Summary Title: Plan Bay Area 2050 and 6th Cycle RHNA Update

Title: Plan Bay Area 2050 and 6th Cycle Regional Housing Needs Allocation Update

From: City Manager

Lead Department: Planning and Development Services

Recommendation
Staff recommends that Council receive this informational report on the Plan Bay Area 2050 regional planning process and on the State 6th Cycle Regional Housing Needs Allocation (RHNA) process.

Executive Summary
This report provides an overview of and update on the Plan Bay Area 2050 process and the State 6th Cycle Regional Housing Needs Allocation (RHNA) process, including information on:

- Status and associated timelines
- Opportunities for public comment and participation
- Recent City staff coordination with the Association of Bay Area Governments/Metropolitan Transportation Commission staff (MTC/ABAG staff)
- Anticipated next steps.

City staff will continue to follow the preparation of Plan Bay Area 2050, the 6th Cycle RHNA, and keep City Council and the PTC abreast of these regional planning initiatives. The Plan Bay Area 2050 Draft Blueprint will be released for public comment in Summer 2020, currently scheduled for July 2020 and running through August 2020. Staff will continue to coordinate with MTC/ABAG staff regarding the growth geographies used for Plan Bay Area 2050 and host a study session for the Planning and Transportation Commission (PTC) in July. Staff anticipates scheduling a discussion before City Council in August.

Background
Plan Bay Area 2040\(^1\) is the San Francisco Bay Area regional transportation plan and the

\(^1\) Plan Bay Area 2040 website: [http://2040.planbayarea.org/](http://2040.planbayarea.org/)
sustainable communities strategy. Senate Bill 375 (2008)\textsuperscript{2} requires each metropolitan planning organization in California adopt a sustainable communities strategy in conjunction with their regional transportation plan\textsuperscript{3} in order to achieve greenhouse gas emission reduction targets established by the California Air Resources Board. The San Francisco Bay Area has the Association of Bay Area Governments (ABAG) as the metropolitan planning organization and the Metropolitan Transportation Commission (MTC) as the regional transportation agency. The regional transportation plan and the sustainable communities strategy require periodic updates and MTC/ABAG are currently undertaking this update process, called Plan Bay Area 2050.\textsuperscript{4}

Plan Bay Area 2050 will outline the strategies for regional growth and investment through the year 2050. Plan Bay Area 2050 focuses on four key issues—the economy, the environment, housing and transportation. It proposes to identify pathways to promote equity for residents and greater regional resiliency. As with Plan Bay Area 2040, Plan Bay Area 2050 will pinpoint policies and infrastructure investments necessary to advance the identified goals of a more affordable, connected, diverse, healthy and vibrant Bay Area. However, Plan Bay Area 2050 does not change local policies; cities and counties retain all local land use authority.

The Plan Bay Area 2050 phases, timelines, and milestones\textsuperscript{5} include the following milestones, which are subject to change:

- **Spring/Summer 2020** - Analyze the Draft Blueprint and hold workshops\textsuperscript{6} with the public to seek feedback on the strategies and their potential outcomes for the region.
- **Summer 2020** - Make refinements to the strategies included in the Draft Blueprint based on feedback and analyze the Final Blueprint.
- **Fall 2020** - Seek adoption from the MTC and ABAG Executive Board of the Final Blueprint as the Preferred Alternative for moving forward for environmental analysis purposes.
- **Fall 2021** – Adoption of a Final Environmental Impact Report, Final Plan Bay Area 2050, and Final Implementation Plan.

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\textsuperscript{2} Institute for Local Government SB 375 Resource Center website: https://www.ca-ilg.org/sb-375-resource-center
\textsuperscript{3} California Transportation Commission Regional Transportation Plan (RTP) Guidelines: https://catc.ca.gov/programs/transportation-planning
\textsuperscript{4} Plan Bay Area 2050 website: https://www.planbayarea.org/
\textsuperscript{6} These workshops and other public engagement opportunities will be provided in a manner consistent with COVID-19 State and County Orders and will have significant digital/online components.
MTC/ABAG staff requested direction and received approval in February 2020 to test the 25 strategies outlined in the Draft Blueprint and see how close the strategies could bring the region toward meeting critical regional goals for transportation, environment, economy, and housing. The 25 strategies were organized into nine (9) major objectives with an equity lens (Figure 1).

**Figure 1: Organization of Regional Strategies in the Draft Blueprint for Plan Bay Area 2050 (February 2020):**

MTC/ABAG staff noted that it was possible to add additional strategies after further collaboration with partner agencies. Since February 2020, MTC/ABAG staff studied the initially presented 25 strategies in more detail and identified that some were high performing toward promoting equity in the region. MTC/ABAG staff have also added a few new strategies for consideration, including some pertaining to the influence of COVID-19. For example, MTC/ABAG staff added a new strategy for consideration that focuses on acceleration of transit service restoration to 2019 levels while enhancing system integration to achieve greater efficiencies and improved connectivity.

As part of the Draft Blueprint study and preparation, MTC/ABAG staff are continuing to overlay the strategies upon growth geographies. These geographies include Priority Development Areas (PDAs), Priority Production Areas (PPAs), and Priority Conservation Areas (PCAs). ABAG and MTC also gave strong support for focusing housing in additional geographies. These are

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referred to as Transit Rich Areas (TRAs) and High Resource Areas (HRAs), including TRAs and HRAs that are outside of locally nominated PDAs. This would advance a growth pattern that spreads the responsibility for meeting the region’s housing needs, advancing equity goals.

In February 2020, ABAG and MTC also approved pursuit of a second call for more PDA geographies from Bay Area jurisdictions by May 31, 2020. The Discussion section of this report provides specifics on Palo Alto’s PDAs and recent action. The interactive growth geographies map may be updated to incorporate recent action by local jurisdictions to adopt new and/or expanded PDAs. These growth geographies may be further amended following further analysis, in conjunction with adoption of the Final Plan Bay Area 2050.

As part of the Draft Blueprint study and preparation, MTC/ABAG staff are working to outline three fiscally constrained versions of the Blueprint and include different portions of the strategies within them. Any of the three versions below might be the one chosen to move forward in Fall 2020, depending upon how aspirational ABAG and MTC will be:

(1) **Blueprint Basic:** Includes available revenues from the needs and revenue assessments but does not include new revenues from future regional measures.

(2) **Blueprint Plus Crossing:** Includes available revenues from needs and revenue assessments as well as new revenues for transportation, housing, economic development, and environmental resilience, with a key focus of new transportation monies being for a new trans-bay rail crossing.

(3) **Blueprint Plus Fix It First:** Includes available revenues from needs and revenue assessments as well as new revenues for transportation, housing, economic development, and environmental resilience, with a key focus of new transportation monies being for system maintenance.

