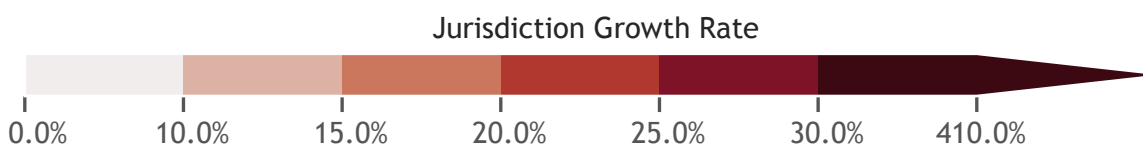
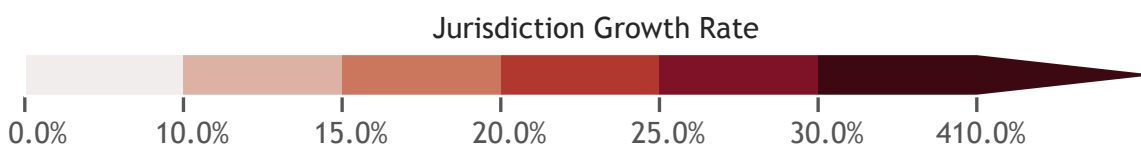


**Blueprint Growth Baseline with 8A
Factors/Weights(Baseline: Housing Growth (Blueprint))**



**Option 6A: Modified High Opportunity Areas Emphasis
With Equity Adjustment (Baseline: 2050 Households
(Blueprint))**



Overview of RHNA Methodology Allocation Factors for Alternate Proposals

The allocation factors serve as one of the main components of the RHNA methodology, and they adjust the baseline allocation assigned to each jurisdiction. These factors translate planning principles into housing numbers by using data for each jurisdiction related to the selected principle. **Table 1** provides an overview of the allocation factors included in the alternate proposals put forward by some RPC members. Additional background information for each factor is discussed below.

Access to High Opportunity Areas Factor

The *Access to High Opportunity Areas* factor received the most consistent support throughout the methodology development process. This factor allocates more housing units to jurisdictions with a higher percentage of households living in areas labelled High Resource or Highest Resource on the [2020 Opportunity Map](#) produced by the California Tax Credit Allocation Committee (TCAC). This factor directly addresses the RHNA objective to affirmatively further fair housing by increasing access to opportunity and replacing segregated living patterns.¹ Although the *Access to High Opportunity Areas* factor does not explicitly incorporate racial demographics, it has the potential to expand housing opportunities for low-income households and people of color in more places where these communities have historically lacked access. Another practical strength of this factor is that HCD has consistently used the Opportunity Map to assess whether other regions' RHNA methodologies meet the objective to affirmatively further fair housing.

Job Proximity Factors

The two factors based on job proximity (*Job Proximity – Auto* and *Job Proximity – Transit*) consider the relationship between jobs and transportation. *Job Proximity – Auto* is based on jobs that can be accessed from a jurisdiction by a 30-minute auto commute, while *Job Proximity – Transit* is based on jobs that can be accessed from a jurisdiction within a 45-minute transit commute. These factors encourage more housing in jurisdictions with easy access to the region's job centers. Additionally, these factors use a commute shed to measure job access rather than solely considering the jobs present within a jurisdiction's boundaries. The idea behind using a commute shed is to better capture the lived experience of accessing jobs irrespective of jurisdiction boundaries. Housing and job markets extend beyond jurisdiction boundaries—in most cities, a majority of workers work outside their jurisdiction of residence, and demand for housing in a particular jurisdiction is substantially influenced by its proximity and accessibility to jobs in another community.

