City of Palo Alto
City Council Staff Report

Report Type: Informational Report  Meeting Date: 3/14/2011

Council Priority:

Title: Initial Vision Scenario and Housing Needs

Subject: Update Regarding Sustainable Communities Strategy (SCS) and Regional Housing Needs Allocation (RHNA)

From: City Manager

Lead Department: Planning and Community Environment

Recommendation
This is a status report and no action by the Council is requested, although the Council may provide comments.

Executive Summary
The Sustainable Communities Strategy/SB375 (SCS) and the Regional Housing Needs Allocation (RHNA) are planning efforts to encourage a land use and transportation vision that creates higher intensity, walkable, bicycle-friendly residential and commercial communities around transit nodes and corridors in the Bay Area. This report provides an update on these planning efforts, including information regarding: 1) the RHNA Housing Methodology Committee, 2) Councilmembers meeting with the ABAG Executive Director, 3) the status of preparing a subregional housing allocation, and 4) the anticipated release of the Initial Vision Scenario by the regional agencies. Staff and Councilmember Scharff continue to participate in the RHNA Housing Methodology Committee meetings to determine housing allocations for the 2014-2022 planning period. An Initial Vision Scenario for the SCS is scheduled for release on March 11 and will be outlined for the Council at the meeting, along with a schedule for review by the Planning and Transportation Commission and Council.

Background
On January 10, 2011, staff provided a briefing for the City Council on two regional planning initiatives: a) the Sustainable Communities Strategy, required by Senate Bill 375, and b) the Regional Housing Needs Allocation (RHNA), the periodic update of housing requirements by the State and the Association of Bay Area Governments (ABAG). The staff report for that meeting (Attachment A) is attached for background. Also, a glossary (Attachment F) is provided to explain some of the terms and acronyms used in the discussion.

Discussion
Little activity has occurred since the January update. The discussion below provides information regarding 1) the RHNA Housing Methodology Committee, 2) Councilmembers meeting with the ABAG Executive Director, 3) the status of preparing a subregional housing allocation, and 4) the anticipated release of the Initial Vision Scenario by the regional agencies.

**RHNA Housing Methodology Committee**
The initial meeting of the RHNA Housing Methodology Committee was held on January 27, 2011 in San Francisco, and a second meeting was held on February 24, 2011. The Committee is comprised of a total of 45 individuals, 33 of which represent local governments, with the remainder representing business, civic, housing, and environmental organizations in the region. Of those 33, five are from Santa Clara County, including council members from Mountain View and Palo Alto (Greg Scharff), and three planning directors or senior staff from San Jose, Santa Clara County, and Morgan Hill. Alternates are planning directors from Cupertino and Sunnyvale. The Silicon Valley Leadership Group is among the members of the civic organizations.

The initial meeting focused primarily on providing background on State housing law and the process for establishing the methodology, how the methodology was established for the current housing period, and the relationship of the RHNA process to the Sustainable Communities Strategy. The latter discussion emphasized that the RHNA process will now run simultaneous with the term of the Regional Transportation Plan (8-year periods) and both will be integral elements of the SCS. Two memos from ABAG are attached (Attachments B and C) that provide overviews of relevant housing law and the methodology that was used to establish the numbers for 2007-2014.

There was also some discussion about what issues and factors might be considered to contribute to the consideration of the housing methodology. There was no attempt or intent to make any decisions at this point about which are most important or would be included. At the second meeting, there was further discussion about the various criteria, as well as a description of the rationale and requirements of RHNA (Attachment D). The next meeting of the Committee is scheduled for March 24, at which time a few possible allocation formulas will be presented for discussion.

**Meeting with ABAG Executive Director**
On February 28, 2011, Councilmembers Burt, Scharff and Schmid, Planning and Transportation Commission chair Tuma, the City Manager, and the Planning Director met with the Ezra Rapport, Executive Director of ABAG, to discuss issues related to the RHNA methodology and the approach to the Sustainable Communities Strategy. Mr. Rapport spoke to many of the issues of concern to the City (e.g., housing and employment projections, housing allocation process, and a sustainable transit network). He emphasized the need to establish an initial vision that focuses on “places” appropriate to accommodate increased development proximate to transit, rather than evaluating projections of housing units or employment increases. Mr. Rapport categorized the SCS as a framework for discussion of the important land use and transportation issues the region must address to maintain its leadership role in the economy and environment of the state. He asked that the City of Palo Alto and other cities respond to
that concept once the Initial Vision Scenario is released on March 11th. Staff expects that the Councilmembers who attended will want to comment to the rest of the Council about their perspectives on the meeting.

Subregional Housing Methodology Option
State law allows for groups of cities and/or a county to form a “subregion” for purposes of defining housing allocations at a more local level than the regional allocations developed by the Housing Methodology Committee. The Association of Bay Area Governments (ABAG) has indicated to cities and counties that, if they wish to form a subregion, they must approve resolutions to do so by March 16, 2011.

In Santa Clara County, the Executive Board of the Cities Association (made up of one Council member from each city) considered the issue on February 9, 2011. The Cities Association voted unanimously not to form a subregion, due to the lack of resources (money, staff, and time for Councils, commissions, etc. to deliberate) currently available. The Association acted based on recommendations of the Santa Clara County Managers Association and the Santa Clara County Association of Planning Officials (Attachment E). The board did, however, approve language requesting that: 1) the various countywide organizations work cooperatively to participate in the RHNA process, 2) the cities explore opportunities to share resources and to trade housing units, 3) the cities develop, when possible, unified countywide positions for the RHNA and SCS reviews, and 4) the planners organization (SCCAPO) should prepare a white paper suggesting how to formalize a countywide organization with ongoing resources (similar to the City/County Association of Governments (C/CAG) in San Mateo County) to be prepared to develop a subregional approach in the next round of housing allocations (2022). The Planning Director, City Manager, and Council will continue to participate in ongoing regional meetings and proposals to represent the City of Palo Alto and to work with other Santa Clara cities and the County to coordinate review and responses to the greatest effect.

Initial Vision Scenario for SCS
The One Bay Area regional effort (ABAG and MTC) is expected to release an Initial Vision Scenario for the Sustainable Communities Strategy on March 11, 2011. This document will outline an “unconstrained” vision of growth areas throughout the Bay Area, adequate to accommodate the region’s anticipated population and employment growth through 2035. The fundamental basis for the preliminary plan will be the Planned Development Areas (PDAs) of potential growth outlined by each city and county. ABAG has indicated that there will be presentations of the scenario within each county, and that a review and comment period will be established to allow input by local jurisdictions. Following the input on the Initial Vision Scenario, iterations of revised plans will be prepared and distributed for further review until a Draft Vision Scenario is released in early 2012. Assuming the Initial Vision Scenario is released on March 11, staff will report on it at the Council meeting, as well as providing a schedule for review by the Planning and Transportation Commission and Council.

Next Steps

March 14, 2011
(ID # 1348)
Staff expects to report on the Initial Vision Scenario upon its release in March (at the Council meeting if available by then) and will also keep the Council updated regarding the Housing Methodology Committee’s work. The Planning and Transportation Commission and the Council will have an opportunity to comment and provide recommendations to the regional agencies and to consider whether to initiate any legislative or other action outside the prescribed review process.

**Resource Impact**
This report results in no immediate impact to the City.

**Environmental Review**
This update is not subject to environmental review.

**Courtesy Copies**
Planning and Transportation Commission

**Attachments:**
- Attachment A: January 10, 2011 CMR 110:11  (PDF)
- Attachment B: January 20, 2011 Memo from ABAG re: RHNA Process Requirements  (PDF)
- Attachment C: January 20, 2011 Memo from ABAG re: Review of Last RHNA Cycle  (PDF)
- Attachment D: February 16, 2011 Memo from ABAG re: Rationale for the SCS and Requirements of RHNA  (PDF)
- Attachment F: SB375 Glossary  (DOCX)

Prepared By:                Curtis Williams, Director
Department Head:            Curtis Williams, Director
City Manager Approval:      James Keene, City Manager
TO:     HONORABLE CITY COUNCIL
FROM:    CITY MANAGER     DEPARTMENT:    PLANNING AND
                  COMMUNITY ENVIRONMENT
DATE:    JANUARY 10, 2011
REPORT TYPE: STUDY SESSION
SUBJECT: Update on Sustainable Communities Strategy (SB375) and Regional Housing Needs Allocation (RHNA) Process

RECOMMENDATION:
Staff recommends that the City Council discuss the status of the Sustainable Communities Strategy (SCS) and the Regional Housing Needs Allocation Process (RHNA) and provide comments in anticipation of further actions in February through August.

EXECUTIVE SUMMARY:
This staff report describes Senate Bill 375, the Sustainable Communities Strategy (SCS) and the effect of the law on local governments as well as the Bay Area as a region, and is based largely on information provided by the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). The SCS will be developed in partnership with regional agencies, local jurisdictions and Congestion Management Agencies (CMAs), such as the Valley Transportation Authority (VTA), through an iterative process. The regional agencies have acknowledged that input from local jurisdictions with land use authority is essential to create a feasible SCS. The SCS does not, however, alter the authority of jurisdictions over local land use and development decisions.