On May 8, 2020, MTC/ABAG staff presented a report to ABAG and MTC on the potential regional impacts from the COVID-19 pandemic and the 2020 recession. MTC/ABAG staff noted anticipated impacts would primarily affect the early years of Plan Bay Area 2050 due to a rapid change in baseline economic conditions. Additionally, some anticipated impacts, such as the potential for long-term growth in telecommuting, could present ripple effects in the years and decades ahead. MTC/ABAG staff noted that the recently completed Horizon initiative explored strategies for an uncertain future, and four key takeaways are listed below:

(1) **Transportation.** The current crisis may present opportunities to reinvent our transit system, leveraging strategies to create more seamless and more equitable mobility

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10 ABAG Final Call for PDAs website: [https://abag.ca.gov/news/final-call-pdas-open-through-may-31-2020](https://abag.ca.gov/news/final-call-pdas-open-through-may-31-2020)

11 Plan Bay Area 2050: DRAFT Blueprint Growth Geographies for Study interactive website [https://mtc.maps.arcgis.com/apps/webappviewer/index.html?id=9cf8663fabf447878312de1bcc2977c](https://mtc.maps.arcgis.com/apps/webappviewer/index.html?id=9cf8663fabf447878312de1bcc2977c)

12 May 8, 2020 Joint MTC Planning Committee with the ABAG Administrative Committee Meeting Agenda and Video Recording: [https://mtc.ca.gov/whats-happening/meetings/meetings-archive/joint-mtc-planning-committee-abag-administrative-43](https://mtc.ca.gov/whats-happening/meetings/meetings-archive/joint-mtc-planning-committee-abag-administrative-43)
options through integrated fares, means-based fares, and more.

(2) Housing. Many of the housing strategies being explored in the Draft Blueprint are low- or no-cost; these include redevelopment of aging malls into mixed-use developments, enabling more growth in walkable places across the Bay Area, and strengthening renter protections to reduce displacement risk.

(3) Economy. Strategies explored early in the Horizon process related to workforce development, construction training, universal basic income, and more may be ripe for further discussion in the current context, which is significantly different than in recent years of economic prosperity.

(4) Environment. Low-cost “quick-build” investments – such as home retrofits, wetland restoration projects, or land acquisition – cost a fraction of traditional infrastructure projects; these investments featured in the Draft Blueprint can serve as critical short-term priorities for stimulus and job creation.”

Regional Housing Needs Allocation Process
The preparation of Plan Bay Area 2050 is distinct from the regional housing needs allocation (RHNA) process. While Plan Bay Area focuses on growth and development over a 30-year time horizon, RHNA focuses on an 8-year period. However, the two planning processes are occurring in parallel with the expectation for consistency between these two efforts. See Figure 2 for the current comparison of key milestones for Plan Bay Area 2050, RHNA, and forthcoming Housing Element update processes.

13 June 5, 2020 Plan Bay Area 2050 newsletter: https://content.govdelivery.com/accounts/CAMTC/bulletins/28f234a
Since 1969, the State of California has required local governments to adequately plan to meet the housing needs in their communities through their Housing Elements, which are required to be updated on a set schedule. The RHNA process is part of the state housing element law used to determine the number of new homes, and the affordability levels of those homes, local governments must plan and zone for in their Housing Elements. The State Department of Housing and Community Development (HCD) first determines each region’s housing need by income level for a projection period, which is from June 30, 2022 through December 15, 2030 for this current sixth cycle of RHNA. HCD signaled it will release the regional housing needs determination in Summer 2020. ABAG is then responsible for allocating the HCD determination amongst San Francisco Bay Area’s cities and counties.

Toward the goal of distributing the HCD determination, ABAG convened a housing methodology committee in October 2019. The committee is currently evaluating potential methodologies by which ABAG could allocate what is an anticipated increase in housing unit numbers amongst Bay Area jurisdictions. ABAG staff created an interactive website to assist the committee and

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14 ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee Roster: 
https://abag.ca.gov/sites/default/files/hmc_roster_january_2020_0.pdf
At its first few meetings, the committee explored creation of various options for what might be their preferred RHNA housing unit allocation methodology based upon a series of factors, such as proximity to jobs, jobs-housing balance, proximity to projected future jobs, and presence of natural hazards (Attachment A). Figure 3 shows a summary of the factors and weighting for the top three methodology options created from these past committee meetings.

**Figure 3: Summary of Factors and Weights for Top Three Methodology Options**

At its May meeting, the committee considered factors for identifying the preferred income allocation methodology (Attachment B) and the metrics that HCD may utilize to determine whether the RHNA methodology furthers the objectives identified in housing element law.

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15 Visualization Tool for Exploring Factor Weighting and Allocation Outcomes interactive website: [https://rhna-factors.mtcanalytics.org/](https://rhna-factors.mtcanalytics.org/)

16 April 27, 2020 Housing Methodology Committee discussion summary, including a summary of the Committee-developed initial RHNA methodology options: [https://abag.ca.gov/sites/default/files/hmc_rhna_methodology_update_april2020.pdf](https://abag.ca.gov/sites/default/files/hmc_rhna_methodology_update_april2020.pdf)

17 Explanation of Potential Methodology Factors website: [https://rhna-factors.mtcanalytics.org/data/RHNA_tool_factors_overview.pdf](https://rhna-factors.mtcanalytics.org/data/RHNA_tool_factors_overview.pdf)
(Attachment C). Discussion included ways for the forthcoming RHNA allocation to not create displacement through gentrification.

No decisions or recommendations have been made to date; the housing methodology committee will continue its work at monthly meetings on the preferred RHNA housing unit allocation methodology option, the preferred income allocation methodology, and use of the HCD metrics to evaluate the preferred RHNA methodology. Meetings in June and July 2020 are likely to include discussions on how to achieve consistency between RHNA and Plan Bay Area 2050, including any potential use of the Plan Bay Area Draft and Final Blueprint as the baseline input for the RHNA methodology and/or utilization of further modified RHNA methodology factors and weights. Summaries of past committee discussions and the agenda for the next June 19, 2020 meeting can be found on the committee’s website. Staff anticipates that the committee and ABAG will propose a draft RHNA methodology in Fall 2020 and the RHNA methodology for HCD consideration in Winter 2021. Cities and counties can then anticipate the release of the draft RHNA numbers for local jurisdictions in Spring 2021, City and public appeals of the draft RHNA numbers in Summer 2021, and final RHNA numbers in Winter 2021. The final RHNA housing unit numbers for local jurisdictions are key inputs into forthcoming Housing Element update processes for each city and county in the region.