Jobs-Housing Fit

This factor incorporates the relationship between housing and jobs, focusing specifically on jurisdictions with a high number of low-wage jobs per housing unit affordable to low-wage

¹ See [Government Code Section 65584\(e\)](#).

workers. The *Jobs-Housing Fit* factor directs more housing units to jurisdictions with the most imbalanced ratio of low-wage jobs to housing affordable to low-wage workers. Accordingly, Option 6A included this factor for allocating very low- and low-income units, with the intent of improving the balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

Table 1: Factors Included in Alternate Proposals for Proposed RHNA Methodology

Fair Housing and Equity Factor	
Access to High Opportunity Areas	
Impact	More housing units allocated to jurisdictions with the most access to opportunity.
Definition	The percentage of a jurisdiction's households living in census tracts labelled High Resource or Highest Resource based on opportunity index scores.
Data source	HCD/TCAC 2020 Opportunity Maps ²
Jobs-Housing Fit	
Impact	More housing allocated to jurisdictions with a high number of low-wage jobs relative to the number of low-cost rental units.
Definition	Ratio of low-wage jobs (less than \$3,333/month) within a jurisdiction to the number of low-cost rental units (less than \$1,500/month) in the jurisdiction.
Data source	MTC; U.S. Census Bureau, ACS 2014-2018; Census LEHD LODES for 2015-2017
Jobs Factors	
Job Proximity – Auto	
Impact	More housing allocated to jurisdictions with easy access to region's job centers.
Definition	Share of region's total jobs that can be accessed from a jurisdiction by a 30-minute auto commute.
Data source	MTC, Travel Model One
Job Proximity – Transit	
Impact	More housing allocated to jurisdictions with easy access to region's job centers.
Definition	Share of region's total jobs that can be accessed from a jurisdiction by a 45-minute transit commute.
Data source	MTC, Travel Model One

² Opportunity Maps were developed by the HCD/TCAC as a way to allocate funding for affordable housing to areas whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families. The State's methodology required that 40 percent of tracts designated as rural be assigned to the high or highest resource category within each county. As a result, tracts could be classified as high resource tracts even with relatively low scores as long as they were counted as "rural." While this may make sense for allocating tax credits, for RHNA purposes, staff from the UC Berkeley's Othering and Belonging Institute who prepared the data for the State, issued a special tabulation to ABAG / MTC staff where rural areas are compared to the region instead of the county. This mostly affected Solano and Sonoma Counties, which had fewer rural tracts classified as high or highest resource areas. For more information on the Opportunity Map, see pages 10-13 of [this document](#) from the March 2020 HMC meeting's agenda packet.

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.

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 score³ 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, and the alternate methodology options put forward by members of the ABAG Regional Planning Committee (RPC), perform in achieving the five statutory RHNA objectives based on the evaluation metrics.

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?

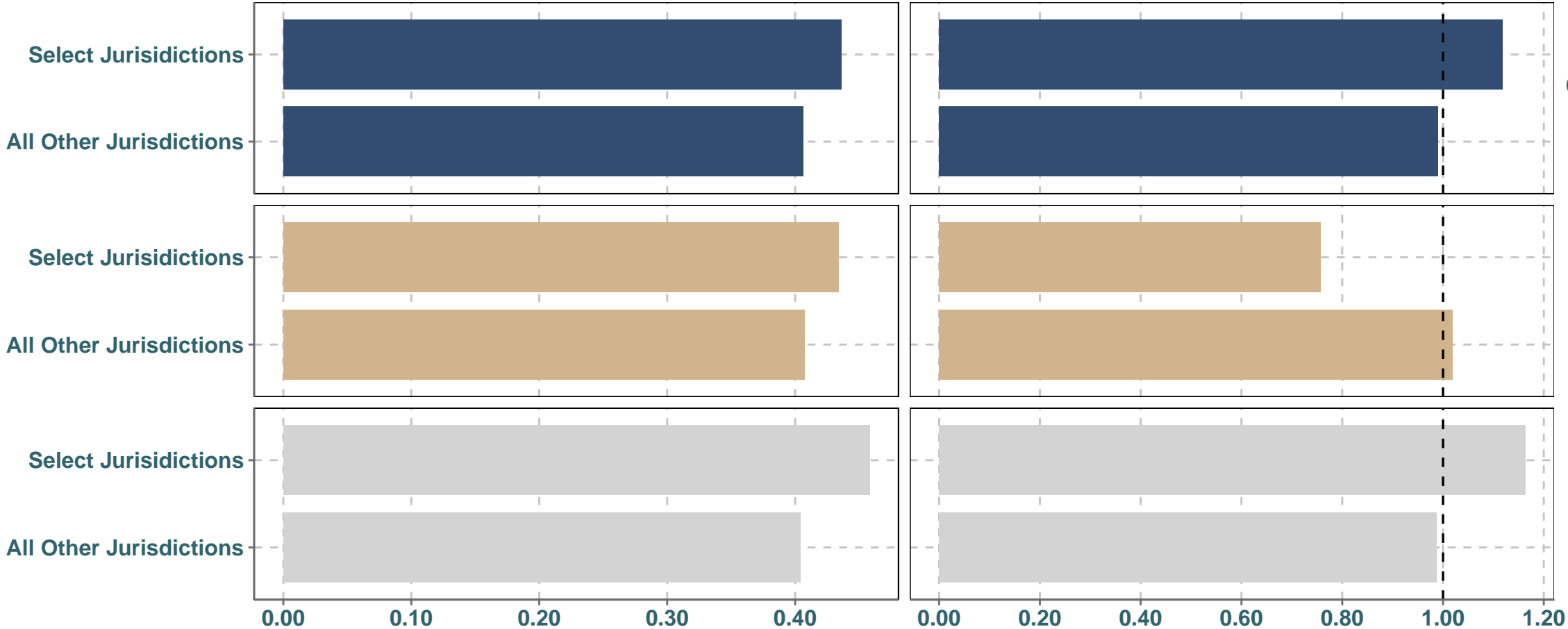
Comparison between the top 25 jurisdictions with the most expensive housing costs and the rest of the region

