

# REGIONAL HOUSING NEEDS ALLOCATION



TO: ABAG Executive Board

DATE: October 15, 2020

FR: Executive Director

RE: Recommendation for Proposed RHNA Methodology

## Overview

The Regional Housing Needs Allocation (RHNA) is the state-mandated<sup>1</sup> process to identify the share of the statewide housing need for which each community must plan. ABAG is responsible for developing a methodology for allocating a share of the Regional Housing Need Determination (RHND) the Bay Area received from the California Department of Housing and Community Development (HCD)<sup>2</sup> to every local government in the Bay Area. The allocation methodology is a formula that quantifies the number of housing units, separated into four income categories,<sup>3</sup> that will be assigned to each city, town, and county. Each local government must then update the Housing Element of its General Plan and its zoning to show how it can accommodate its RHNA allocation. The allocation must meet the statutory objectives identified in Housing Element Law<sup>4</sup> and be consistent with the forecasted development pattern from Plan Bay Area 2050.<sup>5</sup>

## Housing Methodology Committee Process for Developing the RHNA Methodology

ABAG convened an ad hoc [Housing Methodology Committee](#) (HMC) that met 12 times from October 2019 to September 2020 to advise staff on the RHNA methodology. Over the past year, the HMC discussed how to develop a methodology that advances the RHNA objectives required by statute and is consistent with Plan Bay Area 2050. The HMC included local elected officials and staff representing jurisdictions in every Bay Area county as well as regional stakeholders to facilitate sharing of diverse viewpoints across multiple sectors.<sup>6</sup>

After several months of considering factors to include in the methodology and developing several potential methodology options, in June the HMC came to consensus around several recommendations to guide selection of the RHNA methodology:

1. More housing should go to jurisdictions with more jobs than housing and to communities exhibiting racial and economic exclusion

<sup>1</sup> See California [Government Code Section 65584](#).

<sup>2</sup> In a [letter dated June 9, 2020](#), HCD provided ABAG with a total RHND of 441,176 units for the 2023-2031 RHNA.

<sup>3</sup> State law defines the following RHNA income categories:

- 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

<sup>4</sup> See [California Government Code Section 65584\(d\)](#).

<sup>5</sup> See [Government Code Section 65584.04\(m\)\(1\)](#).

<sup>6</sup> The HMC roster is available at [https://abag.ca.gov/sites/default/files/hmc\\_roster\\_06\\_16\\_2020\\_0.pdf](https://abag.ca.gov/sites/default/files/hmc_roster_06_16_2020_0.pdf).

2. The methodology should focus on:
  - Equity, as represented by High Opportunity Areas
  - Relationship between housing and jobs; however, no consensus on specific factor
3. Equity factors need to be part of total allocation, not just income allocation
4. Do not limit allocations based on past RHNA
5. Housing in high hazard areas is a concern, but RHNA may not be the best tool to address it

At its August 13<sup>th</sup> meeting, the HMC came to consensus to move forward with using **2050 Households from the Plan Bay Area 2050 Blueprint** as the baseline allocation and the **Bottom-Up** income allocation approach as the foundation for the RHNA methodology. At subsequent meetings, the HMC discussed different combinations of factors and weights that best complemented this foundation to allocate RHNA units in an equitable manner. The concepts of “baseline allocation” and “income allocation approach” are explained further below.

### **HMC and RPC Recommendation for Proposed RHNA Methodology**

At the meeting on September 18<sup>th</sup>, the HMC considered several potential methodology options they had identified for further discussion at the September 4<sup>th</sup> meeting.<sup>7</sup> These remaining options were all consistent with the HMC’s guiding principles in that they emphasize the *Access to High Opportunity Areas* factor and factors related to jobs. They also resulted in relatively similar patterns for how RHNA units would be distributed throughout the region, with most units allocated to San Francisco, San Jose, and Oakland as well as other jurisdictions in Silicon Valley – demonstrating the impact of using the Plan Bay Area 2050 Blueprint as the baseline allocation. **Appendix 1** includes maps that show the distribution of RHNA units to Bay Area jurisdictions resulting from the proposed RHNA methodology. **Appendix 2** shows the illustrative allocations that jurisdictions would receive from the proposed methodology.

After substantial discussion, the HMC voted 27 to 4 to recommend **Option 8A: High Opportunity Areas Emphasis & Job Proximity** as the proposed methodology to the ABAG Regional Planning Committee (RPC) and Executive Board. On October 1<sup>st</sup>, the RPC voted 16 to 8 to recommend this methodology for approval by the Executive Board.

There are three primary components to the proposed RHNA methodology as shown in **Figure 1**.<sup>8</sup>

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<sup>7</sup> View the agenda packet for the [September 18<sup>th</sup> HMC](#) meeting for more information.

<sup>8</sup> View the presentation from the [June 2020 HMC meeting](#) for an overview of the building blocks of the RHNA methodology.

### **1. Baseline allocation: 2050 Households (Blueprint)**

The baseline allocation is used to assign each jurisdiction a beginning share of the RHND. The baseline allocation is based on each jurisdiction's share of the region's total households in the year 2050 from the [Plan Bay Area 2050 Blueprint](#).<sup>9</sup> Using the 2050 Households (Blueprint) baseline takes into consideration the number of households that are currently living in a jurisdiction as well as the number of households expected to be added over the next several decades.

At HMC meetings in July and August, HMC members expressed concerns about using Plan Bay Area forecasted housing growth as the baseline due to the Blueprint's heavy emphasis on growth in the South Bay. While the HMC did support incorporating Plan Bay Area 2050 in the RHNA methodology, committee members expressed a desire to distribute growth more evenly throughout the region. In an attempt to balance the different perspectives from HMC members about using the Blueprint in the methodology, staff developed the 2050 Households (Blueprint) baseline in order to include the Plan Bay Area 2050 Blueprint but also temper the forecasted development pattern to ensure the methodology affirmatively furthers fair housing in all communities.

At the August 13<sup>th</sup> HMC meeting, the HMC did not recommend using the forecasted housing growth from the Blueprint as the baseline allocation, but HMC members did come to consensus to recommend using the 2050 Households (Blueprint) baseline. The HMC preferred using 2050 Households (Blueprint) as the baseline because it provides a middle ground between using a baseline based on the current number of households (2019 Households) and a baseline based on forecasted housing growth from the Blueprint.

**Note:** The ABAG Executive Board and MTC Commission adopted changes to the strategies for the Plan Bay Area 2050 Final Blueprint in September 2020. The changes adopted at that time could affect information about total households in Year 2050 from the Final Blueprint, which will be available in December 2020. As this information from the Blueprint is used as the baseline allocation for the proposed RHNA methodology, changes to the Blueprint could lead to changes in the allocations that result from the RHNA methodology.

### **2. Income allocation approach: Bottom-Up**

With the Bottom-Up income allocation approach, the methodology includes one set of factors and weights for allocating very low- and low-income units and a second set of factors and weights for allocating moderate- and above-moderate units. The number of units allocated to each jurisdiction using these two formulas are added together to determine that jurisdiction's total allocation.