**Discussion**

The City of Palo Alto responded to MTC/ABAG’s first call to update the growth geographies in January 2020. Palo Alto City Council adopted two new Priority Conservation Areas (PCAs) – the Baylands PCA and the Foothills PCA – and the new Downtown Priority Development Area (PDA). Palo Alto previously adopted the California Avenue PDA. Both PDAs are viewable on the growth geographies interactive website. Other cities and counties responded to MTC/ABAG’s second call for local adoption of PDAs, the deadline for which was May 31, 2020. Palo Alto did not participate in this second call, as the City had already participated in and responded to the first call as described above.

City staff members have been coordinating with MTC/ABAG staff regarding the local mapping of the growth geographies, including Transit Rich Areas (TRAs) and High Resource Areas (HRAs) in order to understand the mapping methodology and to ensure local accuracy. Staff posed questions regarding the accuracy of transit frequency; the influence of barriers, such as railroad tracks, on actual access to transit stations and transit stops; the interplay of local historic districts, open space area and scenic corridors; confirmation of accurate jurisdiction boundaries; and, other topics. City staff will continue to coordinate with MTC/ABAG on the growth geographies.

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18 ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee website: [https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee](https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee)
19 January 13, 2020 Council Staff Report on PDAs and PCAs: [https://www.cityofpaloalto.org/civicax/filebank/documents/74728](https://www.cityofpaloalto.org/civicax/filebank/documents/74728)
20 Plan Bay Area 2050: DRAFT Blueprint Growth Geographies for Study interactive website: [https://mtc.maps.arcgis.com/apps/webappviewer/index.html?id=9cf8663fabf4478788312de1bcc2977c](https://mtc.maps.arcgis.com/apps/webappviewer/index.html?id=9cf8663fabf4478788312de1bcc2977c)
City staff also seek regular updates from MTC/ABAG staff regarding (a) how the growth
geographies will be used for Plan Bay Area 2050 and (b) if/how Plan Bay Area 2050 would have
any overlap with RHNA. Some potential overlaps could include the following:

- A City’s RHNA cannot be higher than the growth projected in Plan Bay Area 2050, although this cap is unlikely to come into effect because Plan Bay Area is a 30-year horizon document and Housing Elements are eight-year horizon documents.
- The ABAG housing methodology committee might decide to use the Plan Bay Area 2050 growth geographies as a basis for its suggested methodology for allocating the HCD RHNA determination. The committee might also use the growth geographies in combination with other factors. The RHNA methodology must be “consistent” with Plan Bay Area.
- Plan Bay Area 2050 will affect the region’s RHNA, however, the extent of the influence will be determined in coming months.

As mentioned earlier, MTC/ABAG staff look forward to releasing the Draft Blueprint for public comment in Summer 2020, currently scheduled for July 2020 and running through August 2020. The release will include the results of MTC/ABAG staff studies of the strategies. Associated workshops and other public engagement opportunities will be provided in a manner consistent with COVID-19 State and County Orders. Significant digital and online components are planned. Opportunities include participation in ongoing Regional Advisory Working Group and other public meetings, ongoing webinars, large telephone polls, a series of video presentations, a large online summit, and also non-digital options for those with limited internet access, such as telephone town halls. MTC/ABAG staff anticipate that these approaches will increase the ability for the public to participate above and beyond traditional in-person only engagement processes.

**Regional Housing Needs Allocation (RHNA)**

While the San Francisco Bay Area has not yet received the HCD determination, ABAG and the housing methodology committee are actively working under the assumption that the region could receive an HCD determination of approximately three times the housing units received in the previous RHNA cycle. Palo Alto received 1,988 housing units as its local share of the previous fifth cycle RHNA. At the end of 2019, Palo Alto had issued building permits for 554 of those housing units.

All of the housing methodology committee meetings are open to the public and feature a public inquiry and comment period. City staff attend the committee meetings and are in contact with the ABAG RHNA staff. ABAG RHNA staff recently announced that they will schedule a meeting in the near term for local jurisdiction’s elected and appointed officials. The meeting is to update attendees on the work of the committee, ABAG coordination with HCD, and other topics.

Consistent with recommended best planning practice, staff will also host a study session for the
Planning and Transportation Commission (PTC) in July. The study session could cover many topics, including Plan Bay Area 2050, draft estimates of the City’s possible share of the 6th Cycle RHNA through use of the housing methodology committee’s visualization tool, and changes to state housing law and other inputs into what will be a detailed forthcoming Housing Element update process.

Following PTC input, staff will coordinate a response to the housing methodology committee and will schedule discussion in August before the City Council.

As noted earlier, staff anticipates that the Committee and ABAG will propose a draft RHNA methodology in Fall 2020 and the RHNA methodology for HCD consideration in Winter 2021. Cities and counties can then anticipate the release of the draft RHNA numbers for local jurisdictions in Spring 2021, City and public appeals of the draft RHNA numbers in Summer 2021, and final RHNA numbers in Winter 2021.

**Timeline, Resource Impact, Policy Implications**
City staff will continue to follow the preparation of Plan Bay Area 2050, the State’s 6th Cycle RHNA, and keep City Council and the PTC abreast of these regional planning initiatives. Staff will continue to implement the current Housing Work Plan. Staff is also in the process of securing grant funding from HCD and preparing a scoping and work program for the forthcoming Housing Element process.

**Stakeholder Engagement**
ABAG and MTC provide opportunities for members of the public to remain informed about regional planning initiatives. The following regular meetings may be of interest, alongside the associated agendas, staff memos, staff presentations, and video recordings:

- Plan Bay Area 2050 Regional Advisory Working Group
- Joint MTC Planning Committee with the ABAG Administrative Committee
- ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee
- ABAG Regional Planning Committee.

**Environmental Review**
This is an informational report and not subject to the California Environmental Quality Act.

**Attachments:**
- Attachment A: April 27, 2020 Housing Methodology Committee Initial RHNA Methodology Options

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21 Plan Bay Area 2050 Mailing List Subscription website: [https://www.planbayarea.org/your-part/mailing-list](https://www.planbayarea.org/your-part/mailing-list)
23 Plan Bay Area 2050 Meetings and Events website: [https://www.planbayarea.org/meetings-and-events#all](https://www.planbayarea.org/meetings-and-events#all)
24 ABAG Regional Housing Needs Allocation (RHNA) Housing Methodology Committee website: [https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee](https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee)
25 ABAG Regional Planning Committee website: [https://abag.ca.gov/about-abag/what-we-do/how-we-govern/committees/regional-planning-committee](https://abag.ca.gov/about-abag/what-we-do/how-we-govern/committees/regional-planning-committee)
• Attachment B: May 14, 2020 Housing Methodology Committee Options for Income Distribution for RHNA Methodology
• Attachment C: May 14, 2020 Housing Methodology Committee Potential Metrics for Evaluating RHNA Methodology
TO: Housing Methodology Committee
FR: Deputy Executive Director, Policy
RE: Initial RHNA Methodology Options

Overview
The Housing Methodology Committee’s (HMC) objective is to recommend an allocation methodology for dividing up the Bay Area’s Regional Housing Need Determination among the region’s jurisdictions. This Regional Housing Needs Allocation (RHNA) methodology is a formula that calculates the number of housing units assigned to each city and county, and the formula also distributes each jurisdiction’s housing unit allocation among four affordability levels. At the last several meetings, the HMC has identified and prioritized potential factors to include in the methodology for determining a jurisdiction’s total housing need. The HMC will have an opportunity to consider factors for the income allocation at its meeting in May.