The purpose of this report is to provide Palo Alto City Council members with an overview of the SCS in relation to local land use policies, transportation implications, and implementation needs, and will address key policy considerations for the City of Palo Alto. The City will provide input to several components of the SCS and RHNA processes in the next 6 months, including: a) the formulation of the regional housing allocation methodology; b) whether to form a subregional housing allocation effort with other Santa Clara County cities; c) characterization of the “place types” in Palo Alto that might accommodate increased development over the next 25 years; and d) response to the Initial Vision Scenario and subsequent iterations to outline the form of development throughout the region.
BACKGROUND:
Senate Bill 375 (SB375) was enacted in 2008 and is considered landmark legislation for California relative to land use, transportation and environmental planning. SB375 is intended to help to implement AB32 (Global Warming Solutions Act), approved in 2006 and requiring actions to reduce greenhouse gas emissions to 1990 levels by 2020 and by 80% below 2005 levels by 2050. While much of AB32 focuses on emissions from stationary sources (industrial facilities) or diesel trucks, SB375 is focused on emissions from automobiles and light trucks and the reduction in vehicle-miles traveled due to more compact land use patterns and potential mode shifts. A summary of the impacts of SB375 has been prepared by the Urban Land Institute (ULI) and is included as Attachment E.

The legislation calls for the development of a Sustainable Communities Strategy (SCS) in all metropolitan regions in California. Within the Bay Area, the law assigns joint responsibility for the SCS to the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). These agencies will coordinate with the Bay Area Air Quality Management District (Air District) and the Bay Conservation and Development Commission (BCDC).

The SCS integrates several existing planning processes and is required to accomplish the following objectives:

1. Provide a new 25-year land use strategy for the Bay Area that is realistic and identifies areas to accommodate all of the region’s population, including all income groups;
2. Forecast a land use pattern, which when integrated with the transportation system, reduces greenhouse gas emissions from automobiles and light trucks and is measured against the regional target established by the California Air Resources Board (CARB).

The California Air Resources Board (CARB), in response to the mandates of SB375, has set target GHG emissions from light trucks and passenger vehicles for each of the region’s subject to the provisions of SB375. For the ABAG area, the CARB set targets for a 7% reduction in emissions by 2020 and a 15% reduction in emissions by 2035.

The SCS is also required to be included as part of the Bay Area’s 25-year Regional Transportation Plan (RTP). By federal law, the RTP must be internally consistent and, therefore, the $200+ billion dollars of transportation investments typically included in the RTP must align with and support the SCS land-use pattern. SB375 also requires that an updated eight-year regional housing needs allocation (RHNA) prepared by ABAG is consistent with the SCS. The SCS, RTP and RHNA will be adopted simultaneously in early 2013.

The Council and Planning and Transportation Commission have each conducted study sessions in the past year to better understand the background of SB375, and staff’s Comprehensive Plan Speaker Series included a presentation by ABAG representatives regarding the legislation. In addition, four Councilmembers and the City Manager and Planning Director attended a meeting sponsored by the Santa Clara County Cities Association, also involving an ABAG overview of the objectives and process for developing the Sustainable Communities Strategy.
DISCUSSION:
The goal of the SCS is not only to reduce greenhouse gas emissions, but to build a Bay Area that continues to thrive and prosper under the changing circumstances of the twenty-first century. By directly confronting the challenges associated with population growth, climate change, a new economic reality and an increasing public-health imperative, the SCS is intended to support a Bay Area that is both more livable and more economically competitive on the world stage. A successful SCS will:

- Recognize and support compact, walkable places where residents and workers have access to services and amenities to meet their day-to-day needs;
- Reduce long commutes and decrease reliance on fossil fuels, increasing energy independence and decreasing the region's carbon consumption;
- Support complete communities that remain livable and affordable for all segments of the population, maintaining the Bay Area as an attractive place to reside, start or continue a business, and create jobs;
- Support a sustainable transportation system and reduce the need for expensive highway and transit expansions, freeing up resources for other more productive public investments;
- Provide increased accessibility and affordability to the most vulnerable populations;
- Conserve water; and
- Decrease our dependence on imported food stocks and their high transport costs.

In recognition of the importance of these other goals, ABAG and MTC will adopt performance targets and indicators that will help inform decisions about land use patterns and transportation investments. These targets and indicators will apply to the SCS and the RTP and will not weigh as heavily as greenhouse gas reduction, but will provide additional criteria for use in comparing the alternative SCS scenarios. The targets are scheduled for adoption by the Joint Policy Committee (ABAG, MTC) in early 2011 and the indicators will be adopted in the spring of 2011.

Planned Development Areas (PDAs)
In many respects the SCS builds upon existing efforts in Bay Area communities to encourage more focused and compact growth while recognizing the unique characteristics and differences of the region's many varied communities. FOCUS Priority Development Areas (PDAs) are locally-identified and regionally adopted infill development opportunity areas near transit. The City of Palo Alto has identified a PDA for the California Avenue/Park Blvd./Fry's area around the California Avenue Caltrain station. The PDAs provide a foundation upon which to structure the region's Sustainable Communities Strategy. PDAs encompass only three percent (3%) of the region's land area whereas, based upon existing plans, resources, and incentives, the PDAs can collectively accommodate over fifty percent (50%) of the Bay Area's housing need through 2035.

PDAs have been supported by planning grants, capital funding and technical assistance grants from MTC. The current RTP allocates an average of $60 million a year to PDA incentive-related funding. Future RTPs, consistent with the SCS, will be structured to provide policies and funding...
that is supportive of PDAs and potentially other opportunity areas for sustainable development in the region.

In Palo Alto, the California Avenue Area PDA is coterminous with the City’s ongoing Concept Area Plan for that area. City staff has provided input to ABAG regarding both the existing development levels and the potential for growth in housing and employment. The PDA analysis identifies “place types” for different land uses and densities, and the “Transit Neighborhood” place type has been tentatively designated for the California Avenue Area PDA. This plan envisions a broad range of development possibilities, with up to 20-50 units per acre of residential and floor-to-area ratio (FAR) of up to 2.0. These are estimates based on existing Pedestrian-Transit Oriented Development (PTOD) zoning for the area. If the ongoing planning for the area results in increased intensity levels, staff will forward that information to ABAG.

In addition to the City’s PDA for the California Avenue Area, VTA has designated all of the El Camino Real corridor and the University Avenue station area as potential opportunities for further development (“potential PDAs”). Staff has identified the El Camino Corridor as a “Mixed Use Corridor” place type and the University Avenue transit area as a “Transit Town Center” for initial forecasting. Staff has notified ABAG that the City does not consider the San Antonio Avenue transit station to result in a place type with increased development in Palo Alto. Attachment D depicts the concept of “place types” used in the formulation of the SCS.

**Partnership with Local Jurisdictions**

To be successful, the SCS will require a partnership among regional agencies, local jurisdictions, Congestion Management Agencies (CMAs), transit agencies, and other regional stakeholders. MTC and ABAG are engaged in an exchange of information with County-Corridors Working Groups throughout the Bay Area. These Groups are organized by county, by sub-regions within counties, and by corridors that span counties. They typically include city and county planning directors, CMA staff, and representatives of other key agencies such as transit agencies and public health departments. Working Group members are responsible for providing updates and information to their locally elected policymakers through regular reports like this one and eventually through recommended council or board resolutions that acknowledge and respond to the implications of the SCS for each jurisdiction.

Each county has established an SCS engagement strategy and the composition of a County/Corridor Working Group according to its needs and ongoing planning structure. The City of Palo Alto Planning Director is working with the Santa Clara County Association of Planning Officials (SCCAPO), primarily composed of planning directors from each city and from Santa Clara County, to address these issues. Other City staff members are involved in working groups of planners and transportation officials coordinated by and supported technically by the Valley Transportation Authority (VTA). The City/County Managers Association and the Santa Clara County Cities Association are also active in reviewing key policy actions related to the SCS. In addition to the County-Corridor Working Groups, a Regional Advisory Working Group (RAWG), composed of local government representatives and key stakeholders throughout the region, provides technical oversight at the regional level. The Planning Director is a participant in those meetings on a monthly basis.
Development of SCS Scenarios
The SCS will be the product of an iterative process that includes a sequence of growth and supportive transportation scenarios. An Initial Vision Scenario will be presented in February 2011, followed by more detailed SCS scenarios that refine the Initial Vision Scenario (Spring and Fall 2011), with a final draft for review in early 2012. The draft project timeline is outlined in more detail in the “Next Steps” section below and a draft schedule of 2011 milestones and opportunities for City input is provided as Attachment A.

Initial Vision Scenario
ABAG and MTC will release an Initial Vision Scenario in February 2011, based in large part on input from local jurisdictions through the county/corridor engagement process and information collected through December 2010. The Vision Scenario will encompass an initial identification of places (place types), policies and strategies for long-term, sustainable development in the Bay Area. Local governments will identify places with potential for sustainable development, including PDAs, transit corridors, and employment areas, as well as infill opportunity areas that lack transit services but offer opportunities for increased walkability and reduced driving.