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

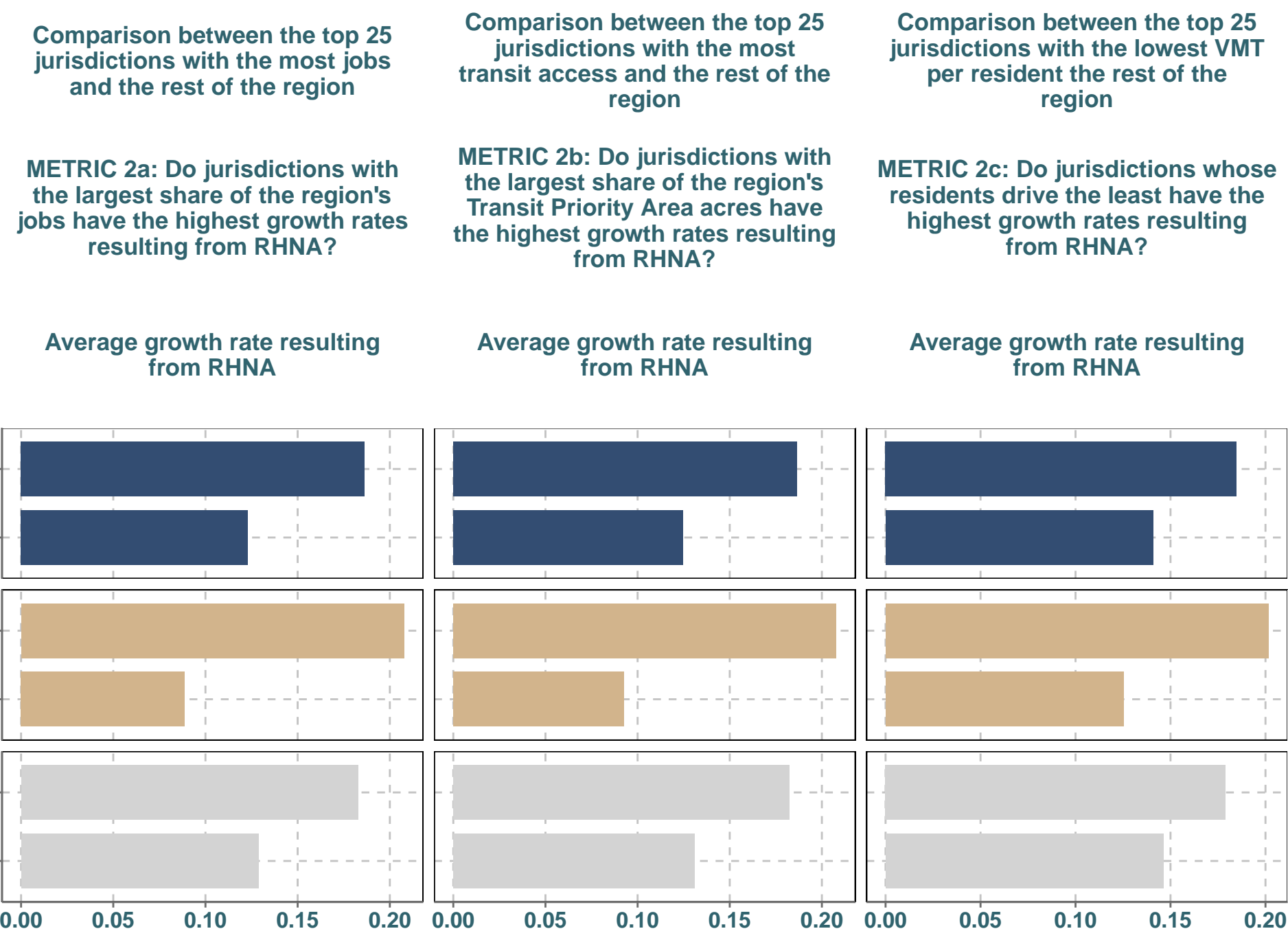
METRIC 1a.2: Do jurisdictions with the most expensive housing costs receive a share of the region's housing need that is at least proportional to their share of the region's households?

