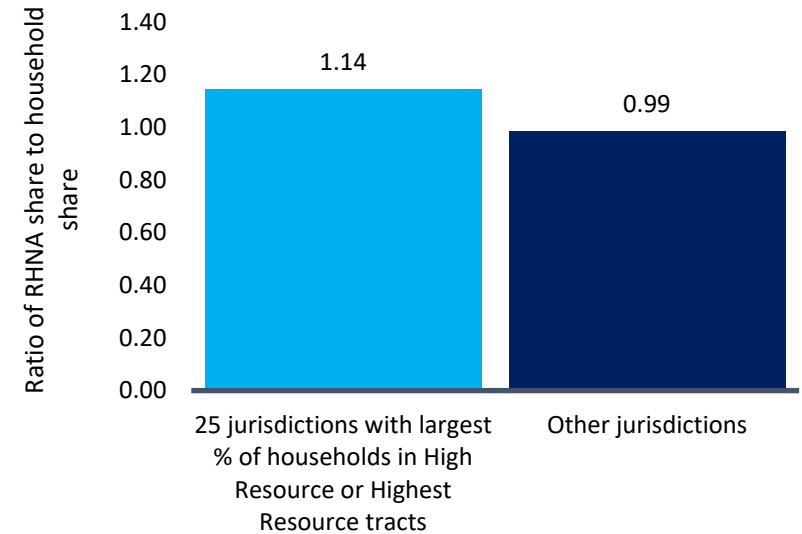
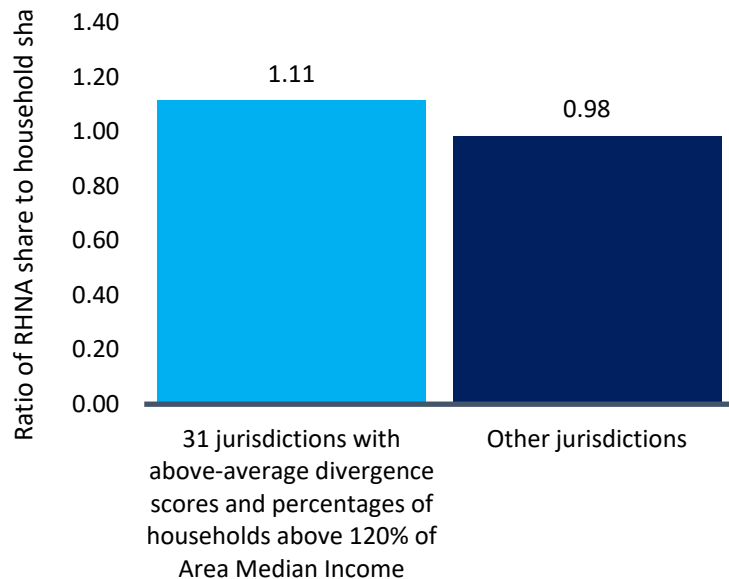*Objective 5: Does the allocation affirmatively further fair housing?*

Metric 5a.1: Do jurisdictions with the largest percentage of households living in High or Highest Resource census tracts receive a significant percentage of their RHNA as lower-income units?
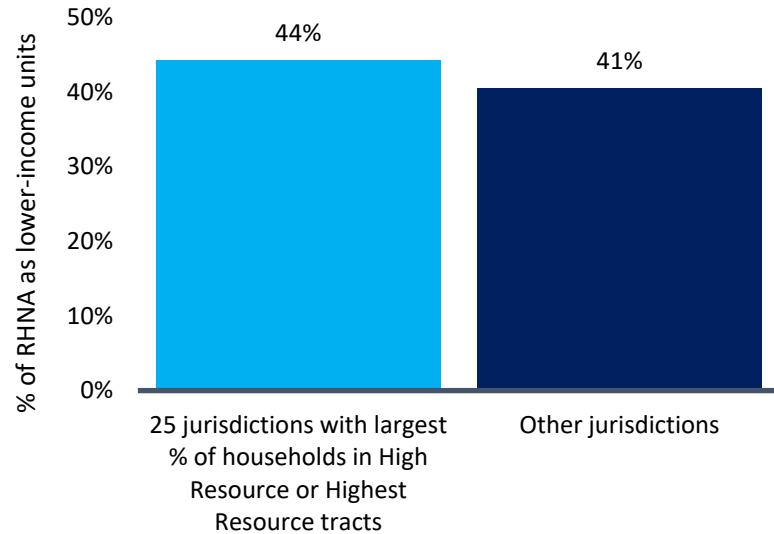

Metric 5a.2: Do jurisdictions with the largest percentage of households living in High or Highest Resource census tracts receive a share of the region's housing need that is at least proportional to their share of the region's households?