The Initial Vision Scenario will:
- Incorporate the 25-year regional housing need encompassed in the SCS;
- Provide a preliminary set of housing and employment growth numbers at regional, county, jurisdictional, and sub-jurisdictional levels;
- Be evaluated against the greenhouse gas reduction target as well as the additional performance targets adopted for the SCS.

For Palo Alto, the place types factored into the Vision Scenario will include the California Avenue Area PDA and the El Camino Real corridor and University Avenue transit area, as outlined previously. The intent of this initial Vision Scenario is to show a development pattern “unconstrained” by public service limitations, fiscal, transportation, or other infrastructure.

Detailed Scenarios
By the early spring of 2011, local governments and regional agencies will evaluate the feasibility of achieving the Initial Vision Scenario and will produce a series of Detailed Scenarios for review. The Detailed Scenarios will take into account constraints that might limit development potential, and will identify the infrastructure and resources that can be identified and/or secured to support the scenario. MTC and ABAG expect to release a first round of Detailed Scenarios by July 2011, following multiple discussions and workshops in response to the Initial Vision Scenario. The County/Corridor Working Groups as well as the RAWG will facilitate local input into the scenarios, with the release of a Preferred Scenario by the end of 2011. The analysis of the Detailed Scenarios and Preferred Scenario will evaluate benefits of the land use alternatives in reducing greenhouse gas emissions and vehicle-miles traveled, and will also consider the Performance Targets and Indicators as additional criteria.

Regional Housing Needs Allocation (RHNA)
As described above, the eight-year RHNA must be consistent with the SCS. Planning for affordable housing in the Bay Area is one of the essential tasks of sustainable development. In the SCS, this task becomes integrated with the regional land use strategy, the development of
complete communities and a sustainable transportation system. The county/corridor engagement process will include discussions of RHNA, since both the SCS and RHNA require consideration of housing needs by income group.

The process to update the RHNA will begin in 2011:
- A Housing Methodology Committee for the region will be appointed in January 2011. Meetings will continue through September 2011.
- Cities must determine whether they want to form a sub-regional RHNA group by March 2011. If so, they must follow the same timeline for formulation as the Methodology Committee.
- Local jurisdictions will provide input prior to the adoption of the RHNA methodology by September 2011.
- The final housing numbers for the region will be issued by the State Department of Housing and Community Development (HCD) by September 2011.
- The Draft RHNA will be released by spring 2012.
- ABAG will adopt the Final RHNA by the end of summer 2012.
- Local governments will address the next round of RHNA in their next Housing Element update (2014-2022).

The distribution of housing needs will then inform the Detailed SCS Scenarios.

Councilmember Scharff has been nominated (and has a good likelihood of being appointed) to the RHNA Methodology Committee. The Committee will include 2 staff from cities (San Jose and Morgan Hill) and 2 alternates (Cupertino and Sunnyvale), and a staff member from Santa Clara County. Staff hasn’t heard if any City Managers will be selected. While still not proportional to the County’s population or employment, this is an improvement over the last round of housing review, when only 1 city staff, 1 county staff, and 1 Council member were included across the entire Santa Clara County. The County Planning Directors emphasized the need for increased numbers and diversity across the representatives from this county, including an elected official from north County.

**Regional Transportation Plan (RTP)**
The SCS provides an explicit link between land use choices and the transportation investments in the region. The regional agencies indicate they will work closely with the VTA and other CMAs, transportation agencies and local jurisdictions to define financially constrained transportation priorities in their response to a call for transportation projects in early 2011 and a detailed project assessment that will be completed by July/August 2011. The project assessment will be an essential part of the development of Detailed SCS Scenarios. The RTP will be analyzed through 2012 and released for review by the end of 2012. ABAG is expected to approve the SCS by March 2013, and MTC would follow with adoption of the final RTP and SCS by April 2013.

**Environmental Review**
Regional agencies will prepare one Environmental Impact Report (EIR) for both the SCS and the RTP. This EIR might assist local jurisdictions in streamlining the environmental review process for some of the projects that are consistent with the SCS. Regional agencies are investigating the
scope and strategies for an EIR that could provide the most effective support for local
governments.

Additional Regional Tasks
MTC, ABAG and the Bay Area Air Quality Management District are coordinating the impacts of
CEQA thresholds and guidelines recently approved by the Air District. The Air District is
currently developing tools and mitigation measures related to the CEQA thresholds and
guidelines to assist with development projects in PDAs. The four regional agencies will be
coordinating other key regional planning issues including any adopted climate adaptation-related
policy recommendations or best practices suggested by BCDC.

Palo Alto Role in Developing and Implementing the Sustainable Communities Strategy
The City staff, Planning and Transportation Commission, and Council will be asked to respond
to several key questions over the coming year and beyond, such as (but not limited to):
1. How much housing and employment should/can the City accommodate to provide a
meaningful contribution to smart growth and sustainable development mandates of the
Bay Area and balance new growth opportunities with the existing character of the City of
Palo Alto?
2. Where does the City desire/expect to accommodate new housing and employment within
the next 25 years?
3. What are the key local sustainable development issues/strategies that might be advanced
through the SCS (e.g., type (clean tech) and extent of employment growth, affordable
housing, enhanced commercial revenues, etc.)?
4. What are the primary constraints to providing for sustainable development opportunities
in Palo Alto (e.g., enhanced school facilities, open space, transportation and transit
infrastructure, etc.)? What key investments would be needed?
5. How should Councilmembers, the Planning and Transportation Commission, and staff
participate in this process?

The SCS provides an opportunity for the City of Palo Alto to advance local goals as part of a
coordinated regional framework. The SCS may help connect local concerns—such as new
housing, jobs, and traffic—to regional objectives and resources. As such, it may serve as a
platform for cities and counties to discuss and address a wide spectrum of challenges, including
high housing costs, economic development, affordable and accessible transportation, and public
health, and identify local, regional, and state policies to address them. The bottom line is that the
SCS is likely to reward those cities whose decisions advance not only local goals but also benefit
quality of life beyond their borders—whether to create more affordable housing, new jobs, or
reduce driving.

TIMELINE AND NEXT STEPS:
The Next Steps below outline and as shown in Attachment A outline the City of Palo Alto’s
expected timeline for key participation and response in the coming year (2011). The City
Council, Planning and Transportation Commission, staff, and the Palo Alto community will be
actively engaged at several points in the SCS and RHNA process over the coming year:
**Sustainable Communities Strategy (SCS)**

- October/November 2010: Staff input to Planned Development Areas (PDAs) and other “opportunity” areas.
- March/April 2011: Local agency feedback to the Initial Vision Scenario.
- April-August 2011: Release of Detailed SCS Scenarios and local agency input.

**Regional Housing Needs Allocation (RHNA)**

- January 2011: Appointment of RHNA Methodology Committee.
- March 2011: Determination whether to participate in subregional housing methodology effort.
- February-August 2011: Participation and review of housing methodology (ABAG and/or subregional), including local agency input.

Input to the Initial and Detailed Vision scenarios will encompass multiple reviews by staff, the Planning and Transportation Commission (PTC), and City Council, and the community at large through the hearing process. Response to the proposed RHNA methodology will also require input by staff, the PTC, and Council. In addition, there will be multiple workshops planned at a subregional (countywide) level to review and provide comments on the Vision Scenarios and RHNA methodology during that timeframe. Staff will post and distribute those meeting dates and times as soon as they become available.

**DEPARTMENT HEAD:**

CURTIS WILLIAMS
Director of Planning and Community Environment

**CITY MANAGER APPROVAL:**

JAMES KEENE
City Manager

**ATTACHMENTS:**

Attachment A: Draft Schedule of City Input for Sustainable Community Strategies and Regional Housing Needs Allocation Process
Attachment B: January 9, 2008 Letter to ABAG Objecting to 2007-2014 RHNA for Palo Alto
Attachment C: Letter from ABAG Outlining Process for Subregional RHNA Determinations
Attachment D: Place Type Description Charts (ABAG/MTC)
Attachment E: “SB375: Impact Analysis Report,” prepared by Urban Land Institute, June 2010
MEMO

Date: January 20, 2011
To: Housing Methodology Committee
From: ABAG Staff
Re: RHNA Process Requirements (Agenda Item #3)

Summary

This memo takes excerpts from the San Francisco Bay Area Housing Needs Plan 2007-2014 (ABAG, June 2008) to explain the objectives and requirements of the 2014-2022 Regional Housing Need Allocation (RHNA) process. In addition, it describes new requirements from SB 375, the implementing legislation for the region’s Sustainable Communities Strategy (SCS).

RHNA Objectives

The State is required to allocate the region’s share of the statewide housing need to Councils of Governments (COG) based on the Department of Finance (DOF) population projections and the regional population forecasts used in preparing regional transportation plans. In the San Francisco Bay Area, the Association of Bay Area Governments (ABAG) serves as the region’s COG.

Housing element law requires the COG (ABAG for the San Francisco Bay Area) to develop a Regional Housing Need Plan (RHN). The plan describes the region’s allocation method and the actual allocation of housing need to the cities and counties within the region. According to State law, RHN is to promote the following objectives:

1. 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, which shall result in each jurisdiction receiving an allocation of units for low and very low income households.