Initial Methodology Options
At the January HMC meeting, ABAG staff presented maps showing the regional distribution among jurisdictions for potential factor topics (e.g., jobs-housing fit, transit proximity, etc.). For the March HMC meeting, staff translated the priority factor topics identified at the January meeting into allocation factors and made adjustments to the factors based on HMC feedback. The revised set of factors was incorporated into an online visualization tool that allowed HMC members, working in small groups, to continue to prioritize factors and to explore sample RHNA methodologies by applying a weight to each factor used. Each group used the tool to create several methodology options, chose a name for the methodology it favored, and presented it to the rest of the committee. HMC members and audience members then voted for the methodologies they liked best. Figure 1 shows the results of the voting.

Figure 1: Results of Dot Voting for Methodology Options

1 The maps from the January HMC meeting can be viewed at https://abag.ca.gov/rhna-maps
2 The visualization tool is available at: https://rhna-factors.mtcanalytics.org/
3 Maps for each group’s methodology are available at: https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation/housing-methodology-committee
Figure 2 compares the factors and weights for the three methodology options that received the most votes. The choices made by the HMC members in developing these options demonstrate that equity is a top priority for most participants. The methodology options also emphasize the importance of linking housing and jobs. Some of the methodologies recognized the importance of encouraging growth near transit and considering natural hazards, but these received less emphasis than equity and jobs-housing relationships.

**Figure 2: Summary of Factors and Weights for Top Three Methodology Options**

<table>
<thead>
<tr>
<th>Methodology Options</th>
<th>Weight</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing/Jobs Crescent</td>
<td>50%</td>
<td>• Access to High-Opportunity Areas</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Jobs Proximity - Transit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Jobs-Housing Balance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Jobs-Housing Fit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Future Jobs</td>
</tr>
<tr>
<td>Code Red to Address Housing</td>
<td>60%</td>
<td>• Access to High-Opportunity Areas</td>
</tr>
<tr>
<td>Need</td>
<td></td>
<td>• Jobs-Housing Fit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Future Jobs</td>
</tr>
<tr>
<td>Balanced Equity-Jobs-</td>
<td>30%</td>
<td>• Access to High-Opportunity Areas</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td>• Jobs Proximity - Auto</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Jobs-Housing Balance</td>
</tr>
</tbody>
</table>

Figure 3 compares the share of units allocated to the jurisdictions in each county for the three methodology options that received the most votes. The chart indicates that there were minimal differences in how units were distributed at the county level among the three methodology options. Figure 3 also shows each county’s share of housing unit growth from ABAG’s 5th Cycle RHNA methodology and Plan Bay Area 2040 as points of reference. In general, the three methodology options would direct more units to jurisdictions in the North Bay and San Mateo.

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4 For more information on the factors included in the methodology visualization tool, see pages 5-9 of [this memo](#) from the March 2020 HMC agenda packet.
County and fewer units to jurisdictions in Alameda and Santa Clara counties relative to ABAG’s 5th Cycle RHNA and Plan Bay Area 2040.

**Figure 3: Allocations by County for Top Three Methodology Options**

ABAG staff also analyzed the output of the top three methodologies by jurisdiction geography using a framework developed as part of prior Plan Bay Area processes, simply to understand the general distribution across different typologies of places. This framework assigns each jurisdiction to one of four geographies that reflect its role and spatial location within the region. The four categories are: Big Three; Bayside; Inland, Delta and Coastal; and Unincorporated. The following is a list of cities and towns by geographical area:

**Big Three:** San Jose, San Francisco, Oakland;

**Bayside:** Alameda, Albany, Atherton, Belmont, Belvedere, Berkeley, Brisbane, Burlingame, Campbell, Colma, Corte Madera, Cupertino, Daly City, East Palo Alto, El Cerrito, Emeryville, Fairfax, Foster City, Fremont, Hayward, Hercules, Hillsborough, Larkspur, Los Altos, Los Altos Hills, Los Gatos, Menlo Park, Mill Valley, Milpitas, Monte Sereno, Mountain View, Newark, Pacifica, Palo Alto, Piedmont, Pinole, Portola Valley, Redwood City, Richmond, Ross, San Anselmo, San Bruno, San Carlos, San Leandro, San Mateo, San Pablo, San Rafael, Santa Clara, Saratoga, Sausalito, South San Francisco, Sunnyvale, Tiburon, Union City, Vallejo, Woodside;

**Inland, Delta and Coastal:** American Canyon, Antioch, Benicia, Brentwood, Calistoga, Clayton, Cloverdale, Concord, Cotati, Danville, Dixon, Dublin, Fairfield, Gilroy, Half Moon Bay, Healdsburg, Lafayette, Livermore, Martinez, Moraga, Morgan Hill, Napa, Novato, Oakley, Orinda, Petaluma, Pittsburg, Pleasant Hill, Pleasanton, Rio Vista, Rohnert Park, San Ramon, Santa Rosa, Sebastopol, Sonoma, St. Helena, Suisun City, Vacaville, Walnut Creek, Windsor, Yountville;

**Unincorporated:** all unincorporated areas
three methodology options. Figure 4 also shows each county’s share of household growth from ABAG’s 5th Cycle RHNA methodology and Plan Bay Area 2040 as points of reference. Compared to ABAG’s 5th Cycle RHNA methodology and Plan Bay Area 2040, the three methodology options would direct more housing growth to jurisdictions in the Bayside and Unincorporated areas, less household growth to the Big Three cities, and similar amounts of housing growth to jurisdictions in the Inland, Delta, and Coastal area.