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<sup>9</sup> Plan Bay Area 2050 is the Regional Transportation Plan/Sustainable Communities Strategy for the Bay Area.

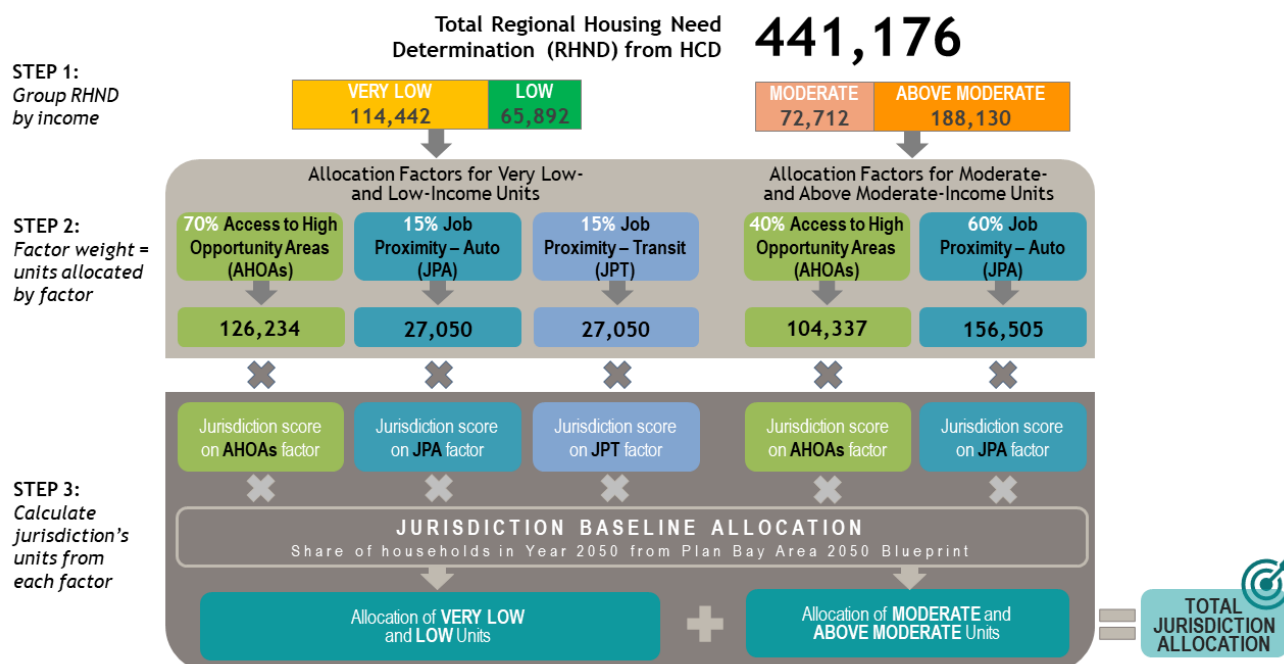
### 3. Factors and weights for allocating units by income category:

Table 1: Factors and Weights for Proposed RHNA Methodology			
Very Low and Low Units		Moderate and Above Moderate Units	
70%	Access to High Opportunity Areas	40%	Access to High Opportunity Areas
15%	Job Proximity – Auto	60%	Job Proximity – Auto
15%	Job Proximity – Transit		

The factors and weights adjust a jurisdiction's baseline allocation up or down, depending on how a jurisdiction scores on a factor compared to other jurisdictions in the region. A jurisdiction with an above average score on a factor would get an upwards adjustment, whereas a city with a below average score on a factor would get a downwards adjustment relative to the baseline allocation.

**Table 1** above shows the factors and weights the HMC selected for the proposed RHNA methodology. Each factor represents data related to the methodology's policy priorities: access to high opportunity areas and proximity to jobs. A factor's effect on a jurisdiction's allocation depends on how the jurisdiction scores on the factor relative to other jurisdictions in the region. The weight assigned to each factor (i.e., the percentages shown in Table 1 above) represents the factor's relative importance in the overall allocation. The weight determines the share of the region's housing need that will be assigned by that particular factor. **Appendix 3** provides more information on the factors listed in Table 1 and the data used to calculate them.

**Figure 1: Proposed RHNA Methodology Overview**



## **HMC Final Discussion of Methodology Options**

The following is a summary of some of the key topics discussed by the HMC at the September 18<sup>th</sup> meeting prior to its vote on the recommendation for the proposed RHNA methodology:

### ***Equity Adjustment to Lower-Income Allocations***

The HMC considered a potential “equity adjustment” proposed by several HMC members. This proposal would impose a “floor” for the number of very low- and low-income units assigned to 49 jurisdictions identified as exhibiting above-average racial and economic exclusion based on a method suggested by these HMC members.<sup>10</sup> The HMC decided not to move forward with this proposal because it added to the complexity of the proposed RHNA methodology with only minimal impacts on the resulting allocations.

### ***Baseline Allocation***

The HMC revisited the question of using 2019 Households as the baseline allocation instead of 2050 Households (Blueprint). However, there was broad agreement that incorporating the Blueprint into the RHNA methodology was important to ensure the RHNA allocation advanced both the equity and sustainability outcomes identified in Plan Bay Area 2050—particularly those related to greenhouse gas emissions reductions. Several HMC members also reiterated the fact that using 2050 Households (Blueprint) represents a compromise between using 2019 Households as the baseline and using the forecasted growth from the Blueprint as the baseline. A few HMC members also suggested revisiting a baseline option based solely on the forecasted growth pattern from the Blueprint, but the majority of the HMC did not want to pursue this option.

### ***Natural Hazards***

Including the Blueprint in the RHNA methodology also addresses concerns about natural hazards. While there is understandably considerable concern among committee members about ensuring Bay Area communities grow in ways that will minimize their potential risks from natural hazards—particularly wildfires—HMC members did not support adding a hazards-related factor to the methodology. The issue of wildfire risk is specifically addressed in the Plan Bay Area 2050 Blueprint, which is used as the baseline allocation for the RHNA methodology. The Blueprint does not focus additional growth in areas with high wildfire risks. Local governments will have the opportunity to consider the most appropriate places for planning for housing in lower-risk areas when they update the Housing Elements of their General Plans.

### ***Increased Emphasis on Job-Related Factors***

Several HMC members expressed concerns that the remaining methodology options under discussion did not give enough weight to job-related factors, and thus were not sufficiently

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<sup>10</sup> See [this handout from the September 4<sup>th</sup> HMC meeting packet](#) for more information about this proposal.

aligned with Plan Bay Area 2050. This led to a request to revisit an earlier option that reduced the influence of the *Access to High Opportunity Areas* factor and instead focused primarily on jobs-related factors—particularly job proximity.