2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

3. Promote an improved intraregional relationship between jobs and housing.

4. Allocate a lower proportion of housing need for an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent US Census data.
Housing Needs Determination

The regional housing need is determined by estimating both the existing need and the projected need for housing. Existing need is the amount of housing needed to address existing overcrowding or low vacancy rates. Projected need relates to providing housing for the growing population. Using slightly different methods, both the State (through DOF) and the region (via ABAG) estimate projected household growth. Since these numbers may differ, the State consults with the region to arrive at an agreed upon estimate of future population growth (in this case, the housing need for 2014 through 2022).

Housing Needs Allocation

The region’s total housing need is allocated to Bay Area jurisdictions through an allocation method. The method contains two distinct components: mathematical equations and rules.

RHNA law delineates the specific factors that must be considered for inclusion in the housing needs allocation method. These factors are:

1. Water and sewer capacity
2. Land suitable for urban development or conversion to residential use
3. Protected open space – lands protected by State and Federal governments
4. County policies to protect prime agricultural land
5. Distribution of household growth
6. Market demand for housing
7. City-centered growth policies
8. Loss of affordable units contained in assisted housing
9. High housing cost burdens
10. Housing needs of farm workers
11. Impact of universities and colleges on housing needs in a community
12. Any other factors adopted by the council of governments

New Housing-related Requirements from SB 375

SB 375 requires the region to develop a Sustainable Communities Strategy (SCS). The SCS and Regional Transportation Plan (RTP) for the Bay Area are on a four-year cycle. The SCS and RTP will consider a planning period to the year 2040. In order to coordinate these programs with RHNA, the law extends the RHNA cycle to every eight years, but RHNA covers a shorter planning period (this time from 2014 to 2022).

Among the requirements for the SCS are that it must identify areas within the region sufficient to house an eight-year projection of regional housing need for the region. In other words, the SCS must plan for enough housing capacity to accommodate the regional need.
Additionally, the law indicates that it is the intent of the Legislature that housing planning be coordinated and integrated with the RTP. To achieve this goal, the allocation plan must distribute housing units within the region consistent with the development pattern included in the SCS. ABAG must eventually make a finding of consistency between the RHNA plan and the development pattern in the SCS.

Several other important changes to housing law were made in SB 375, but they do not directly affect the RHNA process.

Discussion

Staff is hoping for input from the Housing Methodology Committee:

(1) Is there a need for additional factors in the allocation methodology beyond the 12 that are specified by law? Are there other housing goals we should consider?
(2) Are there any conflicts between the objectives and factors in RHNA law and the requirements of the SCS?
(3) Are there other RHNA issues we need to discuss?

Resources

The Bay Area’s last RHNA plan

Basic RHNA statutes
www.leginfo.ca.gov/cgi-bin/calawquery?codessection=gov&codebody=65580-65589.8&hits=20
Then choose Government Code Section 65580-65589.8

SB 375
Date: January 20, 2011
To: Housing Methodology Committee
From: ABAG Staff
Re: Review of the Last RHNA Cycle (Agenda Item #4)

Summary

This memo takes excerpts from the San Francisco Bay Area Housing Needs Plan 2007-2014 (ABAG, June 2008) to explain the allocation method used in the last round of the Bay Area’s Regional Housing Need Allocation (RHNA) process.

State Requirements to Plan for Housing

State law requires each city and county to adopt a general plan. Housing elements have been mandatory portions of general plans since 1969. This reflects the statutory recognition that the availability of housing is a matter of statewide importance. The limitation of the State’s housing supply through planning and zoning powers affects the State’s ability to achieve its housing goal of “decent housing and a suitable living environment for every California family.” A limited housing supply also impacts the State’s ability to remain economically competitive.

In each RHNA cycle, the State Department of Housing and Community Development (HCD) determines a Regional Housing Need. The need is the minimum number of housing units that a region must plan for in the RHNA planning period. In this cycle, the planning period is 2014 to 2022.

Housing element law requires the Council of Governments (COG), in our case ABAG, to develop a Regional Housing Need Plan (RHNP). The plan describes the region’s allocation method and the actual allocation of housing need to the cities and counties within the region.

Housing Needs Allocation Method 2007-2014

The region’s total housing need is allocated to Bay Area jurisdictions through an allocation method. In the last cycle, the method contained two distinct components: mathematical equations and rules.
There were two mathematical equations in the allocation method. The first equation was used to allocate total units among jurisdictions. This equation consisted of factors, each weighted to indicate relative importance. The second equation was used to divide each jurisdiction’s total need, based on the first formula, into the four income categories as defined by State law.

The allocation method also contained a set of rules. These rules addressed how to handle units in spheres of influence as well as voluntary transfers of units between jurisdictions and subregions.

The final allocation method adopted by the ABAG Executive Board included factors related to housing, employment and public transit.

Each factor was given priority relative to the others through “weighting” in the formula. For example, if one of the factors, e.g., household growth, was determined to be more important than another factor, e.g., transit, the methodology would give household growth a higher weight than transit. If two or more factors were determined to be of equal priority, they were equally weighted. State law also allows for “zero weighting” of a required factor, if an appropriate rationale for the zero weight can be offered by the COG.

For the Bay Area’s allocation formula, the selected factors and their respective weights were:

- Household growth (45%)
- Existing employment (22.5%)
- Employment growth (22.5%)
- Household growth near existing transit (5%)
- Employment growth near existing transit (5%)

Household growth, existing employment and employment growth were each forecasted in the region’s job, household and employment forecast using Projections 2007.

By applying these factors and weights in the allocation formula, housing would be allocated to jurisdictions in a manner consistent with State RHNA objectives, statutory requirements, local land use and regional policies. Jurisdictions would then be required to plan for their allocated number of housing units within the housing elements of their general plans.

Specifically, the selected factors resulted in:

- Housing units directed to areas where local governments were planning housing growth.
- Housing and job growth being planned together and existing jobs-housing imbalances being addressed.
Income Allocation Method

The method was based on the region-wide distribution of household income. It also considered existing concentrations of poverty within the region.

Once a jurisdiction’s total need was calculated, using the formula listed in the previous section, those total units were then divided using an income allocation method, based on region-wide income distributions. To address concentrations of poverty, each jurisdiction was given 175 percent of the difference between their 2000 household income distribution and the 2000 region-wide household income distribution.

Allocation Rules

In the last round of the RHNA process, it was useful to include three sets of rules that addressed spheres of influence, the transfer of units, and subregions.

Spheres of Influence

Every city in the Bay Area has a “sphere of influence” or SOI. The SOI boundary is designated by the county’s Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts within a county. A city’s SOI can be either contiguous with or go beyond the city’s boundary. A city is responsible for planning for all areas within its SOI. The SOI is considered the probable future city boundary. SOI must be considered in the regional housing needs allocation process via a “rule” in the RHNA method if there is projected growth within a city’s SOI. Most SOI areas within the Bay Area are anticipated to experience growth.

The primary SOI rule for the RHNA method is that each local jurisdiction with land-use permitting authority over its SOI should plan for all the housing needed to accommodate housing growth, existing employment and employment growth within their SOI.

There are variations in the Bay Area in terms of whether a city or county has jurisdiction over land use and development within unincorporated SOIs. In response to these variations, the following SOI rules applied:

1. In Napa, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI were assigned to the cities.
2. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI was assigned to the county.
3. In Marin County, 75 percent of the allocation of housing need generated by the unincorporated SOI was assigned to the city; the remaining 25 percent was assigned to the county.
Transfer of Units

After the initial allocation, each local jurisdiction could request that it be allowed to transfer units with one or more willing partners. The transfer must take place in a way that maintains the total need allocation amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes a package of incentives to facilitate production of housing units.

The transfer rule allowed for the transfer of housing need between willing jurisdictions in conjunction with financial and non-financial resources. It maintained the integrity of the State’s RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories.

Request for transfer of RHNA allocations between jurisdictions was required to adhere to the following provisions:

1. Have at least two willing partners.
2. The total number of units within the group requesting the transfer cannot be reduced.
3. Include units at all income levels in the same proportion as initially allocated.
4. All members of the transfer group must retain some allocation of very low and low income units.
5. The proposed transfer must include a specifically defined package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
6. If the transfer resulted in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by findings by the members of the transfer group that address the RHNA objectives.
7. For the transfer of very low and low income units, there were restrictions that ensured the long term affordability of the transferred units.
8. Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

Subregional Allocations

The County of San Mateo, in partnership with all twenty cities in the county, formed a subregion. The formation of a subregion, for the purposes of conducting the RHNA, is allowed by State law.

Upon the State’s determination of the total regional need, as required by law, ABAG assigned a share of the regional need to the San Mateo subregion. According to the law, the subregion’s share is to be “in a proportion consistent with the distribution of households” from 2007-2014 in Projections 2007. San Mateo’s share of units was also assigned by income category. The income distribution was determined by the regional average distribution of income.
Members of a subregion can decide to leave the subregion and become part of the remaining regional allocation. Rules were created so jurisdictions would know the effect of such decisions. No jurisdictions left the San Mateo subregion in the last RHNA period.