Percent of RHNA as lower income units

Ratio of share of total RHNA to share of region's households



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?



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?

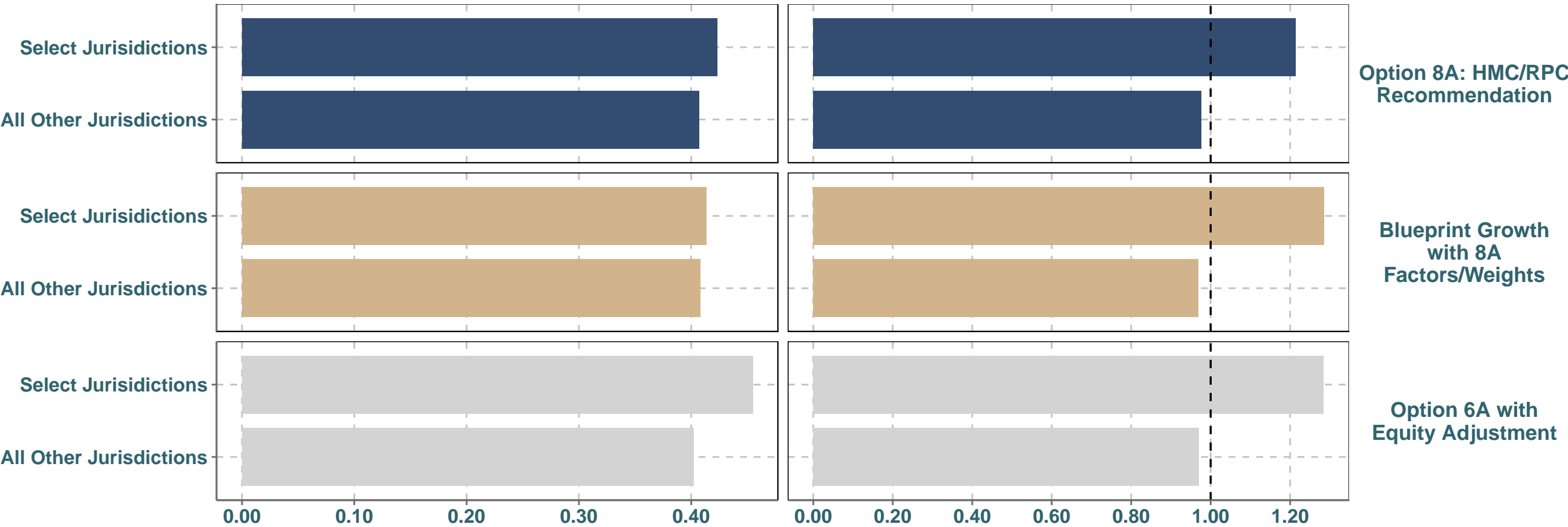
Comparison between the top 25 jurisdictions with the most unbalanced jobs-housing fit and the rest of the region

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?

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?