**Figure 4: Allocations by Jurisdiction Type for Top Three Methodology Options**

Next Steps
Now that the HMC has identified several options for determining a jurisdiction’s total allocation, for the May HMC meeting, ABAG staff will introduce ideas for how to determine the income distribution of those units. Staff will also revisit the discussion around potential criteria for evaluating the methodology outputs to ensure that the RHNA meets statutory objectives. An understanding of these topics among HMC members will set the stage for a discussion in Summer 2020 about how to achieve consistency between RHNA and Plan Bay Area 2050, including potential use of the Plan’s Blueprint as the baseline input for the RHNA methodology and/or modification of the RHNA methodology factors and weights.
TO: Housing Methodology Committee  
FR: Deputy Executive Director, Policy  
RE: Options for the Income Distribution Component of the RHNA Methodology

Overview
The Association of Bay Area Governments (ABAG), with guidance from the Housing Methodology Committee (HMC), must allocate the Regional Housing Needs Determination (RHND) to the cities and counties in the nine-county Bay Area. The RHND is the total number of housing units assigned to a region by the California Department of Housing and Community Development (HCD). HCD also divides a region’s RHND across four levels of housing affordability that correspond to different income categories. Ultimately, the HMC will need to recommend a Regional Housing Needs Allocation (RHNA) methodology that both assigns a total number of housing units to each Bay Area jurisdiction and distributes each jurisdiction’s allocation among the four affordability levels. Jurisdictions in turn must update their housing elements to show how they will accommodate their share of housing needs for each income group.

RHNA Income Categories
A healthy and inclusive housing market is characterized by housing options for a range of workers, family types, and incomes. Both the number of units available is important and the cost at which these units are provided are critically important. For the Bay Area, one of the most expensive housing markets in the country, the urgency of providing a range of housing opportunities is even more pronounced.

Pursuant to state housing element law (Government Code section 65584, et seq.), HCD is charged with determining the regional housing needs for the Bay Area for the period from 2023 to 2031. HCD divides the region’s housing need among four separate income groups:

- **Very Low Income**: households earning less than 50 percent of Area Median Income (AMI)
- **Low Income**: households earning 50 - 80 percent of AMI
- **Moderate Income**: households earning 80 - 120 percent of AMI
- **Above Moderate Income**: households earning 120 percent or more of AMI

ABAG has not yet received the RHND from HCD; this is anticipated to occur in the next one to two months. In lieu of the RHND, Table 1 shows the distribution of Bay Area households by income from the most recent Census Bureau data for reference purposes.

<table>
<thead>
<tr>
<th>Income Group</th>
<th>Income Limit</th>
<th>Households</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Low Income</td>
<td>0 - $47,350</td>
<td>678,673</td>
<td>25.3%</td>
</tr>
<tr>
<td>Low Income</td>
<td>$47,351 - $75,760</td>
<td>411,670</td>
<td>15.3%</td>
</tr>
<tr>
<td>Moderate Income</td>
<td>$75,760 - $113,640</td>
<td>459,169</td>
<td>17.1%</td>
</tr>
<tr>
<td>Above Moderate Income</td>
<td>$113,640 +</td>
<td>1,136,896</td>
<td>42.3%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, American Community Survey PUMS data, 2018 5-year release
Considerations for the Income Allocation

The Bay Area is a large and complex region: close to 8 million people reside in 109 jurisdictions across a 7,000 square mile geography with a number of distinctive subregions and economies. The region contains a range of community types and economic situations, with some communities encompassing a range of income groups, while others skew to either the low-income or high-income side of the spectrum.

Housing Element Law includes the objective that RHNA “[a]llocat[e] 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,”¹ meaning the RHNA methodology will in part be assessed by HCD in terms of how the allocation works to counter-balance existing concentrations of wealth or poverty. As noted in previous HMC meetings, meeting this objective will require that the RHNA methodology direct market-rate units to jurisdictions that currently have a higher concentration of lower-income households, which could exacerbate the potential for displacement of existing residents. The RHNA methodology must also improve coordination between the locations of low-wage jobs and housing affordable to low-wage workers (job-housing fit) and affirmatively further fair housing, which will require allocating more lower income units to communities that historically have not provided affordable housing.

Examples of Income Allocation Methodologies from Other Regions

At the December 2019 HMC meeting, ABAG staff presented a summary of the methodologies created by other regions for the current RHNA cycle, as well as ABAG’s methodology for the previous RHNA cycle (2015-2023).² Although these RHNA methodologies differ substantially, they have primarily used one of two approaches for the income allocation: an income shift or an income shift modified by equity-focused factors. These two approaches are described below.

Income Shift – used by the San Diego region³ this cycle and by ABAG last cycle⁴

In this approach, a jurisdiction’s distribution of households by income is compared to the distribution for the region or county the jurisdiction is in. The jurisdiction’s allocation of units by income category is then adjusted so the jurisdiction will move toward the region’s income distribution over time. Thus, jurisdictions that have a higher percentage of existing households in a given income category compared to the region receive a smaller share of units in that income category. In some cases, the income shift multiplier applied to a jurisdiction varies based on how much the jurisdiction’s household income distribution differs from the region or county.

In the simplest example, ABAG’s 2015-2023 RHNA methodology moved each jurisdiction’s income distribution 175 percent toward the region’s income distribution. A 100 percent shift means a jurisdiction’s allocation of units by income category mirrors the region’s existing income distribution. The 175 percent shift would close the gap between a jurisdiction’s income distribution and the region’s distribution more quickly. The first step in this calculation is to

¹ See California Government Code Section 65584(d).
² See this document from the December 2019 HMC meeting agenda packet.
compare a jurisdiction’s share of households in each income category to the region’s share of households in that income category. The difference between the region and the jurisdiction is then multiplied by 175 percent to create an adjustment factor. The adjustment factor is added to the jurisdiction’s existing proportion of households in the income category to determine the total share of the jurisdiction’s housing unit allocation for that income category. Figure 1 shows a visual representation of the income shift from ABAG’s last RHNA methodology. This process is repeated for each of the four income categories. The result is that a jurisdiction with a higher proportion of households in an income category compared to the region receives a smaller allocation of housing units in that same category, and vice versa.

**Figure 1 Income Shift from ABAG 5th Cycle RHNA Methodology**

**Income Shift Plus Equity-Focused Factors – used by the Los Angeles and Sacramento regions**

This approach uses an income shift approach conceptually similar to the one described above paired with other factors related to affirmatively furthering fair housing and improving jobs-housing fit. After the jurisdiction is compared to the region or county, the factors included in the methodology are used to increase or decrease the amount that the jurisdiction’s income distribution is adjusted. The factors used by the Sacramento region’s income methodology are the share of housing units in high opportunity areas, as defined by the State’s Opportunity Map, and a jurisdiction’s jobs-housing fit ratio. Jurisdictions receive more very low- and low-income units if they have a higher share of housing units in high opportunity areas or a higher ratio of low-wage workers to housing units affordable to those workers.

In the Los Angeles region’s income methodology, a larger income shift multiplier is applied to a jurisdiction where more than 70 percent of the population lives in “high segregation and poverty”/“low resource” or “highest resource” census tracts as defined by the State’s Opportunity Map. Notably, the potential methodologies developed by the HMC in March 2020 include equity-focused factors related to high opportunity areas and jobs-housing fit in the determination of a jurisdiction’s total allocation, while other regions use these equity-focused factors solely in the income allocation.