Other HMC members pointed out that the forecasted development pattern in the Plan Bay Area 2050 Blueprint already emphasizes growth near job centers and transit-served locations, and that ensuring that every community in the Bay Area receives its “fair share” of the region’s housing need should be the priority for the RHNA methodology. These committee members noted that there are some jobs in communities throughout the region, and that encouraging more housing in these areas – even if they are not near transit – could help enable shorter commutes and reduce greenhouse gas emissions.

Ultimately, HMC members moved forward with Option 8A as a compromise option that retains an emphasis on allocating units – particularly lower-income units – to high-resource areas while also focusing on allocating units in all income categories to jurisdictions where a significant number of the region’s jobs are accessible by a 30-minute automobile commute or a 45-minute transit commute. As a result of differences in how units are distributed across income categories in the RHND, the proposed RHNA methodology allocates 48 percent of all units based on the factors related to job proximity. Additionally, the 25 jurisdictions with the largest allocations receive 72 percent of all RHNA units.

### ***Unincorporated Areas***

Lastly, some HMC members continued to raise concerns about the relatively high allocations that some unincorporated areas would experience. These allocations are driven, in part, by the number of existing households in unincorporated county areas, since the number of existing households is captured in the 2050 Households (Blueprint) baseline. Plan Bay Area 2050 focuses nearly all future growth within existing urban growth boundaries, which leads to most growth occurring in cities but a small share of growth in unincorporated areas forecasted in spheres of influence (areas that are currently unincorporated county lands but have the potential to be annexed in the future).<sup>11</sup>

ABAG/MTC staff has engaged in dialogue with local government staff in counties that have expressed concern about their potential RHNA allocations (Solano, Sonoma, and Santa Clara Counties) to propose that growth assigned to the sphere of influence in the Plan be assigned to the respective cities’ RHNA allocation, rather than the unincorporated county. ABAG/MTC staff is also coordinating with HCD to ensure that any proposed change in how responsibility for RHNA units is shared among cities and the unincorporated county would still further the RHNA objectives. ABAG/MTC staff is continuing these conversations despite the lack of consensus between cities and counties at this time. If affected jurisdictions can come to agreement,

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<sup>11</sup> Visit the CALAFCO website for more information about [spheres of influence](#).

changes could be integrated into the draft RHNA methodology to be released by December 2020. It is also important to note that Housing Element Law includes a provision that allows a county to transfer a portion of its RHNA allocation to a city if land is annexed after it receives its RHNA allocation from ABAG.<sup>12</sup>

### **Proposed RHNA Methodology Performance Evaluation**

As noted previously, Housing Element Law requires that the RHNA methodology meet the five statutory objectives of RHNA and that it be consistent with the forecasted development pattern from Plan Bay Area 2050. ABAG/MTC staff developed a set of performance evaluation metrics that provided feedback to HMC members about how well methodology options addressed the five statutory objectives for RHNA and furthered regional planning goals.

Each metric corresponds to one of the five RHNA statutory objectives and the metrics selected were primarily based on the analysis conducted by HCD in evaluating the RHNA methodologies completed by other regions in California.<sup>13</sup> **Appendix 4** describes the evaluation metrics in more detail and demonstrates that Option 8A performs well in advancing the five statutory objectives of RHNA.

ABAG/MTC staff also developed a framework for evaluating consistency between RHNA and Plan Bay Area 2050. This approach compares the 8-year RHNA allocations to the 30-year housing growth from Plan Bay Area 2050 at the county and sub-county geographies used in the Plan. If the 8-year growth level from RHNA does not exceed the 30-year growth level at either of these geographic levels, then RHNA and Plan Bay Area 2050 will be determined to be consistent. Staff evaluated the proposed RHNA methodology using this approach and determined there are no consistency issues.

### **Alternate Proposals from Some RPC Members**

As noted previously, on October 1<sup>st</sup>, the RPC voted 16 to 8 to recommend Option 8A with the 2050 Households (Blueprint) baseline as the proposed RHNA methodology for approval by the Executive Board. However, some members of the RPC requested that other potential options that had been discussed by the HMC but not recommended to the RPC for consideration be brought forward to the Executive Board. These proposals include:

- **2015-2050 Growth (Blueprint) Baseline with Option 8A Factors/Weights:** this option uses the same factors and weights as the proposed RHNA methodology recommended by the HMC and RPC, but incorporates household growth from the Plan Bay Area 2050 Blueprint instead of 2050 Households as the baseline allocation. This change to the baseline results in a significantly different pattern of RHNA allocations compared to the recommended proposed methodology. As noted earlier, the HMC considered using

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<sup>12</sup> [Government Code Section 65584.07](#).

<sup>13</sup> For letters HCD sent to other regions, see [this document](#) from the January 2020 HMC meeting agenda packet.



housing growth from the Blueprint as the baseline allocation and chose not to move forward with that option.

- **Option 6A: Modified High Opportunity Areas Emphasis with equity adjustment:** this option includes the factors and weights show in **Table 2** and uses 2050 Households (Blueprint) as the baseline allocation. This proposal also includes the “equity adjustment” that, as mentioned previously, the HMC opted not to include in the proposed methodology (see page 4). Additionally, although ABAG/MTC staff recommended Option 6A as the proposed methodology at the September 18<sup>th</sup> HMC meeting, the HMC chose Option 8A as a compromise recommendation that better reflected the diverse viewpoints of the committee.

Table 2: Factors and Weights for Option 6A	
Very Low and Low Units	Moderate and Above Moderate Units
70% Access to High Opportunity Areas	40% Access to High Opportunity Areas
30% Jobs-Housing Fit	60% Job Proximity – Auto

**Appendix 5** provides more information about these alternate proposals.

### Requested Action

The ABAG Executive Board is requested to approve Option 8A: High Opportunity Areas Emphasis & Job Proximity with the 2050 Households (Blueprint) baseline allocation as the proposed RHNA methodology, as recommended by the Housing Methodology Committee and Regional Planning Committee.