Percent of RHNA as lower income units

Ratio of share of total RHNA to share of region's households

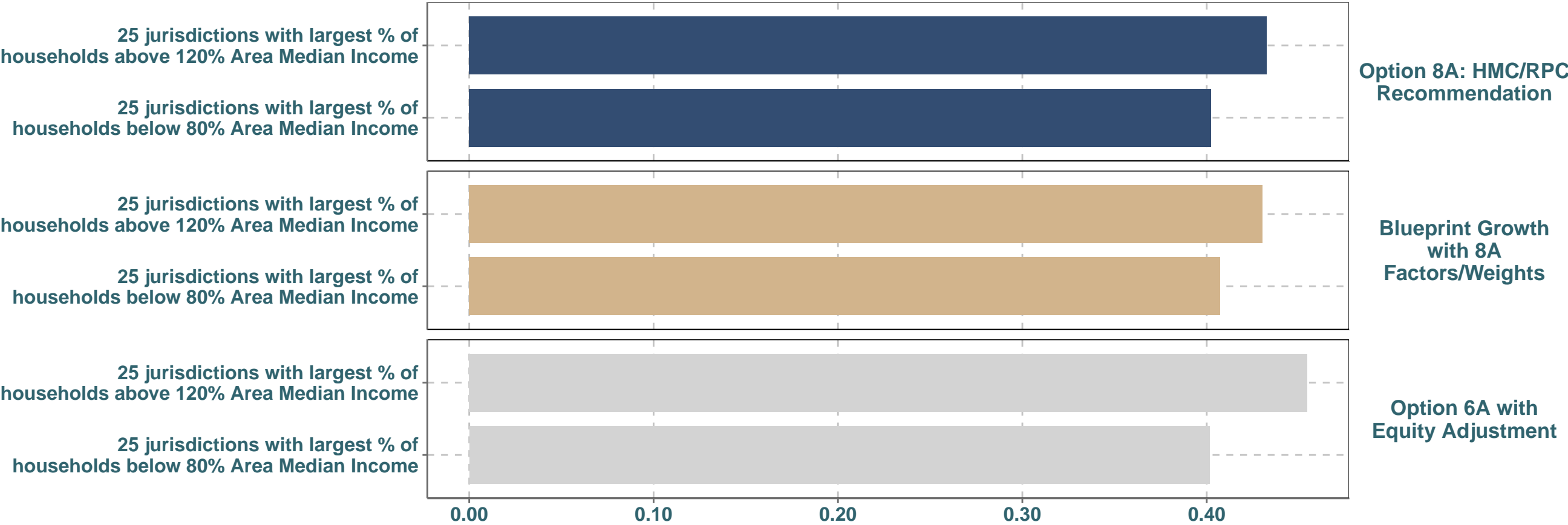


OBJECTIVE 4: Does the allocation direct a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category?

Comparison between the top 25 most disproportionately high-income jurisdictions and top 25 most disproportionately low-income jurisdictions

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?

Percent of RHNA as lower income units



OBJECTIVE 5: Does the allocation affirmatively further fair housing?