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5 See pages 29-34 of the [Sacramento Area Council of Governments RHNA methodology document](#).
6 See pages 13-17 of the [Southern California Association of Governments RHNA methodology document](#).
7 For more information on the Opportunity Map, see pages 10-13 of [this document](#) from the March 2020 HMC meeting’s agenda packet.
Potential Approaches to the Income Allocation

ABAG staff has developed three relatively distinct methodological approaches to the income distribution component of RHNA, described in more detail below. The first two—the income shift and factor-based approach—are aligned with the methodologies used by other regions. Both approaches are proposed to be applied as a second step in the allocation process, after the use of a factor-based methodology to determine a jurisdiction’s total allocation. The third approach would take an entirely different tack and use different weights and/or factors for different income categories, with the sum of the results for the four income categories determining a jurisdiction’s total allocation.

Approaches A and B: Income Methodologies that are Applied to the Total Allocation

At the March HMC meeting, committee members used an online visualization tool to experiment with different factors-based methodologies for allocating a total number of housing units to jurisdictions based on a hypothetical RHND. Figure 2 shows the three methodology options developed during the small group discussions that received the most votes from HMC members and members of the audience.8 As noted above, these potential methodologies developed by the HMC include equity-focused factors in the determination of a jurisdiction’s total allocation, while other regions’ methodologies for the current RHNA cycle do not use equity-focused factors for this purpose. The other regions relied on either the long-range regional plan or factors related to jobs and transit to determine a jurisdiction’s total allocation, while using equity-focused factors related to affirmatively furthering fair housing and jobs-housing fit solely in the income allocation.

Figure 2 Comparison of Top Three Methodology Options from March 2020 HMC Meeting

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8 See the summary of the initial methodology options from the March HMC meeting.
Approach A: Income Shift Applied to Total Allocation

This approach resembles the income allocation method from ABAG's 2015-2023 RHNA, using an income shift approach where the local and regional income distributions are compared. For this approach, the income allocation shifts the local distribution closer to or beyond the regional distribution, depending on the income shift multiplier. In the last cycle, the income shift multiplier used by ABAG was 175 percent (see Figure 1 for more information on how the income shift multiplier impacts the income allocation). In theory, setting the income shift multiplier above 100 percent could close the gap between a jurisdiction’s income distribution and the region’s distribution in a shorter period of time, but this more aggressive shift could also increase the potential for displacement by directing more market-rate units to jurisdictions with higher proportions of existing lower-income households. To illustrate the shift approach on cities with different income profiles, Figure 3 shows the effect of using an income shift approach with a 175 percent multiplier. City A is a relatively high-income city with good access to jobs. City B has a lower income profile, with less job access. City C is somewhere in between, falling close to the regional income distribution. We will use these same sample cities to illustrate how they fare with each income allocation approach.

Figure 3 Hypothetical Example of Income Shift Approach, Using 175 Percent Multiplier

This approach directly addresses the state objective of “[a]llocating 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.”9 A smaller shift than 175 percent is also possible and may be appropriate given HMC members’ previously stated concerns about assigning large numbers of above moderate-income housing in lower income jurisdictions at risk of gentrification.

9 See California Government Code Section 65584(d)(4).
**Approach B: Using Factors Applied to Total Allocation**

Similar to Approach A, this option is also applied after determining a jurisdiction’s total allocation using a factor-based methodology. In this income allocation approach, factors are used to assign units for the lower two income groups (very low- and low-income units). As an initial example, staff used the *Jobs-Housing Fit* and *High Opportunity Areas* factors. The *Jobs-Housing Fit* factor specifically relates to the relationship between lower-wage workers and housing units affordable to those workers and the *High Opportunity Areas* factor affirmatively furthers fair housing by assigning more lower-income units to high opportunity areas, both objectives call for in Housing Element law.\(^{10}\) As noted earlier, other regions often paired the factor-based approach with the income shift. However, these are approaches are not dependent on one another, and ABAG is presenting them independently to make them easier to understand.

In this approach, each jurisdiction starts with the same income distribution, as determined by HCD for the RHND. A jurisdiction’s share of units in the lower income categories is then adjusted up or down based on whether a city has relatively high or low scores compared to the region for the *Jobs-Housing Fit* and *High Opportunity Areas* factors. ABAG staff capped a jurisdiction’s adjustment from the RHND income distribution at 30 percent (15 percent for each of the two factors). Once the total share of lower income units is determined, the remainder of a jurisdiction’s units (as determined by the total allocation methodology) are assigned to the higher income categories (moderate- and above moderate-income units). Once these totals are set, the allocation is disaggregated into the four income categories using shares from the regional income distribution.

Figure 4 shows the effect of this factor-based income approach for three hypothetical cities with different income profiles. Both City A (higher income) and City C (average income) received the same income distribution, which demonstrates the impact of the cap that limits the extent to which the distribution can deviate from the regional distribution. Setting this cap at a different level would potentially result in different outcomes.

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\(^{10}\) See [California Government Code Section 65584(d)(3) and (5)].
**Figure 4 Hypothetical Example of Factor-Based Income Allocation Approach**

[Graph showing income distribution for cities A, B, and C]

**Approach C: Using Bottom-Up Income Allocation to Build the Total Allocation**

In contrast to Approaches A and B, this income allocation approach does not start with a total allocation assigned with a factor-based methodology. Instead, this approach uses factors to determine allocations for the four income categories, and the sum of these income group allocations represents a jurisdiction’s total allocation. Factors and weights could be modified, as appropriate, by the HMC. As an initial example, ABAG staff used the Jobs-Housing Fit and High Opportunity Areas factors to determine the allocation of lower income units (very low- and low-income) and the Jobs-Housing Balance and Job Proximity-Auto factors to determine the allocation of higher income units (moderate- and above-moderate income).\(^{11}\) A jurisdiction’s income distribution is determined based on how the jurisdiction scores relative to the rest of the region on the selected factors. The jurisdiction’s total allocation is calculated by summing the results for each income category.

As noted above for Approach B, the Jobs-Housing Fit factor specifically relates to the relationship between lower-wage workers and housing units affordable to those workers and the High Opportunity Areas factor supports affirmatively further fair housing by assigning more lower-income units to high opportunity areas. The Jobs-Housing Balance and Job Proximity-Auto are included because of their emphasis on the relationships between housing and jobs for moderate- and higher-income households. While many other combinations of factors are possible, staff selected these factors to make this approach conceptually similar to Approach B for a more meaningful comparison.