Metric 5b: Do jurisdictions exhibiting racial and economic exclusion receive a share of the region's housing need that is at least proportional to their share of the region's households?
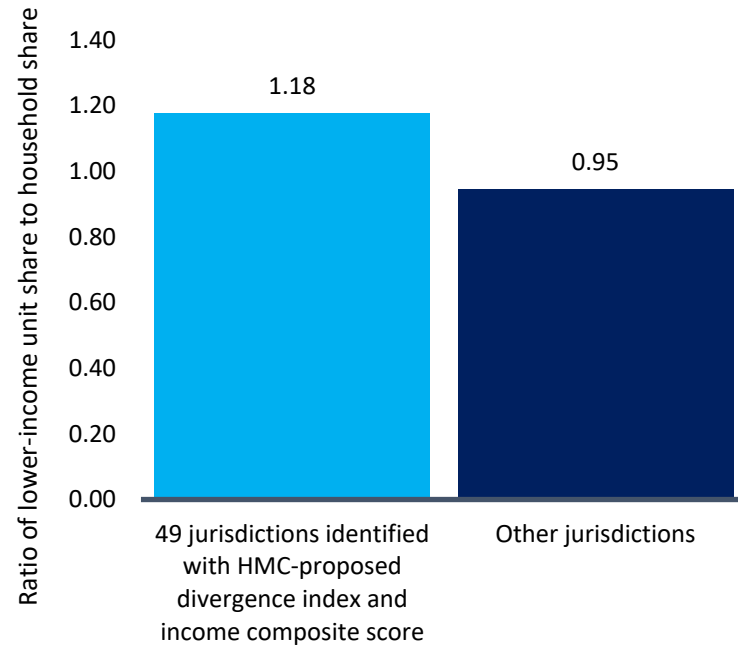

Metric 5c: Do jurisdictions with the largest percentage of high-income residents receive a share of the region's housing need that is at least proportional to their share of the region's households?
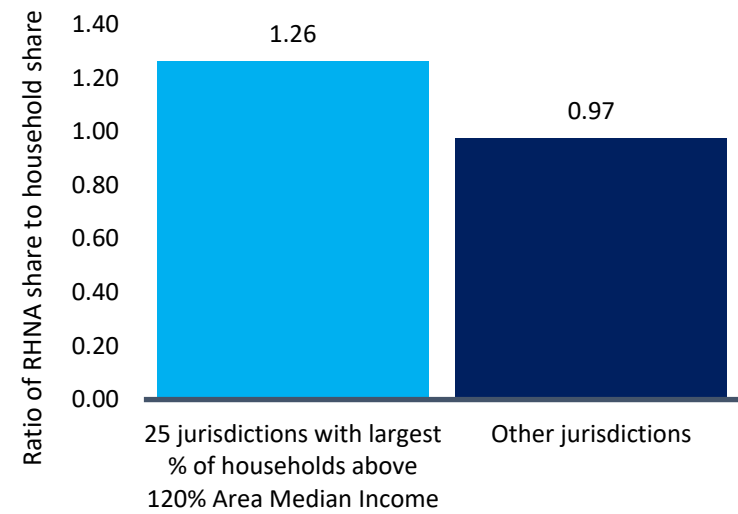
Objective 5: Does the allocation affirmatively further fair housing?

Metric 5d.1: Do jurisdictions exhibiting racial and economic exclusion above the regional average receive a total share of the region's very low– and low–income housing need that is at least proportional to their total share of the region's households?

Ratio of lower-income unit share to household share

- 49 jurisdictions identified with HMC-proposed divergence index and income composite score: 1.18
- Other jurisdictions: 0.95

Metric 5d.2: Do most jurisdictions exhibiting racial and economic exclusion above the regional average receive a share of the region's very low– and low–income housing need that is at least proportional to the jurisdiction's share of the region's households?

% of jurisdictions with proportional lower-income unit allocation

- 49 jurisdictions identified with HMC-proposed divergence index and income composite score: 65%
- Other jurisdictions: 30%