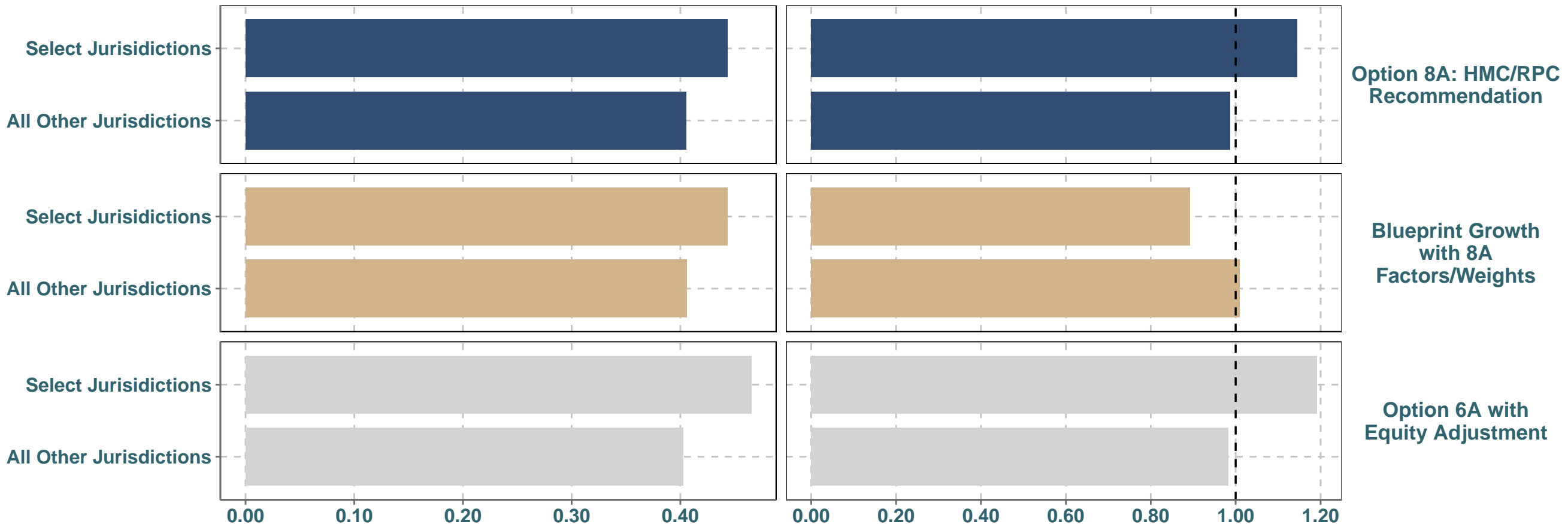
Comparison between the top 25 jurisdictions with the most access to resources
and the rest of the region

METRIC 5a.1: Do jurisdictions with the largest
percentage of households living in High or
Highest Resource 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 tracts receive a share of the
region's housing need that is at least
proportional to their share of the region's
households?

Percent of RHNA as lower income units

Ratio of share of total RHNA to share of
region's households

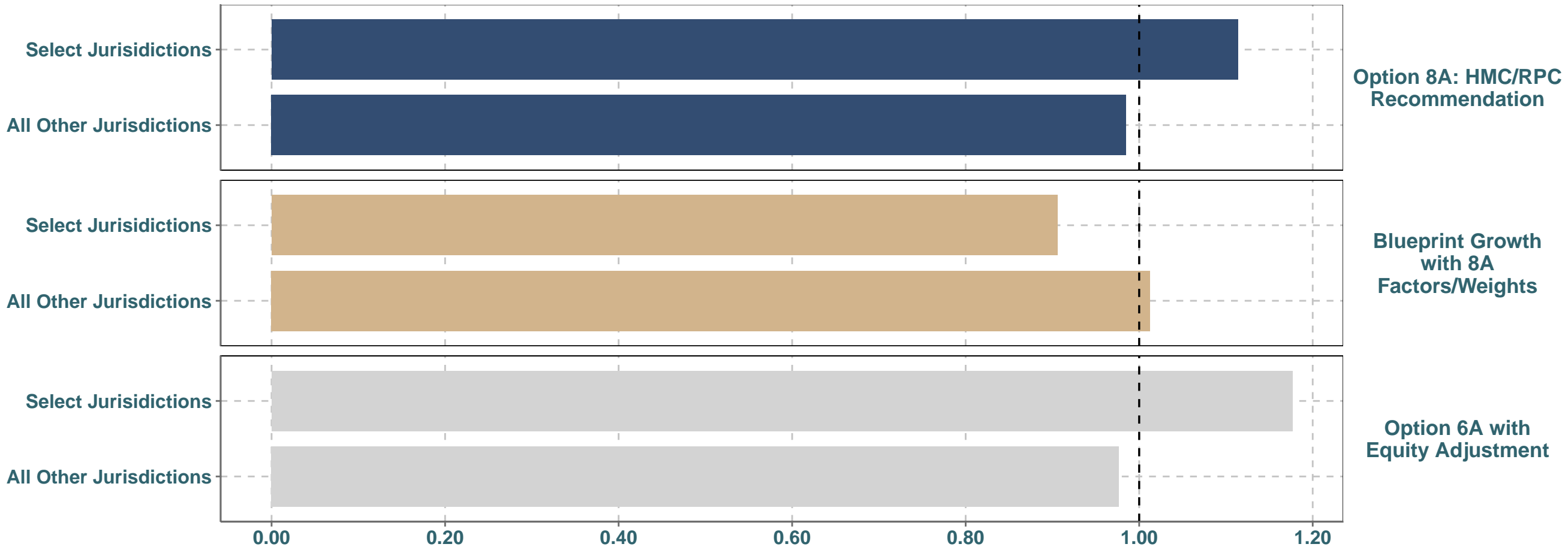


OBJECTIVE 5: Does the allocation affirmatively further fair housing?