Discussion

Staff is asking for input and discussion:

1. Would the method used in the last round of the RHNA process be appropriate again?
2. Would committee members like further discussion/examples of any parts of the method?
3. Are there parts of the formulas or rules that you think we could simplify or eliminate?
4. Do you think that subregions impact the allocations for the rest of the region? Is it important to consider the relationship of the subregions and the remainder of the region?
5. Do we need to have rules in case jurisdictions choose to leave a subregion?

Resources

The Bay Area’s last RHNA plan
Date: February 16, 2011
To: SCS Housing Methodology Committee
From: Regional Agency Staff
Subject: The Rationale for the Sustainable Communities Strategy and the Requirements for the Regional Housing Need Allocation

This memo describes the rationale and principles of the Sustainable Communities Strategy (SCS) Initial Vision Scenario, the Place Type framework, the SCS Performance Targets that are most relevant to housing issues, and the Regional Housing Need Allocation (RHNA) Objectives and Factors and explores the ways in which these sets of principles and objectives relate to one another. The purpose of this memo is to frame the discussion on the relationship between the SCS and RHNA.

Initial Vision Scenario of the SCS
The Initial Vision Scenario (IVS) is a starting point for developing the Sustainable Communities Strategy. The IVS identifies a land use pattern and related policies, strategies, and resources designed to meet the Bay Area’s greenhouse gas reduction and housing targets. It assumes strong regional economic performance and sufficient funding for affordable housing, transportation, and the planning and infrastructure dollars needed to support transit-oriented and infill development in the Bay Area. In addition to meeting regionally adopted performance targets, the objectives that guide the Initial Vision Scenario are to:

- Strengthen the character of places through sustainable development
- Accommodate future growth within urban boundaries
- Locate future housing and jobs near transit, amenities, and services
- Strengthen regional transit corridors that allow access to jobs and services
- Align regional transportation transit funding with production of sustainable and affordable housing
- Retain the open space and agricultural land in the region

Based on a forecast of housing need in the region in 2035, there will be approximately 3.6 million households in 2035—approximately 920,000 more than in 2010. Relative to long-term housing distribution, the IVS will encompass both the Current Regional Plans forecast that distributes approximately 650,000 households plus the additional 267,000 households needed to achieve the regional housing target. Like its predecessor, Projections, the Current Regional Plans forecast assumes some growth in every jurisdiction in the region with the distribution of growth being more infill and transit-oriented over time through 2035. The Initial Vision Scenario distributes the additional number of households needed to achieve the region’s housing target exclusively in Priority Development Areas (PDAs) or in New Opportunity Areas that were identified by local jurisdictions through the Initial Vision Scenario local input process. Together, these areas are referred to as Sustainable Community Development Areas (SCDAs). The regional agencies project that there will also be 4.4 million jobs in 2035—approximately 1.2 million more than in 2010. The Initial Vision Scenario assumes that the region’s housing needs are met—providing the Bay Area with a more competitive regional economy and an estimated 97,000 additional jobs compared to the Current Regional Plans forecast.
In developing the Initial Vision Scenario, local estimates of growth for SCDAs were used when possible. However, many of these areas need to take on additional households for the region to reach the housing target. In these situations, the Place Type selected by a local jurisdiction for one of its SCDAs was used to help determine how much growth the area could accommodate. After evaluating a SCDA’s location in the region, access to employment, proximity to major transit corridors, and its overall size and development intensity, the proposed growth for the area was compared to the characteristics for its Place Type and, when appropriate, adjusted to meet the targets for that Place Type.

**Place Type Framework**

By showing the similarities of transit areas in the Bay Area, the Place Types offer a way for local governments to identify their future vision for an area, based on characteristics related to the type of transit, the mix of land uses, the intensity of development, retail characteristics, and major planning and development challenges. These characteristics are then related to development guidelines for each Place Type that outline a proposed mix of housing types, targets for total housing units and jobs, net densities for new housing, and minimum Floor Area Ratios (FARs) for new employment development.

While the Place Types emphasize the specific context of a particular place, they also take into account the role that the station area plays in relation to other transit-served areas in the region. In this way, the Place Types provide a common language for a regional policy framework, and for how those policies relate to planning and implementation occurring at the local level.

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1 The Place Type framework was developed by Reconnecting America as a companion to MTC’s Transit-Oriented Development (TOD) Policy and the FOCUS Priority Development Areas.
SCS Performance Targets Most Relevant to Housing
MTC and ABAG recently adopted ten Performance Targets that will be used to measure and evaluate the land use scenarios that are created as the region moves toward defining the final preferred SCS. Of the ten targets, the following ones are the most relevant to housing allocation issues:

<table>
<thead>
<tr>
<th>CLIMATE PROTECTION</th>
<th>1</th>
<th>Reduce per-capita CO₂ emissions from cars and light-duty trucks by 15% Statutory - Source: California Air Resources Board, as required by SB 375</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADEQUATE HOUSING</td>
<td>2</td>
<td>House 100% of the region’s projected 25-year growth by income level (very-low, low, moderate, above-moderate) without displacing current low-income residents Statutory - Source: ABAG adopted methodology, as required by SB 375</td>
</tr>
<tr>
<td>HEALTHY &amp; SAFE COMMUNITIES</td>
<td>5</td>
<td>Increase the average daily time walking or biking per person for transportation by 60% (for an average of 15 minutes per person per day) Source: Adapted from U.S. Surgeon General’s guidelines</td>
</tr>
<tr>
<td>OPEN SPACE AND AGRICULTURAL PRESERVATION</td>
<td>6</td>
<td>Direct all non-agricultural development within the urban footprint (existing urban development and urban growth boundaries) Source: Adapted from SB 375</td>
</tr>
<tr>
<td>EQUITABLE ACCESS</td>
<td>7</td>
<td>Decrease by 10% the share of low-income and lower-middle income residents’ household income consumed by transportation and housing Source: Adapted from Center for Housing Policy</td>
</tr>
<tr>
<td>ECONOMIC VITALITY</td>
<td>8</td>
<td>Increase gross regional product (GRP) by 90% — an average annual growth rate of approximately 2% (in current dollars) Source: Bay Area Business Community</td>
</tr>
</tbody>
</table>

Statutory RHNA Objectives
According to state law, the regional housing needs plan adopted by the region must promote the following objectives²:

- Increase housing supply and mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low income households.
- Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
- Promote an improved intraregional relationship between jobs and housing.
- Allocate 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, as compared to the countywide distribution of households in that category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.

² Government Code Section 65584(d).
Table 1 shows an initial assessment of how the SCS Performance Targets align with the RHNA Objectives.

<table>
<thead>
<tr>
<th>SCS Performance Measures</th>
<th>RHNA Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1: Reduce per-capita CO2 emissions from cars and light-duty trucks by 15%</td>
<td>• Encourage efficient development patterns</td>
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<td></td>
<td>• Promote an improved intraregional relationship between jobs and housing</td>
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<tr>
<td>#2: House 100% of the region’s projected 25-year growth by income level (very-low, low,</td>
<td>• Increase housing supply and mix of housing types,</td>
</tr>
<tr>
<td>moderate, above-moderate) without displacing current low-income residents</td>
<td>tenure, and affordability in all cities and counties</td>
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<td>within the region in an equitable manner, which shall result in each jurisdiction</td>
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<td></td>
<td>receiving an allocation of units for low- and very low income</td>
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<tr>
<td></td>
<td>households.</td>
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<td></td>
<td>• Promote socioeconomic equity</td>
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<tr>
<td>#5: Increase the average daily time walking or biking per person for transportation by</td>
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<tr>
<td>60% (for an average of 15 minutes per person per day)</td>
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<tr>
<td>#6: Direct all non-agricultural development within the urban footprint (existing urban</td>
<td>• Promote infill development</td>
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<td>development and urban growth boundaries)</td>
<td>• Protect environmental and agricultural resources</td>
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<tr>
<td>#7: Decrease by 10% the share of low-income and lower-middle income residents’ household</td>
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<tr>
<td>income consumed by transportation and housing</td>
<td></td>
</tr>
<tr>
<td>#8: Increase gross regional product (GRP) by 90% – an average annual growth rate of</td>
<td>• Allocate a lower proportion of housing need to an income category when a</td>
</tr>
<tr>
<td>approximately 2% (in current dollars)</td>
<td>jurisdiction already has a disproportionately high share of households in that</td>
</tr>
<tr>
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<td>income category, as compared to the countywide distribution of households in that</td>
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<td>category</td>
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**Statutory RHNA Factors**

In addition to the overarching RHNA Objectives, state law requires that the methodology for allocating units within the region consider the following specific factors:\(^3\):

1. A jurisdiction’s existing and projected jobs and housing relationship
2. Water and sewer capacity
3. Land suitable for urban development or conversion to residential use
4. Protected open space - lands protected by state and federal government
5. County policies to protect prime agricultural land
6. Distribution of household growth
7. Market demand for housing
8. City-centered growth policies
9. Loss of affordable units contained in assisted housing
10. High housing cost burdens
11. Housing needs of farm workers
12. Impact of universities and colleges on housing needs in a community.
13. Any other factors adopted by the council of governments

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\(^3\) Government Code Section 65584.04(d-g).
Additional Factors Identified by the Housing Methodology Committee
At the last SCS Housing Methodology Committee (HMC) meeting, a number of additional factors were identified for possible use in the RHNA methodology (see Appendix A for a full list). At the suggestion of some of the committee members, staff has grouped the ideas to facilitate future discussion. The four groups are:

- Local Community Factors
- Regional Factors
- Transportation Related Factors
- Environmental Factors

Local Community factors include local climate action plans, Priority Development Areas, evaluation of the existing housing stock, and local school/educational issues and impacts. Regional factors include issues related to seniors, equity issues, the types of housing we are planning for, unemployment, and issues of regional sustainability. Transportation issues were numerous, and included relating housing to transit and transportation assets, walkability, and access to jobs and schools. Environmental factors included the designation of habitat and open space, and issues related to sea level rise and air quality. The remaining ideas that were offered fall into the category of technical issues and questions.