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\(^{11}\) These factors used the same definitions and methodology as those used in the total income allocation.
Similarities and Differences of the Potential Income Methodology Approaches

The approaches represent different ways to distribute a jurisdiction's RHNA across the four income categories. Approaches A and B both start with a total allocation and then divide it into income groups. Approach A uses an income shift multiplier to bring a jurisdiction's income distribution toward the regional income distribution. Approach B, however, relies on how a jurisdiction scores relative to the region on two factors (high opportunity areas and jobs-housing fit), which impacts the allocation of lower income units. Approach A may be the simpler and more mechanical approach: it does not use factors and focuses solely on rebalancing income distributions in jurisdictions. Approach B, on the other hand, uses factors to move the income distribution rather than just shifting it towards the regional distribution.

Unlike the first two options, Approach C does not start with a total allocation created by a factor-based methodology. While it uses the same factor-based data as the other approaches, Approach C could become more complex since the HMC needs to select factors and weights for each of the four income groups. Consequently, Approach A may be preferable for having a more standardized method for assigning the total allocations to jurisdictions. However, Approach C may offer more control over the allocations to individual income groups within jurisdictions. Approach B represents somewhat of a hybrid of the other two: this approach builds off a factor-based methodology for total allocation like Approach A, but offers more flexibility than Approach A's straightforward income shift.
**Table 2 Summary of Benefits and Drawbacks for Income Allocation Approaches**

<table>
<thead>
<tr>
<th>Income Allocation Approach</th>
<th>Benefits</th>
<th>Drawbacks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach A: Income Shift</td>
<td>• Builds on work HMC has already done on total allocation</td>
<td>• Does not include ability to finetune income allocations based on factors</td>
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<tr>
<td></td>
<td>• Allows narrative focus to be on factors for total allocation</td>
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<tr>
<td></td>
<td>• Simpler concept, easier to explain</td>
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<tr>
<td></td>
<td>• Directly related to statutory objective</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Multiplier can be adjusted to complement underlying total allocation methodology</td>
<td></td>
</tr>
<tr>
<td>Approach B: Factor-Based</td>
<td>• Builds on work HMC has already done on total allocation</td>
<td>• Using factors also included in the total allocation methodology may result in overweighting those factors</td>
</tr>
<tr>
<td></td>
<td>• Retains the two-step methodology approach of total income first, then income allocation, which may be more familiar from other RHNA methodologies</td>
<td>• Additional complexity compared to Income Shift Approach may not be warranted, given that equity-related factors already included in total allocation</td>
</tr>
<tr>
<td></td>
<td>• Allows opportunity to finetune results for a particular income category</td>
<td></td>
</tr>
<tr>
<td>Approach C: Bottom-Up</td>
<td>• Allows more fine-grained control over allocations for a particular income category</td>
<td>• New approach that departs from work HMC has done to date</td>
</tr>
<tr>
<td></td>
<td>• Could be simpler than Approach B, depending on number of factors used</td>
<td>• Could be more complex, depending on number of factors used</td>
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</tbody>
</table>

**Next Steps**

At the May HMC meeting, committee members will have an opportunity to use the online visualization tool to apply the income shift approach to hypothetical total allocation methodologies and explore the impact of selecting different income shift multipliers (Approach A). Staff will also seek feedback from the committee about pursuing the other approaches presented here.
TO: Housing Methodology Committee
FR: Deputy Executive Director, Policy
RE: Potential Metrics for Evaluating the RHNA Methodology

Overview
The Housing Methodology Committee’s (HMC) objective is to recommend an allocation methodology for dividing up the Bay Area’s Regional Housing Need Determination among the region’s jurisdictions. This Regional Housing Needs Allocation (RHNA) methodology is a formula that calculates the number of housing units assigned to each city and county, and the formula also distributes each jurisdiction’s housing unit allocation among four affordability levels. ABAG will submit the methodology to the Department of Housing and Community Development (HCD) for approval, and HCD will determine whether the methodology furthers the five objectives identified in Housing Element Law.

Developing the methodology is a complex process; therefore, staff proposes to identify metrics that can be used to evaluate different methodology options developed by the HMC. These metrics can help ensure that any proposed methodology will meet the statutory RHNA objectives and further regional planning goals. The five RHNA statutory objectives embody many different policy goals, some of which are not always aligned with each other. One purpose of these metrics is to inform the HMC’s decisions about how to effectively balance these goals while developing a methodology that meets the required objectives.

Importantly, any evaluation metrics the HMC chooses need to reflect the narrow scope of RHNA. The primary role of the RHNA methodology is to encourage a regional pattern of housing growth for the Bay Area, and RHNA does not play a role in identifying specific locations within a jurisdiction that will be zoned for housing. Accordingly, this memo presents options for evaluation metrics that can assess whether a methodology furthers the statutory objectives and other high priority regional policy goals directly related to RHNA. Staff seeks the HMC’s feedback on what measures might be the most relevant or helpful for evaluating potential RHNA methodologies.

Potential Evaluation Framework for the RHNA Methodology
Staff has developed a set of potential metrics for evaluating RHNA methodology options suggested by the HMC (Tables 1 and 2). In the tables below, each statutory objective has been reframed as a question to help the HMC assess how well a methodology option achieves state requirements and regional planning goals. The wording of the question reflects the language the statute uses to define the objectives. Each statutory objective is accompanied by potential quantitative metrics for evaluating the allocation produced by a methodology. This question-oriented evaluation framework can assist the HMC with developing a cohesive narrative for

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1 See California Government Code Section 65584(d).
explaining how a methodology produces optimal outcomes for the region and achieves the objectives required by law.

**Metrics Identified by HCD**

At the January 2020 HMC meeting, staff presented an overview of the analysis conducted by HCD in evaluating the RHNA methodologies completed by other regions in California. Staff reviewed the approval letters HCD provided to the Sacramento Area Council of Governments (SACOG), San Diego Association of Governments (SANDAG), and Southern California Association of Governments (SCAG). In these letters, HCD describes how the RHNA methodologies further each of the five statutory objectives. While the letters do not provide specific measures for evaluating the methodologies, these documents give a sense of the criteria HCD will use to determine whether the draft methodology selected by ABAG sufficiently achieves the statutory objectives.

The metrics in Table 1 come directly from statements HCD made in the letters to SACOG, SANDAG, and SCAG explaining why their methodologies achieve the statutory objectives. HCD's explanations vary across the letters and mention some metrics more consistently than others. Table 1 notes which metrics appear in all three letters sent by HCD.

In addition to considering the metrics identified in HCD's letters, the HMC may wish to incorporate additional measures for evaluating proposed RHNA methodologies. Table 2 presents evaluation metrics developed by staff related to Objective 2, Objective 5, and a possible new sixth objective (pending state legislation, more details provided below). In its letters to other regions, HCD discussed how RHNA methodologies achieved Objective 2 by either aligning with the existing locations of jobs and transit or by being based on long-range regional plans, similar to Plan Bay Area 2050. ABAG staff wanted to provide the HMC with more specific quantitative measures for assessing whether a methodology achieves this objective, which are listed in Table 2. The paragraphs below provide more context for the metrics in Table 2 related to Objective 5 and the pending sixth objective.