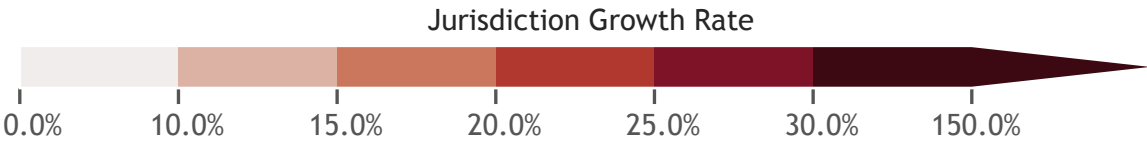
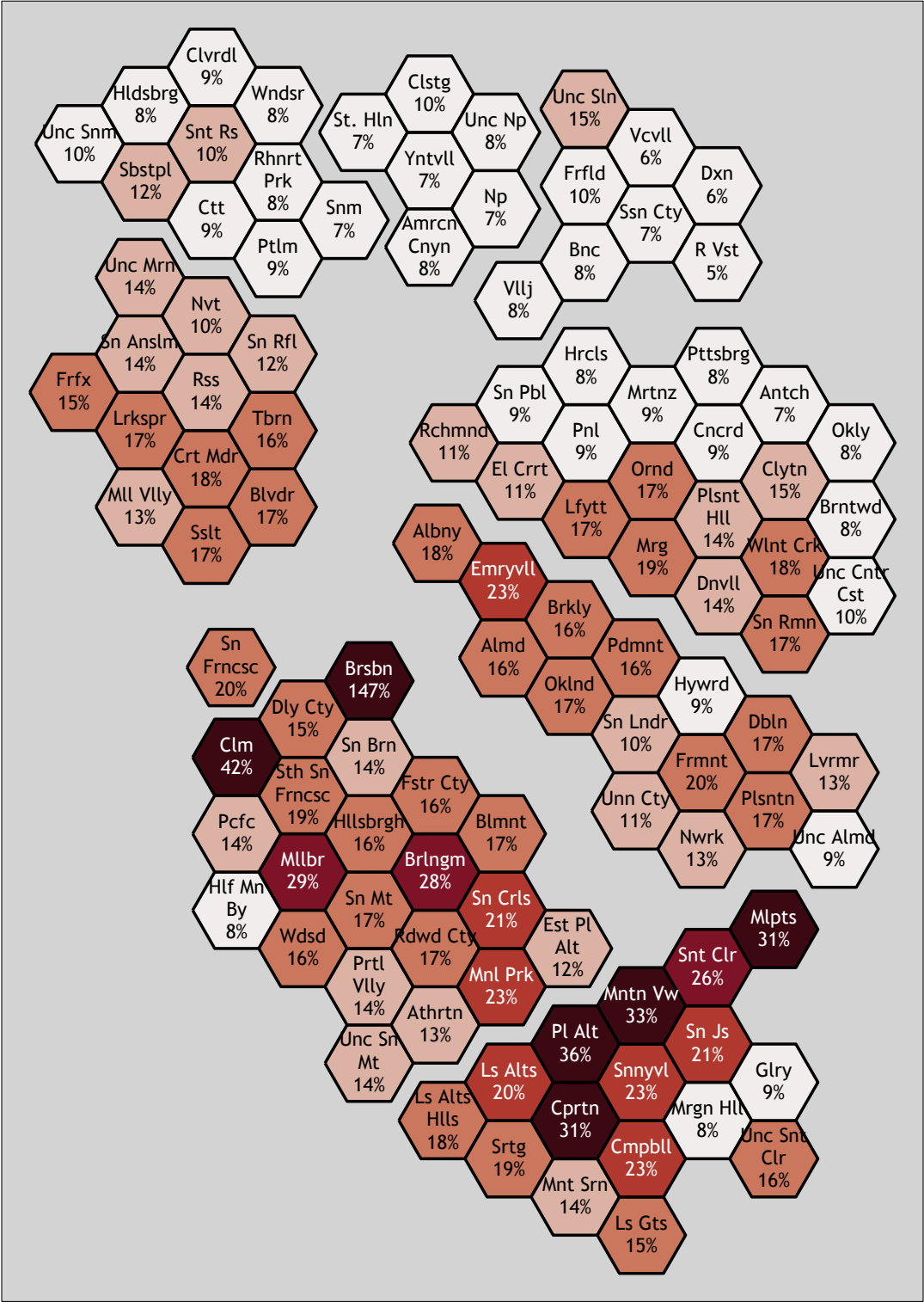
### Next Steps

Upon approval by the Executive Board, the proposed RHNA methodology will be released for public comment, including a public hearing to be held in November 2020. In early December 2020, the Plan Bay Area 2050 Final Blueprint data for the 2050 Household baseline is anticipated to become available. The RPC and Executive Board will then weigh in on public feedback as well as updates made to integrate the Final Blueprint data. Approval and submittal of the Draft RHNA Methodology to HCD is expected by the end of 2020.



Illustrative Allocations from Proposed RHNA Methodology  
Jurisdiction Growth Rate from 2019 households as a result of 2023-2031  
RHNA

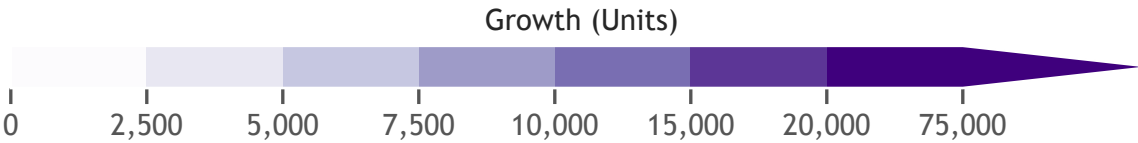
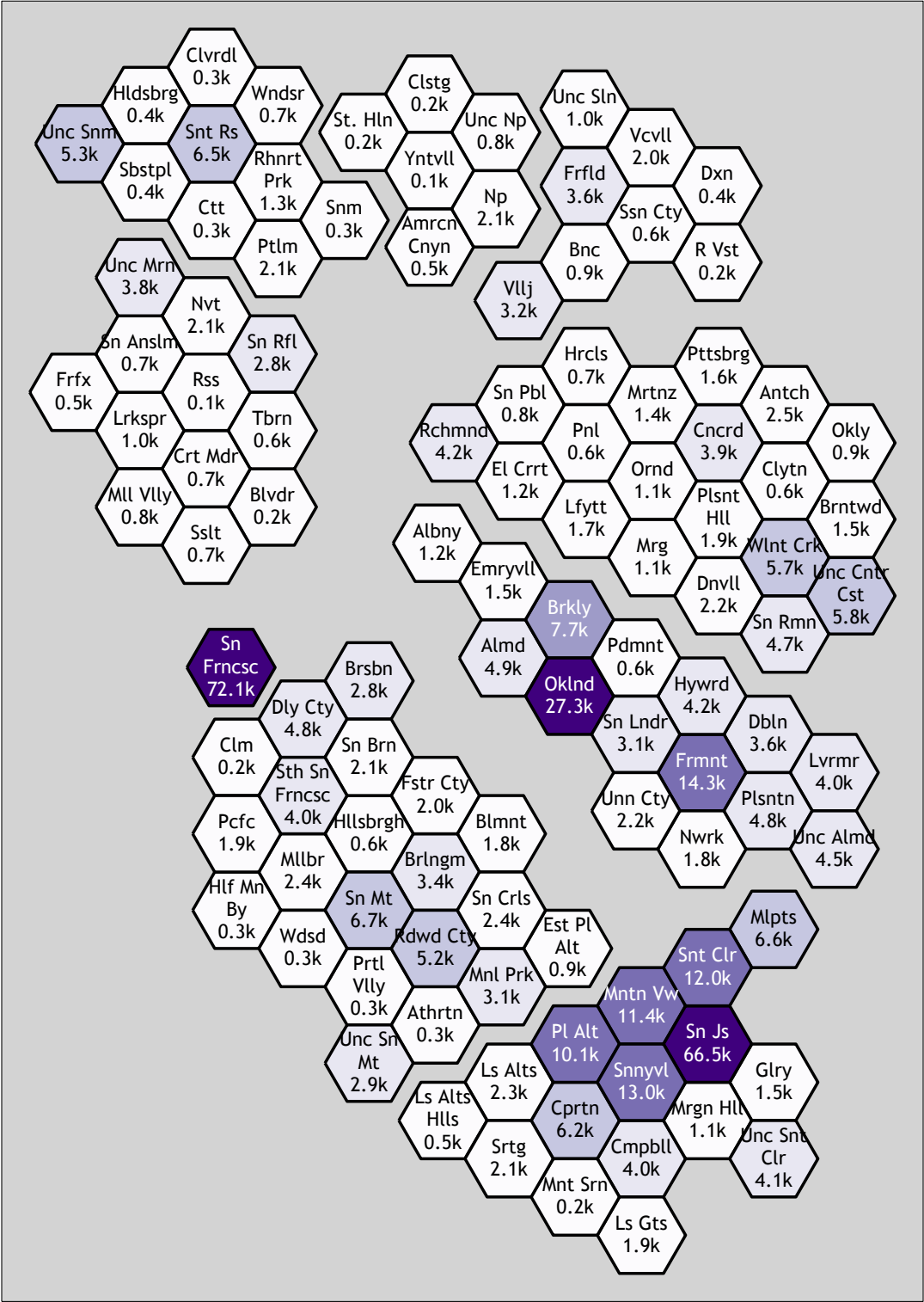
Option 8A: High Opportunity Areas Emphasis & Job Proximity (Baseline: 2050 Households (Blueprint))