As we begin to evaluate factors for the RHNA methodology, it is important to recognize that not all of the suggestions need to be, or should be, included. A simple, understandable methodology based on information that is consistently available across the region is certainly an option. This is an approach that needs to be evaluated against explicitly including a variety of issues.

The Use of Factors in the Previous RHNA Methodology
For the Bay Area’s previous allocation formula, the selected factors and their respective weights were:

- Household growth (45%)
- Existing employment (22.5%)
- Employment growth (22.5%)
- Household growth near existing transit (5%)
- Employment growth near existing transit (5%)

By applying these factors and weights in the allocation formula, housing was allocated to jurisdictions and jurisdictions were required to plan for their allocated number of housing units within the housing elements of their general plans. Specifically, the selected factors resulted in:

- Housing units directed to communities where local governments were planning housing growth;
- Housing and job growth being planned together and existing jobs-housing imbalances being addressed;
- Housing development directed to communities with transit infrastructure; and
- Fewer housing units directed to outlying areas; thereby reducing development pressures on open space and agricultural lands.

More growth in existing urbanized communities translates into less development pressure on the region’s environmental and agricultural resources. Growth in urban areas may facilitate development efficiencies and more infill development at higher densities. Such development may support increased transportation choices, e.g., walking and public transit, especially if development is planned near transit,
services and existing jobs. The previous allocation formula coalesced with the designation of many of the region’s transit-served neighborhoods as PDAs and expanded planning and capital infrastructure support for the PDAs.

The inclusion of employment growth as a RHNA factor allocated the regional housing need to places where job growth was anticipated to occur during the 2007-2014 RHNA period. Cities or counties with planned job growth were responsible for planning housing for the additional jobs added to their communities. Placing a transit factor directly into the methodology gave extra weight to this state and regional objective. This is because a transit-based policy was already incorporated into ABAG’s policy-based Projections. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors would indirectly include “transit” as a policy issue in the allocation formula.

Items for Discussion
- Given the requirement that the short-term RHNA be consistent with the long-term SCS housing growth distribution, how might we use the above factors in an allocation formula or methodology?
- Can we combine factors or exclude some of the suggested factors?
- Are there other parts of the RHNA process where these factors are included, such as the income allocation?
Appendix A: List of Additional Factors from January 2011 Housing Methodology Committee Meeting

**Local Community Factors**
- Climate Action Plans
- Priority Development Areas (PDAs)
- Existing Housing Stock
- Schools/Education

**Regional Factors**
- Housing Types
- Senior Populations
- Social Justice
- Unemployment
- Consider Basic Sustainability Issues
- Quantitative vs. Qualitative Goals

**Transportation Related Factors**
- Transit linked to its Capacity and Quality
- Relationship to Transit
- Transportation Corridors
- Walking/Bicycling Accessibility
- Access to Jobs/Schools
- Balance Jobs and Housing

**Environmental Factors**
- Sea Level Rise
- Air Quality Regulations
- Priority Conservation Areas (PCAs)
- Habitat
- Open Space

**Technical Issues**
- Data for Income Levels
- Existing Income
- Vacancy Rates (households)
Background
On January 12, 2011, the City Managers’ Association (CMA) expressed concerns about staffing and available financial resources to develop a subregional Regional Housing Needs Assessment (RHNA) methodology under the time constraints of State law (see pros and cons on next page). On February 9, 2011, the CMA considered a recommendation from the Santa Clara County Planning Officials (SCCAPO) that suggests enhanced collaboration between the cities in the County and begins to foster an appropriate structure that may be used in 8 years (the next housing cycle) to develop a formal subregional RHNA.

Recommendation to the Cities Association of Santa Clara County
Santa Clara County’s 15 cities and the County should not at this time establish a formal subregion in the current RHNA process, but instead should pursue an informal, collaborative process that ensures many of the benefits of forming a subregion. This cooperation and collaboration would:

• Utilize existing forums for communication and participation (e.g., Cities Association, City Managers’ Association, SCCAPO, Housing Action Coalition, etc.)
• Pilot mechanisms for engagement and collaboration
• Provide an opportunity for a unified voice representing the South Bay at the Housing Methodology Committee, ABAG Board meetings, and other forums
• Maintain the ability of contiguous jurisdictions to trade RHNA numbers
• Utilize the same methodology as ABAG (SCCAPO did not express a desire to create its own methodology)
• Facilitate future collaboration sharing Housing Element consultants, analyses and policies, and potentially resulting in shared review by the California Housing and Community Development (HCD) Department
• Generate a White Paper for consideration by the Cities Association, outlining a recommended structural arrangement to create a Santa Clara County subregion in eight years, including identification of resources, mechanisms for decision-making, etc.

To help guide the informal process, the Cities Association may decide to endorse the following principles:

1. Ensure a fair share distribution of total housing growth and affordable housing within the County.
2. Allocate housing growth strategically around major transportation corridors respecting infrastructure constraints and the unique natural resources of Santa Clara County.
3. Foster collaboration between jurisdictions and provide a framework for resource / housing allocation trade-offs.
4. Facilitate an open dialogue between jurisdictions, the general public, and interested organizations.
5. Utilize existing forums for discussion (e.g., Cities Association, City Managers’ Association, SCCAPO, Housing Action Coalition, etc.).
## Pros and Cons of a Formal RHNA Subregion for Santa Clara County

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
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<tbody>
<tr>
<td>• More local control/self-determination</td>
<td>• Subregion is responsible and accountable for allocation and distribution (can't blame ABAG)</td>
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<tr>
<td>• Better placement of housing and protection of community character</td>
<td>• Time and staff resources needed to develop new methodology</td>
</tr>
<tr>
<td>• Opportunity for the County to show leadership</td>
<td>• Need to determine structure and process for development of methodology, including stakeholder involvement</td>
</tr>
<tr>
<td>• Opportunity to strengthen Planning Officials organization (SCCAPO) as policy advisory body to City Managers’ Association and Cities Association of SC County</td>
<td>• Funding and staffing is not currently available to complete this work (estimated initial cost of $250,000)</td>
</tr>
<tr>
<td>• More flexibility to negotiate and trade units</td>
<td>• No money is available for trades</td>
</tr>
<tr>
<td>• Foster collaboration and coordination</td>
<td>• Some of these items can be pursued without a subregion (e.g., trades, purchasing sewer capacity/water supply)</td>
</tr>
<tr>
<td>• HCD may offer consistent and timely review of all of the County’s Housing Elements</td>
<td>• Could stress relationships between cities in the County</td>
</tr>
<tr>
<td>• Could lead to reduced costs if cities later decide to use the same consultant to prepare housing elements, or share resources/coordinate on policies/etc.</td>
<td>• A lot of work and may still end up with same ABAG methodology and/or allocation</td>
</tr>
<tr>
<td>• Could lead to grants for affordable housing education</td>
<td>• Can’t promise positive outcomes</td>
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<tr>
<td></td>
<td>• Some cities might not participate</td>
</tr>
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<td></td>
<td>• Might fail</td>
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</tbody>
</table>
AB 32
Assembly Bill 32: The California Global Warming Solutions Act of 2006; state legislation requiring a statewide reduction in greenhouse gas emissions to 1990 levels or lower by the year 2020.

ABAG
Association of Bay Area Governments: A voluntary association of counties and cities in the nine-county San Francisco Bay Area. ABAG provides demographic, financial, administrative, training and conference services to local governments and businesses. A member sits on MTC.

ABAG Regional Planning Committee
This committee studies and submits matters to the ABAG Executive Board regarding: Plan Bay Area; environmental management, housing, and infrastructure planning; special plans and reports from planning task forces or other regional agencies; comprehensive planning policies and procedures; and such other matters as may be assigned by the Executive Board. Members include a minimum of 18 elected officials, including at least one supervisor from each member county and a city representative from each county, as well as not less than 10 citizens representing business, minority, economic development, recreation/open space, environment, public interest, housing, special districts and labor interests.

BAAQMD
Bay Area Air Quality Management District (Also known as the Air District, since the acronym seems to take longer to say than the full name): Regulates industry and employers to keep air pollution in check and sponsors programs to clean the air. The Air District also works with MTC, ABAG and BCDC on issues that affect transportation, land use and air quality.