**Additional Metrics for Fair Housing and Racial Equity**

One of the statutory objectives for RHNA is that the methodology must affirmatively further fair housing. Housing Element Law defines affirmatively furthering fair housing as:

> “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to

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

3 For a summary of the evaluation metrics alluded to in the HCD letters, see [this document](#) from the January 2020 HMC meeting agenda packet.

4 Objective 2 is “Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board.” See California [Government Code Section 65584(d)(2)](#) for more information.

5 Objective 5 is “Affirmatively furthering fair housing.” See California [Government Code Section 65584(d)(5)](#) for more information.
opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”

HCD’s discussion of affirmatively furthering fair housing in its letters to SACOG, SANDAG, and SCAG centers solely on data from the Opportunity Map produced by the California Tax Credit Allocation Committee (TCAC) and HCD. HCD’s evaluation of whether other regions’ methodologies further this objective focused on whether a methodology directs lower income RHNA to jurisdictions with a high percentage of households living in census tracts labelled High Resource or Highest Resource on the Opportunity Map. However, the HMC could use other evaluation metrics—in addition to the Opportunity Map scores—to ensure the RHNA methodology has a maximum impact on overcoming patterns of segregation and fostering inclusive communities. For example, some HMC members and community stakeholders have expressed interest in evaluation metrics that consider racial segregation more explicitly and specifically focus on areas with housing markets characterized by socioeconomic and racial exclusion. The metrics in Table 2 accompanying Objective 5 reflect this input from stakeholders as well as staff’s interpretation of statutory language related to affirmatively furthering fair housing.

**Pending Addition of Sixth Statutory Objective**

Senate Bill 182 (Jackson) would add a new RHNA objective to Housing Element Law and add wildfire risk to the list of factors that must be considered for the RHNA methodology. Indications are that this bill will be passed this year and apply to this RHNA cycle for ABAG. Although the bill includes specifics about addressing fire risks, nothing in the bill prohibits ABAG from considering wildfire risk in addition to other hazards. Additionally, throughout the methodology development process, the HMC has expressed an interest in minimizing the number of households who face high risk from natural hazards. Hazard risk reduction is also a priority within ABAG/MTC’s long-range planning efforts. Table 2 proposes a metric related to this potential sixth objective that uses the revised ABAG/MTC Multi-Hazard Index presented to the HMC at its March 2020 meeting.

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6 See California Government Code Section 65584(d).
7 For more information on the Opportunity Map, see pages 10-13 of this document from the March 2020 HMC meeting’s agenda packet.
8 For more information on the revised ABAG/MTC Multi-Hazard Index, see pages 14-15 of this document from the March 2020 HMC meeting’s agenda packet.
Table 1. Metrics Based on HCD’s Evaluation of Other Region’s Methodologies

*Metrics highlighted in **bold with asterisks (**) appear in all three letters sent by HCD to other regions.

<table>
<thead>
<tr>
<th>Statutory Objective</th>
<th>Possible Metric</th>
<th>Data Source</th>
</tr>
</thead>
</table>
| Objective 1: Does the allocation increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner? | 1a. Higher percentage of RHNA as lower income units for jurisdictions with the highest housing costs**  
1b. Higher percentage of RHNA as lower income units for jurisdictions with highest percent of single-family homes | Census ACS for 2014-2018  
Census ACS for 2014-2018 |
| Objective 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets? | 2a. Higher percentage of RHNA total unit allocations to jurisdictions with highest percentage of the region’s jobs | MTC, Census LEHD for 2017 |
| Objective 3: Does the allocation promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low wage workers in each jurisdiction? | 3a. Higher percentage of RHNA as lower income units for jurisdictions with the highest ratio of low-wage jobs to housing units affordable to low-wage workers | MTC, Census ACS for 2014-2018, Census LEHD for 2017 |
| Objective 4: Does the allocation direct a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category? | 4a. Lower percentage of RHNA as lower income units for jurisdictions with a higher share of lower-income households  
4b. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households  
9  
10 | Census ACS for 2014-2018  
Census ACS for 2014-2018 |
| Objective 5: Does the allocation affirmatively further fair housing? | 5a. Higher percentage of RHNA as lower income units for jurisdictions with the most households in High Resource/Highest Resource tracts** | HCD/TCAC 2020 Opportunity Maps |

9 Lower-income households includes households in the very low- and low-income groups (<80% of Area Median Income).
10 Higher-income households includes households in the moderate- and above moderate-income groups (>=80% of Area Median Income).
Table 2. Additional Evaluation Metrics Proposed by ABAG Staff

<table>
<thead>
<tr>
<th>Statutory Objective</th>
<th>Possible Metric</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets?</td>
<td>2b. Higher RHNA total unit allocations for jurisdictions with the highest percent of the region’s total Transit Priority Area acres</td>
<td>MTC</td>
</tr>
<tr>
<td></td>
<td>2c. Percentage of jurisdictions whose RHNA housing growth through 2031 is less than or equal to housing growth projected in Plan Bay Area 2050 through 2050</td>
<td>MTC</td>
</tr>
<tr>
<td>Objective 5: Does the allocation affirmatively further fair housing?</td>
<td>5b. Higher percentage of RHNA total unit allocations compared to the jurisdiction percentage of regional households, calculated for jurisdictions with a higher share of higher-income households with highest divergence scores</td>
<td>Census ACS for 2014-2018</td>
</tr>
<tr>
<td></td>
<td>5c. Higher percentage of RHNA as lower income units for jurisdictions with a higher share of higher-income households with highest divergence scores</td>
<td>Census ACS for 2014-2018</td>
</tr>
<tr>
<td>Objective 6 (pending state legislation): Does the allocation promote resilient communities, including reducing development pressure within very high fire risk areas?</td>
<td>6a. Lower total units allocated per household for jurisdictions with highest percent of urbanized area at high risk from natural hazards(^{11})</td>
<td>MTC; Census ACS for 2014-2018; USGS liquefaction susceptibility; CAL FIRE FRAP LRA/SRA data; FEMA (flood zones), Alquist-Priolo Fault Zones (California Geological Survey)</td>
</tr>
</tbody>
</table>

**Next Steps**

ABAG staff has added many of the proposed evaluation metrics to the online visualization tool (https://rhna-factors.mtcanalytics.org) to enable users to evaluate different methodology options. HMC members will have an opportunity at the May meeting to assess the three methodology options created in March as a starting place for exploring the use of these metrics. Staff will be seeking feedback about the metrics prior to their use at future meetings.

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\(^{11}\) For more information ABAG/MTC Multi-Hazard index used to assess hazard risk, see pages see pages 14-15 of this document from the March 2020 HMC meeting’s agenda packet.