Illustrative Allocations from Proposed RHNA Methodology

Jurisdiction Total Allocation of 2023-2031 RHNA

Option 8A: High Opportunity Areas Emphasis & Job Proximity (Baseline: 2050 Households (Blueprint))



Illustrative Allocations from the Proposed RHNA Methodology

This table shows the RHNA allocations a jurisdiction would receive as a result of the proposed RHNA methodology. These are shown for illustrative purposes only. ABAG will issue Draft Allocations in Spring 2021 which will be followed by an appeal period before ABAG issues Final Allocations by the end of 2021. Jurisdiction Housing Elements will be due to HCD by January 2023.

For more information, visit <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation>

County	Jurisdiction	Very Low Income (<50% of Area Median Income)	Low Income (50- 80% of Area Median Income)	Moderate Income (80-120% of Area Median Income)	Above Moderate Income (>120% of Area Median Income)	Total
Alameda	Alameda	1,318	759	786	2,033	4,896
	Albany	324	187	180	464	1,155
	Berkeley	2,148	1,237	1,211	3,134	7,730
	Dublin	1,060	611	547	1,413	3,631
	Emeryville	377	217	249	646	1,489
	Fremont	4,040	2,326	2,214	5,728	14,308
	Hayward	980	564	726	1,880	4,150
	Livermore	1,109	639	620	1,606	3,974
	Newark	453	260	303	784	1,800
	Oakland	6,880	3,962	4,584	11,860	27,286
	Piedmont	166	96	94	243	599
	Pleasanton	1,405	810	717	1,855	4,787
	San Leandro	713	411	561	1,451	3,136
	Unincorporated Alameda	1,221	704	726	1,879	4,530
	Union City	565	326	370	957	2,218
Contra Costa	Antioch	661	380	402	1,038	2,481
	Brentwood	395	228	237	614	1,474
	Clayton	176	102	87	227	592
	Concord	1,006	579	643	1,662	3,890
	Danville	632	365	328	848	2,173
	El Cerrito	289	166	203	524	1,182
	Hercules	164	95	115	297	671
	Lafayette	468	269	255	659	1,651
	Martinez	357	205	220	569	1,351
	Moraga	302	174	163	422	1,061
	Oakley	251	145	152	393	941
	Orinda	313	180	181	468	1,142
	Pinole	142	82	99	256	579
	Pittsburg	419	242	273	707	1,641
	Pleasant Hill	522	300	293	758	1,873
	Richmond	988	569	731	1,891	4,179
	San Pablo	187	108	139	359	793
	San Ramon	1,382	796	708	1,830	4,716
	Unincorporated Contra Costa	1,609	928	917	2,373	5,827
	Walnut Creek	1,655	954	869	2,247	5,725
	Belvedere	49	28	23	61	161
Marin	Corte Madera	209	121	106	274	710
	Fairfax	158	91	75	195	519
	Larkspur	303	175	150	390	1,018
	Mill Valley	248	142	124	320	834
	Novato	582	335	332	858	2,107
	Ross	35	20	17	44	116
	San Anselmo	226	130	108	280	744
	San Rafael	752	433	446	1,154	2,785
	Sausalito	200	115	115	296	726
	Tiburon	186	107	91	236	620
	Unincorporated Marin	1,157	666	557	1,440	3,820
Napa	American Canyon	124	72	81	209	486
	Calistoga	58	32	33	86	209
	Napa	550	317	339	876	2,082
	St. Helena	46	27	27	71	171
	Unincorporated Napa	218	126	125	323	792
	Yountville	20	12	12	32	76
San Francisco	San Francisco	18,637	10,717	11,910	30,816	72,080
San Mateo	Atherton	74	43	51	130	298
	Belmont	485	280	282	728	1,775
	Brisbane	573	330	534	1,382	2,819
	Burlingame	926	534	555	1,434	3,449
	Colma	40	24	33	86	183
	Daly City	1,150	661	841	2,175	4,827
	East Palo Alto	179	104	169	437	889
	Foster City	556	320	321	831	2,028
	Half Moon Bay	93	54	54	141	342
	Hillsborough	169	97	95	245	606
	Menlo Park	773	445	517	1,340	3,075
	Millbrae	618	356	386	999	2,359
	Pacifica	557	321	294	761	1,933
	Portola Valley	70	41	39	101	251
	Redwood City	1,284	739	885	2,291	5,199
	San Bruno	481	278	382	989	2,130
	San Carlos	647	372	383	991	2,393
	San Mateo	1,722	991	1,111	2,873	6,697
	South San Francisco	892	513	717	1,856	3,978
	Unincorporated San Mateo	852	490	443	1,148	2,933
	Woodside	90	52	51	133	326
Santa Clara	Campbell	1,017	585	659	1,703	3,964
	Cupertino	1,619	932	1,023	2,648	6,222
	Gilroy	410	236	228	590	1,464
	Los Altos	580	333	377	977	2,267
	Los Altos Hills	139	81	91	234	545
	Los Gatos	523	301	311	804	1,939
	Milpitas	1,653	952	1,108	2,866	6,579
	Monte Sereno	51	30	31	80	192
	Morgan Hill	291	168	189	488	1,136
	Mountain View	2,876	1,656	1,909	4,939	11,380
	Palo Alto	2,573	1,482	1,673	4,330	10,058
	San Jose	16,391	9,437	11,344	29,350	66,522
	Santa Clara	3,020	1,739	2,031	5,257	12,047
	Saratoga	556	321	341	882	2,100
	Sunnyvale	3,227	1,858	2,206	5,707	12,998
	Unincorporated Santa Clara	1,113	641	664	1,719	4,137
Solano	Benicia	222	127	143	370	862
	Dixon	103	58	62	159	382
	Fairfield	938	540	596	1,544	3,618
	Rio Vista	62	36	36	94	228
	Suisun City	158	91	101	260	610
	Unincorporated Solano	270	155	165	426	1,016
	Vacaville	535	308	328	848	2,019
	Vallejo	794	457	535	1,385	3,171
Sonoma	Cloverdale	80	46	47	121	294
	Cotati	68	39	44	116	267
	Healdsburg	93	54	59	153	359
	Petaluma	560	323	342	885	2,110
	Rohnert Park	322	186	209	541	1,258
	Santa Rosa	1,727	993	1,064	2,754	6,538
	Sebastopol	106	61	67	175	409
	Sonoma	91	53	54	140	338
	Unincorporated Sonoma	1,424	820	840	2,173	5,257
	Windsor	184	106	118	305	713
Total		114,442	65,892	72,712	188,130	441,176