Bay Area Partnership
Often referred to simply as “The Partnership,” this is a confederation of the top staff of various transportation agencies in the region, including MTC, public transit operators, county congestion management agencies (CMAs), city and county public works departments, ports, Caltrans and the U.S. Department of Transportation (DOT) as well as environmental protection agencies. The Partnership works by consensus to improve the overall efficiency and operation of the Bay Area’s transportation network, including developing strategies for financing transportation improvements.

Bay Plan
The San Francisco Bay Plan guides policies for future uses of the Bay and its shoreline. The first San Francisco Bay Plan was completed and adopted by the San Francisco Bay Conservation and Development Commission in 1968, and it is periodically updated. The two main objectives are: 1) Protect the Bay as a great natural resource for the benefit of present and future generations, and 2) Develop the Bay and its shoreline to their highest potential with a minimum of Bay filling. BCDC will be releasing a revised recommendation on amendments to the Bay Plan to
prepare for inevitable sea-level rise and storm surges affecting areas on and near the Bay shoreline due to climate change.

**BCDC**
San Francisco Bay Conservation and Development Commission: A state-established agency with jurisdiction over dredging and filling of San Francisco Bay and limited jurisdiction over development within 100 feet of the Bay.

**Call for Projects**
Regional agencies use this procedure to solicit competing bids from counties, cities, transit agencies, community-based organizations and other stakeholders for projects to be funded as part of long-range plans, such as Transportation 2035 or Plan Bay Area.

**Caltrans**
California Department of Transportation: The state agency that maintains and operates California’s highway system.

**Capital Funds**
Moneys to cover one-time costs for construction of new projects — such as roads, bridges, bicycle/pedestrian paths, transit lines and transit facilities — to expand the capacity of the transportation system, or to cover the purchase of buses and rail cars.

**CEQA**
California Environmental Quality Act: This statute requires state and local agencies to identify the significant environmental impacts of their actions and to avoid or mitigate those impacts, if feasible.

**CEQA Guidelines**
The Air District’s CEQA Guidelines are developed to assist local jurisdictions and lead agencies in complying with the requirements of CEQA regarding potentially adverse impacts to air quality. The primary purpose is to provide a means to identify proposed local plans and development projects that may have a significant adverse effect on air quality and public health.

The Air District’s CEQA Guidelines, updated in June 2010, recommend air quality significance thresholds, analytical methodologies and mitigation measures for local agencies to use when preparing air quality impact analyses under CEQA. The updated CEQA Guidelines seek to better protect the health and well-being of Bay Area residents by addressing new health protective air quality standards, exposure to toxic air contaminants, and adverse effects from global climate change.

**Clean Air Plan**
At a public hearing on September 15, 2010, the Air District Board of Directors adopted the final Bay Area 2010 Clean Air Plan (CAP), and certified the Final Environmental Impact Report on the CAP. The 2010 CAP serves to update the Bay Area ozone plan in compliance with the requirements of the Chapter 10 of the California Health & Safety Code. In addition, the 2010
CAP provides an integrated, multi-pollutant strategy to improve air quality, protect public health, and protect the climate.

**Climate Change**
Climate change refers to changes in the Earth’s weather patterns, including the rise in the Earth’s average temperature due to an increase in heat-trapping or “greenhouse gases” (GHGs) in the atmosphere. Climate scientists agree that climate change is a man-made problem caused by the burning of fossil fuels like petroleum and coal. Transportation accounts for about 40 percent of the Bay Area’s GHG emissions. Climate change is expected to significantly affect the Bay Area’s public health, air quality and transportation infrastructure through sea level rise and extreme weather.

**CMAs**
Congestion Management Agencies: Countywide agencies responsible for preparing and implementing a county’s Congestion Management Program. CMAs came into existence as a result of state legislation and voter approval of Proposition 111 in 1990. Subsequent legislation made them optional. Most Bay Area counties still have them. Many CMAs double as a county’s sales tax authority.

**CO2**
Carbon dioxide: A gas that is emitted naturally through the carbon cycle or through human activities. The largest source of CO2 globally is the combustion of fossil fuels (such as coal, oil and gas) in power plants, automobiles, industrial facilities and other sources. In the Bay Area, the single largest source of CO2 emissions, some 41 percent, comes from transportation sources.

**Committed Revenues**
Funds that are directed to a specific entity or for a specific purpose as mandated by statute or by the administering agency.

**Conformity**
A process in which transportation plans and spending programs are reviewed to ensure they are consistent with federal clean air requirements; transportation projects collectively must not worsen air quality.

**Congestion Pricing**
A policy designed to allocate roadway space more efficiently by charging drivers a fee that varies with the level of traffic on a congested roadway. (See also Value Pricing).

**CTC**
California Transportation Commission: A state-level commission, consisting of nine members appointed by the governor, which establishes priorities and allocates funds for highway, passenger rail and transit investments throughout California. The CTC adopts the State Transportation Improvement Program, or STIP, and implements state transportation policy.

**Detailed Scenarios**
Following development of the Initial Vision Scenario, detailed scenarios that account for
available revenues will be developed, analyzed and discussed as part of the Plan Bay Area process. (See also Initial Vision Scenario and Preferred Scenario.)

**EIR**
Environmental Impact Report: State law requires that an EIR shall be prepared if there is substantial evidence that a project may have a significant effect on the environment. A draft EIR shall be included as part of the review and approval process whenever a public hearing is held on the project. Following adoption of a final EIR by the lead agency makes a decision whether to proceed with the project.

**Environmental Justice**
This term stems from a Presidential Executive Order to promote equity for disadvantaged communities and promote the inclusion of racial and ethnic populations and low-income communities in decision-making. Local and regional transportation agencies must ensure that services and benefits, as well as burdens, are fairly distributed to avoid discrimination.

**Equity Analysis**
Consistent with federal requirements for environmental justice, MTC and ABAG will conduct an equity analysis covering Plan Bay Area to determine how the benefits and burdens of the plan’s investment strategy affect minority and low-income communities.

**Equity Working Group**
This Equity Working Group was set up to advise MTC and ABAG staff in developing of an equity analysis related to low income and minority communities of concern for Plan Bay Area. It consists of representatives from MTC’s Policy Advisory Council (PAC) and the Regional Advisory Working Group (RAWG) The group is identifying some of the key issues and challenges for the region to grow equitably to help meet the sustainability goals as Plan Bay Area is developed. (See also Equity Analysis.)

**Executive Working Group**
The Executive Working Group — including city managers, congestion management agency directors, regional agency executives, transit officials and others — was formed to provide a forum for input on technical and policy issues surrounding development of Plan Bay Area. The Executive Working Group met on June 7, 2010. Additional meeting times/locations as well as meeting materials will be posted on the OneBayArea website.

**FHWA**
Federal Highway Administration: U.S. Department of Transportation agency responsible for administering the federal highway aid program to individual states, and helping to plan, develop and coordinate construction of federally funded highway projects. FHWA also governs the safety of hazardous cargo on the nation’s highways.

**Financial Constraint**
A federal requirement that long-range transportation plans include only projects that have a reasonable expectation of being funded, based upon anticipated revenues. In other words, long-range transportation plans cannot be pie-in-the-sky wish lists of projects. They must reflect
realistic assumptions about revenues that will likely be available during the 25 years covered in the plan.

**Flexible Funding**
Unlike funding that flows only to highways or only to transit by a rigid formula, this is money that can be invested in a range of transportation projects. Examples of flexible funding categories include the Surface Transportation Program (STP) and the Congestion Mitigation and Air Quality Improvement (CMAQ) program.

**FOCUS**
A regional planning initiative spearheaded by ABAG in cooperation with MTC, and in coordination with the Air District and BCDC. FOCUS seeks to protect open space and natural resources while encouraging infill development in existing communities (See also **PCA** and **PDA**).

**FPI**
Freeway Performance Initiative: MTC’s effort to improve the operations, safety and management of the Bay Area’s freeway network via deploying system management strategies, completing the HOV lane system, addressing regional freight issues and closing key freeway infrastructure gaps.

**FTA**
Federal Transit Administration: U.S. Department of Transportation agency that provides financial and planning assistance to help plan, build and operate rail, bus and paratransit systems. The agency also assists in the development of local and regional traffic reduction programs.

**Global Warming**
See **Climate Change**.

**Greenhouse Gases**
Any of the gases – including carbon dioxide, methane and ozone – whose absorption of solar radiation is responsible for the greenhouse effect, in which the atmosphere allows incoming sunlight to pass through but absorbs heat radiated back from the earth’s surface. Greenhouse gases act like a heat-trapping blanket in the atmosphere, causing climate change.

**HOV Lane**
High-Occupancy-Vehicle Lane: The technical term for a carpool lane, commuter lane or diamond lane.

**Initial Vision Scenario**
As part of Plan Bay Area, the Initial Vision Scenario articulates the Bay Area’s vision of future land uses and assesses its performance relative to statutory greenhouse gas and housing targets as well as other voluntary performance targets. The Initial Vision Scenario serves as a starting point for the development, analysis and discussion of detailed scenario alternatives that will lead to a preferred scenario by early 2012. Another reason the Initial Vision Scenario is just a starting point is because it is unconstrained by available revenues. (See also **Detailed Scenarios** and **Preferred Scenario**.)
JPC
Joint Policy Committee: This consortium coordinates the regional planning efforts of ABAG, the
Air District, BCDC and MTC.