Comparison between jurisdictions that have both above-average divergence scores and disproportionately large shares of high-income residents and the rest of the region

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?

Ratio of share of total RHNA to share of region's households

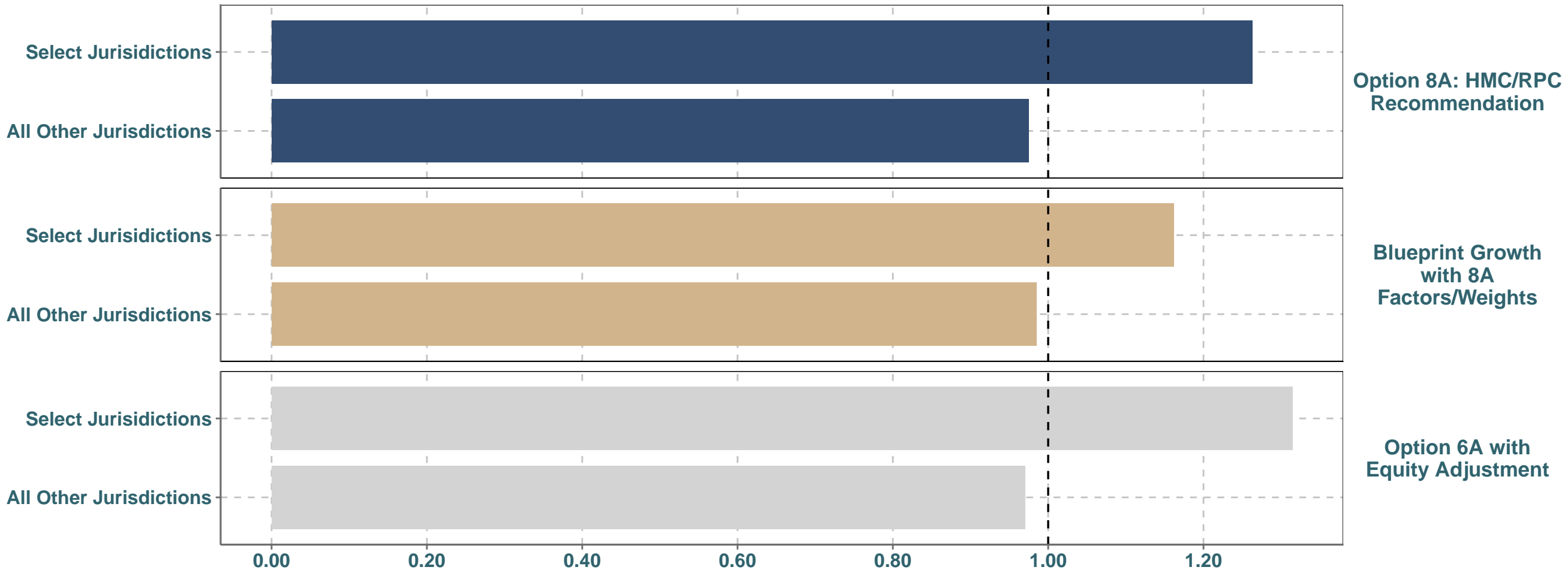


OBJECTIVE 5: Does the allocation affirmatively further fair housing?

Comparison between the top 25 most disproportionately high-income jurisdictions and the rest of the region

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?

Ratio of share of total RHNA to share of region's households



OBJECTIVE 5: Does the allocation affirmatively further fair housing?

Comparison between the top 49 jurisdictions exhibiting above average racial and socioeconomic exclusion and the rest of the region

METRIC 5d.1: Do jurisdictions with levels of racial and socioeconomic 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?

METRIC 5d.2: Does each jurisdiction exhibiting racial and socioeconomic 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 its total share of the region's households?

Ratio of share of lower-income RHNA to share of region's households

Jurisdictions receiving at least a proportional lower-income allocation