#### Appendix 4: Overview of Performance Evaluation Metrics

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

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

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

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

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<sup>1</sup> See [California Government Code Section 65584\(d\)](#).

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

### **Metrics Based on Proposal from HMC Members**

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

1. Identify exclusionary jurisdictions through a composite score based on the jurisdiction's divergence index score<sup>3</sup> and the percent of the jurisdiction's households above 120 percent of Area Median Income (AMI)
2. Check whether a jurisdiction identified as exclusionary using the composite score is allocated a share of the region's very low- and low-income allocations that is at least proportional to its share of the region's total households in 2019

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

### **Evaluation of Proposed RHNA Methodology**

The graphs below show how well the proposed RHNA methodology performs in achieving the five statutory RHNA objectives based on the evaluation metrics.

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

**OBJECTIVE 1: Does the allocation increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner?**

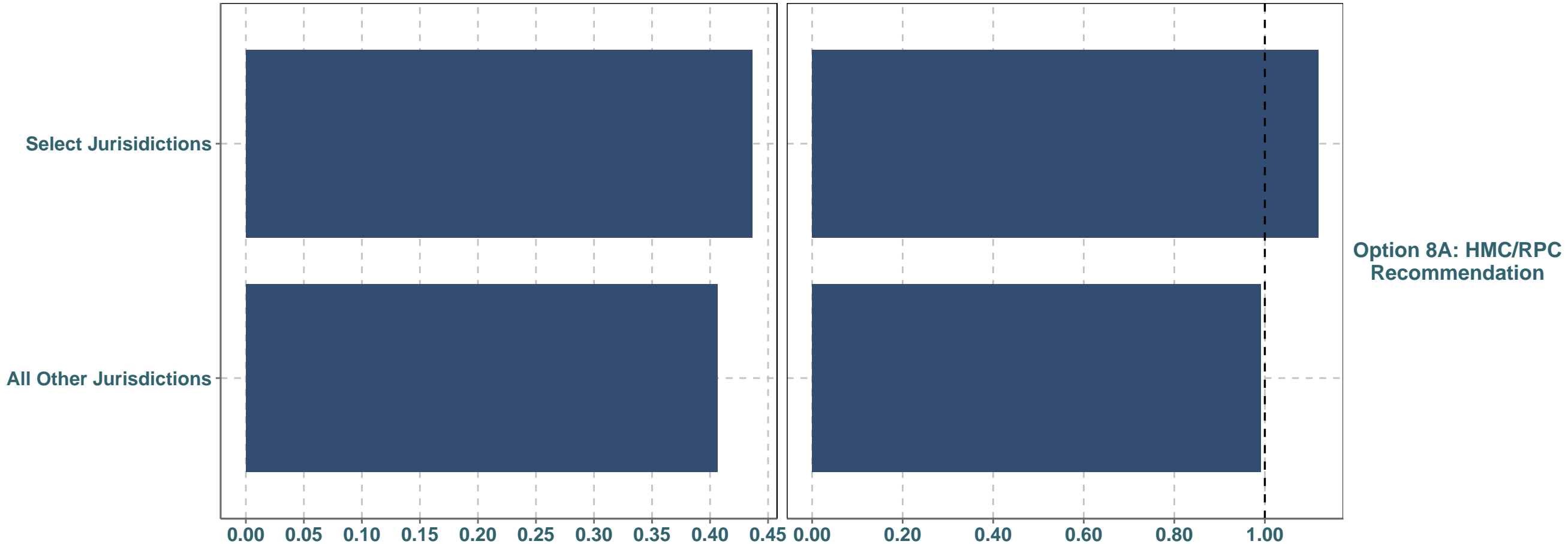
**Comparison between the top 25 jurisdictions with the most expensive housing costs and the rest of the region**

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

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

**Percent of RHNA as lower income units**

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



**OBJECTIVE 2: Does the allocation promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets?**

**Comparison between the top 25 jurisdictions with the most jobs and the rest of the region**

**Comparison between the top 25 jurisdictions with the most transit access and the rest of the region**

**Comparison between the top 25 jurisdictions with the lowest VMT per resident the rest of the region**

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

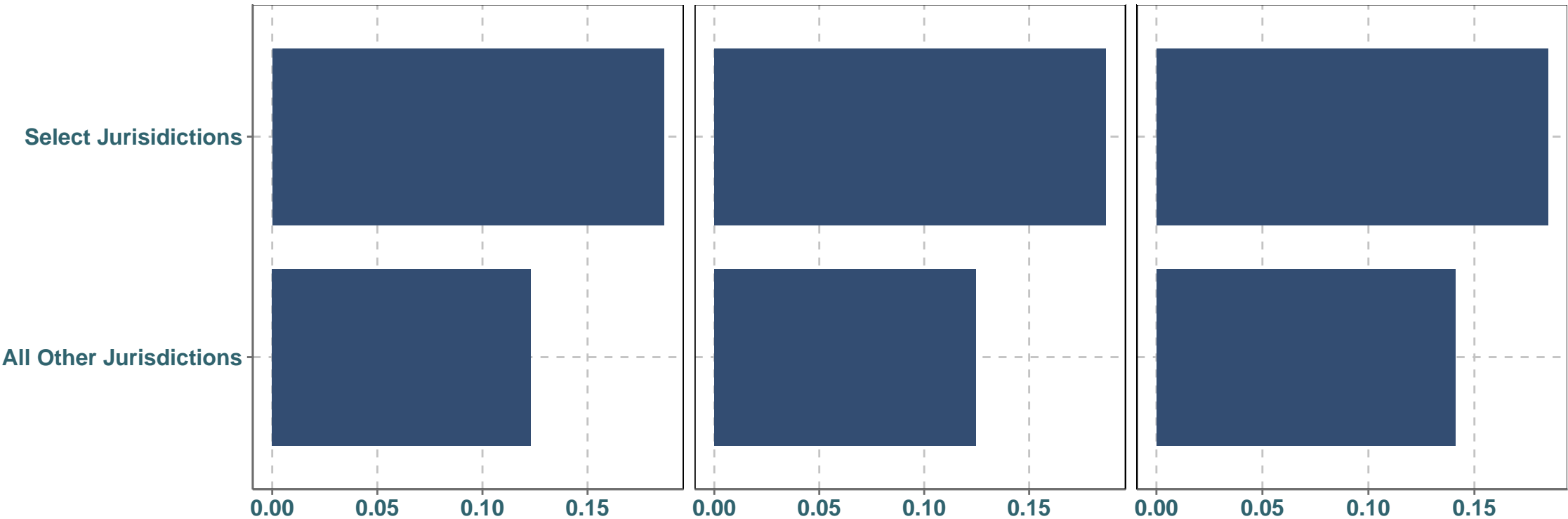
**METRIC 2b: Do jurisdictions with the largest share of the region's Transit Priority Area acres have the highest growth rates resulting from RHNA?**