Land Use Model
Used by researchers and planners to identify expected population, jobs and housing growth and
to understand the interactions between land use, transportation, and the economy. Models help
planners analyze and test various spatial distributions of jobs, population and land uses and
describe to policy-makers and the public about the relationship between land use and
transportation.

MPO
Metropolitan Planning Organization: A federally required planning body responsible for the
transportation planning and project selection in its region; the governor designates an MPO in
every urbanized area with a population of over 50,000. MTC is the Bay Area’s MPO.

MTC
Metropolitan Transportation Commission: The transportation planning, financing and
coordinating agency for the nine counties of the San Francisco Bay Area.

One Bay Area
One Bay Area is a new initiative meant to coordinate efforts of the Bay Area’s regional
government agencies — the Association of Bay Area Governments (ABAG), the Bay Area Air
Quality Management District (BAAQMD), the Bay Conservation and Development Commission
(BCDC) and the Metropolitan Transportation Commission (MTC) — in partnership with the
region’s 101 towns and cities to create a more sustainable future. One major effort now
underway is the development of Plan Bay Area, the region’s long-range plan for sustainable land
use, transportation and housing.

Paratransit
Door-to-door bus, van and taxi services used to transport elderly and disabled riders. Paratransit
is sometimes referred to as dial-a-ride service, since trips are made according to demand instead
of along a fixed route or according to a fixed schedule.

PM
Particulate Matter: A mixture of tiny solid and liquid particles – such as those from dust, dirt,
soot or smoke – that are found in the air. When inhaled, these particles can settle deep in the
lungs and cause serious health problems.

PCA
Priority Conservation Area: Regionally significant open spaces for which there exists a broad
consensus for long-term protection and for which public funds may be invested to promote their
protection. These areas must be identified through the FOCUS program.

PDA
Priority Development Area: Locations within existing communities that present infill
development opportunities, and are easily accessible to transit, jobs, shopping and services. Local jurisdictions identified these locations voluntarily through the FOCUS program.

**Performance Measures**  
Indicators of how well the transportation system or specific transportation projects will improve transportation conditions.

**Place Types**  
A place type groups neighborhoods or centers with similar sustainability characteristics and physical and social qualities, such as the scale of housing buildings, frequency and type of transit, quality of the streets, concentration of jobs, and range of services. For Plan Bay Area, Place Types are a tool of local-regional exchange to identify places and policies for sustainable development. Bay Area jurisdictions can select a place type to indicate their desired level of growth in the Sustainable Communities Strategy.

**Plan Bay Area**  
Plan Bay Area is one of our region’s most comprehensive planning efforts to date. It is a joint effort led by ABAG and MTC in partnership with BAAQMD and BCDC. All four agencies are collaborating at an unprecedented level to produce a more integrated land use-transportation plan.

**Planning Directors Forums**  
These are regularly scheduled meetings of local planning directors and staff in each county. Local and countywide issues of concern are discussed, and the forums act as a platform for information sharing. Other participants include congestion management agencies (CMAs) and staff from local community and economic development and public works departments.

**Potential New Revenues**  
Funds that may be available for transportation investment in the future if proposed new revenue sources are approved. These potential revenues are not included in the financially constrained portion of long-term transportation plans and Plan Bay Area.

**Preferred Scenario**  
Consideration of the detailed scenario alternatives will lead to a preferred scenario by early 2012. (See also [Detailed Scenarios](#) and [Initial Vision Scenario](#).)

**Program**  
(1) *verb*, to assign funds to a project that has been approved by MTC, the state or another agency, and (2) *noun*, a system of funding for implementing transportation projects or policies.

**Resolution 3434**  
MTC adopted Resolution 3434 in December 2001 to establish clear priorities for the investment of transit expansion funds over the next decade. It focused on identifying high-priority rail and express/rapid bus improvements to serve the Bay Area’s most congested corridors.
**RAWG**
Regional Advisory Working Group: An advisory group set up to advise staff of ABAG, MTC, BAAQMD and BCDC on development of Plan Bay Area. Its membership includes staff representatives of local jurisdictions (CMAs, planning directors, transit operators, public works agencies) as well as representatives from the business, housing, environmental and social-justice communities.

**RHNA**
Regional Housing Need Assessment: The Regional Housing Need Assessment process is a state mandate regarding planning for housing in California. ABAG is responsible for allocating this state-determined regional housing need among all of the Bay Area’s nine counties and 101 cities. Factors used by ABAG in its allocation process include projected household growth, existing employment and projected employment growth, and projected household and employment growth near transit.

**RTIP**
Regional Transportation Improvement Program: A listing of highway, local road, transit and bicycle projects that the region hopes to fund; compiled by MTC every two years from priority lists submitted by local jurisdictions. The California Transportation Commission (CTC) must either approve or reject the RTIP in its entirety. Once the CTC approves an RTIP, it is combined with those from other regions to comprise 75 percent of the funds in the State Transportation Improvement Program or STIP. (Also see “**STIP**.”)

**RTP**
Regional Transportation Plan: A master plan to guide the region’s transportation investments for a 25-year period. Updated every three years, it is based on projections of growth in population and jobs and the ensuing travel demand. Required by state and federal law, it includes programs to better maintain, operate and expand transportation. The Bay Area’s most recent update of its long-range transportation plan, is known as Transportation 2035. The next RTP will be included as part of Plan Bay Area.

**Sales Tax Authority**
An agency that administers a voter-approved county transportation sales tax program; in most Bay Area counties, the congestion management agency (CMA) also serves as the sales tax authority.

**SB 375**
Senate Bill 375 (Steinberg): SB 375 became law in 2008. It includes two main statutory requirements and a host of voluntary measures. It is designed to complement AB 32, which requires the state to reduce its GHG emissions to 1990 levels by 2020. The first requirement is to reduce per-capita carbon dioxide (CO2) emissions from cars and light duty trucks, primarily by building more compact communities with better access to mass transit and other amenities, so people have more transportation choices and do not have to drive as much. The second requirement is to house 100 percent of the region’s projected 25-year population growth, regardless of income level.
**Smart Growth**
A set of policies and programs designed to protect, preserve and economically stimulate established communities, while protecting valuable natural and cultural resources and limiting sprawl.

**STIP**
State Transportation Improvement Program: What the California Transportation Commission (CTC) ends up with after combining various RTIPs, as well as a list of specific projects proposed by Caltrans. Covering a five-year span and updated every two years, the STIP determines when and if transportation projects will be funded by the state. Projects included in the STIP must be consistent with the long-range transportation plan.

**Sustainability**
Sustainability means doing things and using resources in ways that protect them so they will be available for current and future generations. The “Three E” goals of sustainability are Economy, Environment and Equity. Sustainability is all about helping support a prosperous and globally competitive economy, providing for a healthy and safe environment, and producing equitable opportunities for all Bay Area residents.

**Sustainable Communities Strategy**
The Sustainable Communities Strategy (SCS) is an integrated land use and transportation plan that all metropolitan regions in California must complete under Senate Bill 375. In the San Francisco Bay Area this integration includes ABAG’s Projections and Regional Housing Needs Allocation (RHNA) and MTC’s Regional Transportation Plan (RTP).

**Title VI**
Refers to Title VI of the Federal Civil Rights Act of 1964, and requires that transportation planning and programming be nondiscriminatory on the basis of race, color and national origin. Integral to Title VI is the concept of environmental justice.

**TLC**
Transportation for Livable Communities: Program created by MTC in 1998 to fund small-scale, community- and transit-oriented projects that improve neighborhood vitality.

**TOD**
Transit-Oriented Development: A type of development that links land use and transit facilities to support the transit system and help reduce sprawl, traffic congestion and air pollution. It includes housing, along with complementary public uses (jobs, retail and services), located at a strategic point along a regional transit system, such as a rail hub.

**TOD Policy**
To promote cost-effective transit, ease regional housing shortages, create vibrant communities and preserve open space, MTC adopted a Transit-Oriented Development (TOD) Policy in 2005 that applies to transit extension projects in the Bay Area. Research shows that residents living within half a mile of transit are much more likely to use it, and that large job centers within a quarter mile of transit draw more workers on transit.
**Travel Model**
Used by researchers and planners for simulating current travel conditions and for forecasting future travel patterns and conditions. Models help planners and policy-makers analyze the effectiveness and efficiency of alternative transportation investments in terms of performance, such as mobility, accessibility, environmental and equity impacts.

**Value Pricing**
The concept of assessing higher prices for using certain transportation facilities during the most congested times of the day, in the same way that airlines offer off-peak discounts and hotel rooms cost more during prime tourist seasons. Also known as congestion pricing and peak-period pricing, examples of this concept include higher bridge tolls during peak periods or charging single-occupant vehicles that want to use carpool lanes. (See also Congestion Pricing.)

**VMT**
One vehicle (whether a car carrying one passenger or a bus carrying 30 people) traveling one mile constitutes a vehicle mile. VMT is one measure of the use of Bay Area freeways and roads.