**METRIC 2c: Do jurisdictions whose residents drive the least have the highest growth rates resulting from RHNA?**

**Average growth rate resulting from RHNA**

**Average growth rate resulting from RHNA**

**Average growth rate resulting from RHNA**



**Option 8A: HMC/RPC Recommendation**



**OBJECTIVE 3: Does the allocation promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction?**

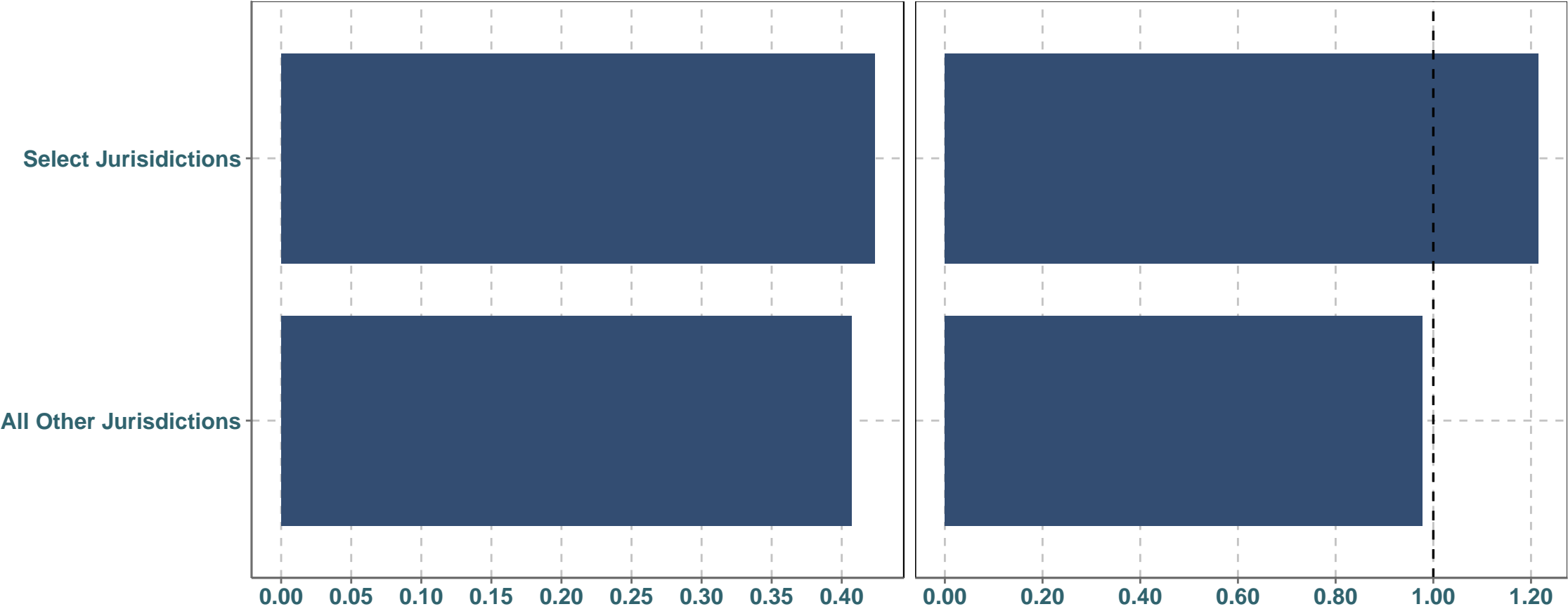
**Comparison between the top 25 jurisdictions with the most unbalanced jobs-housing fit and the rest of the region**

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

**METRIC 3a.2: Do jurisdictions with the most low-wage workers per housing unit affordable to low-wage workers receive a share of the region's housing need that is at least proportional to their share of the region's households?**

**Percent of RHNA as lower income units**

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



**Option 8A: HMC/RPC Recommendation**

## OBJECTIVE 5: Does the allocation affirmatively further fair housing?

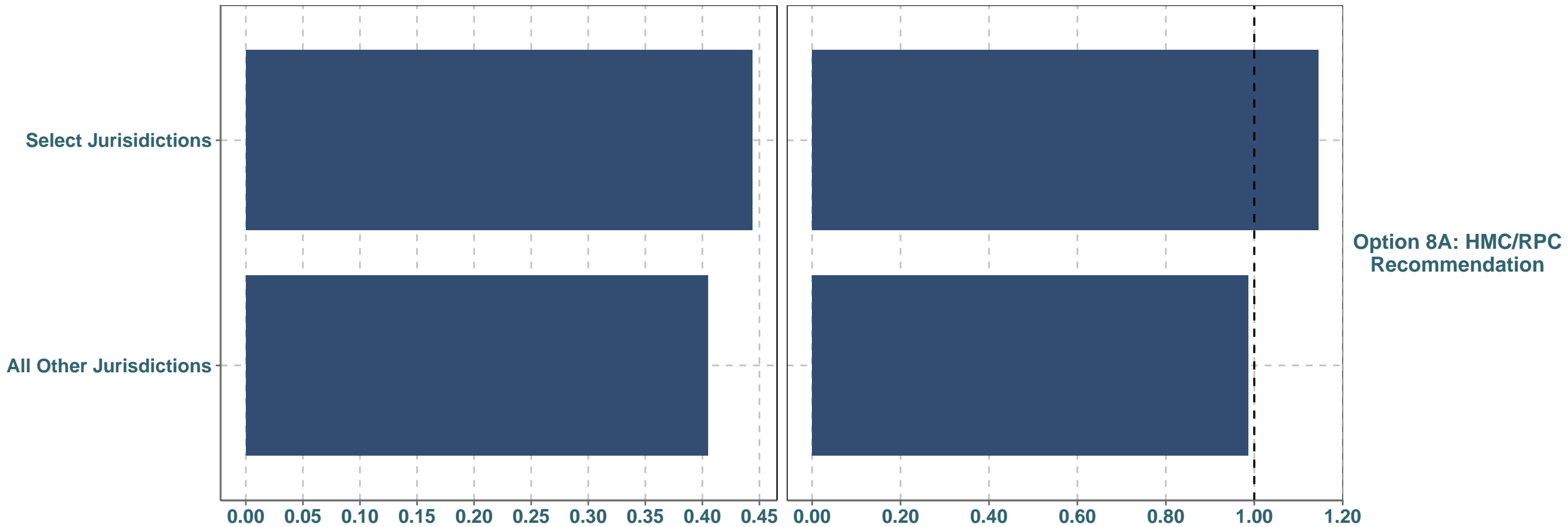
Comparison between the top 25 jurisdictions with the most access to resources  
and the rest of the region

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

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

Percent of RHNA as lower income units

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

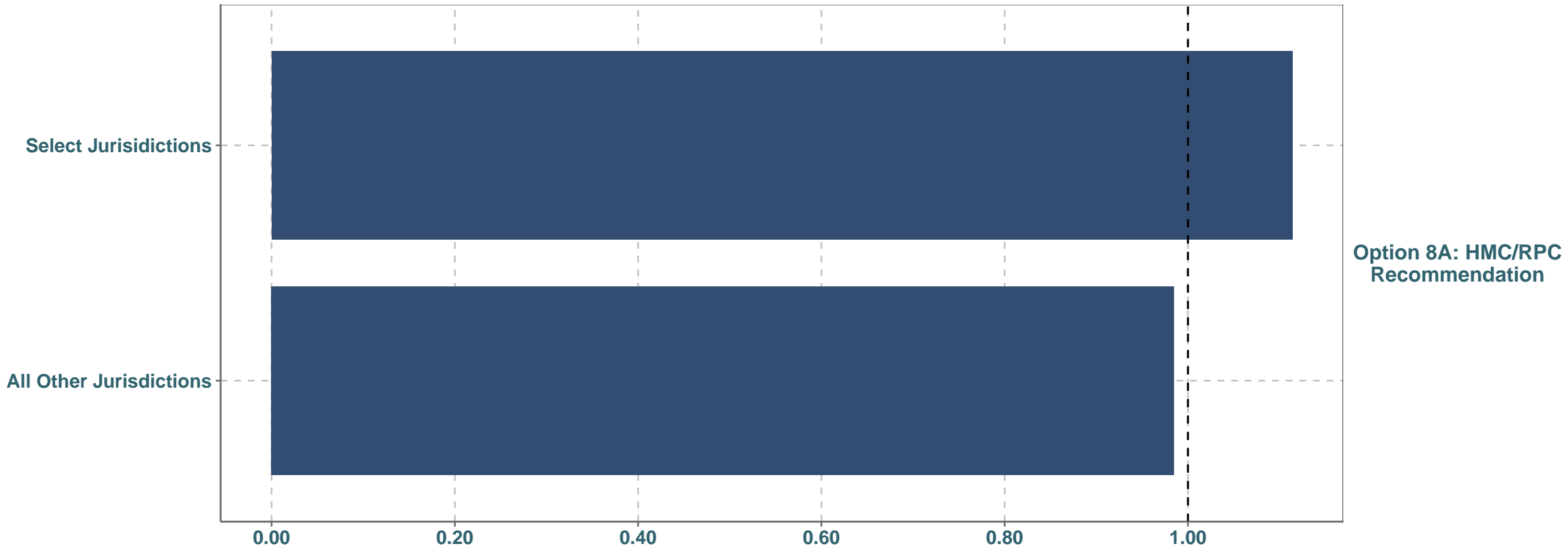


## OBJECTIVE 5: Does the allocation affirmatively further fair housing?

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

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

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

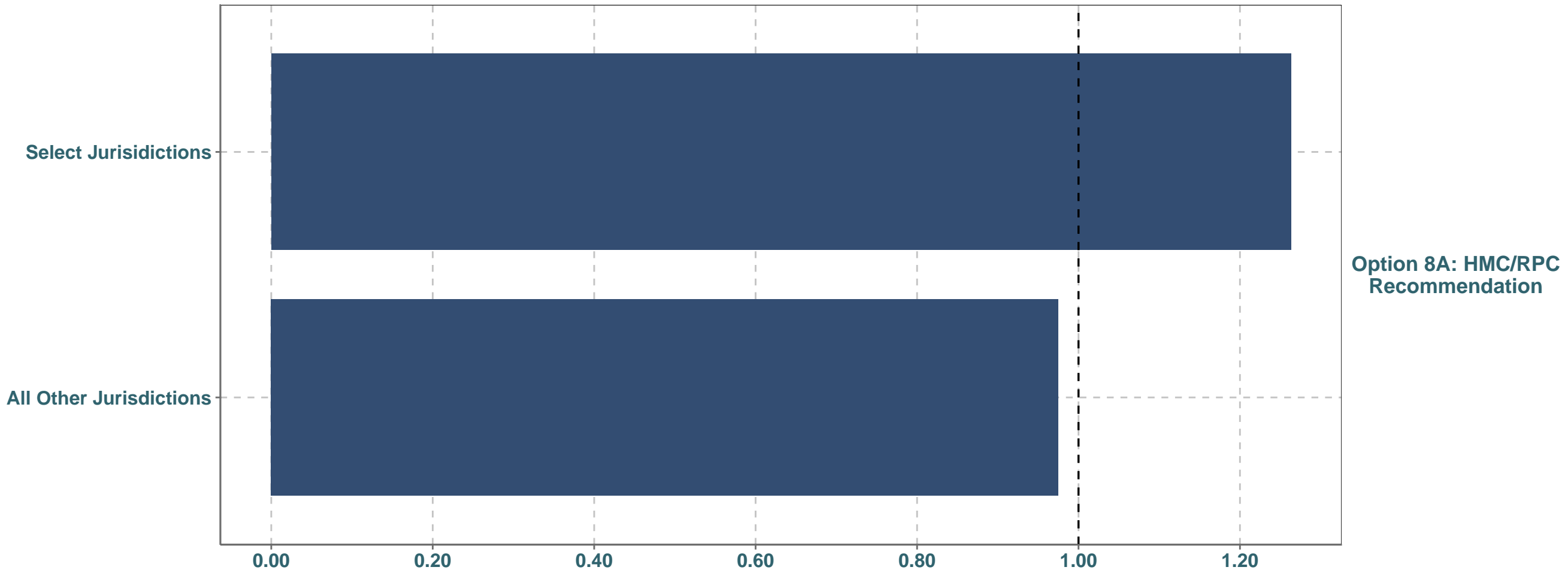


**OBJECTIVE 5: Does the allocation affirmatively further fair housing?**

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

**METRIC 5c: Do jurisdictions with the largest  
percentage of high-income residents receive a  
share of the region's housing need that is at  
least proportional to their share of the region's  
households?**

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



## OBJECTIVE 5: Does the allocation affirmatively further fair housing?

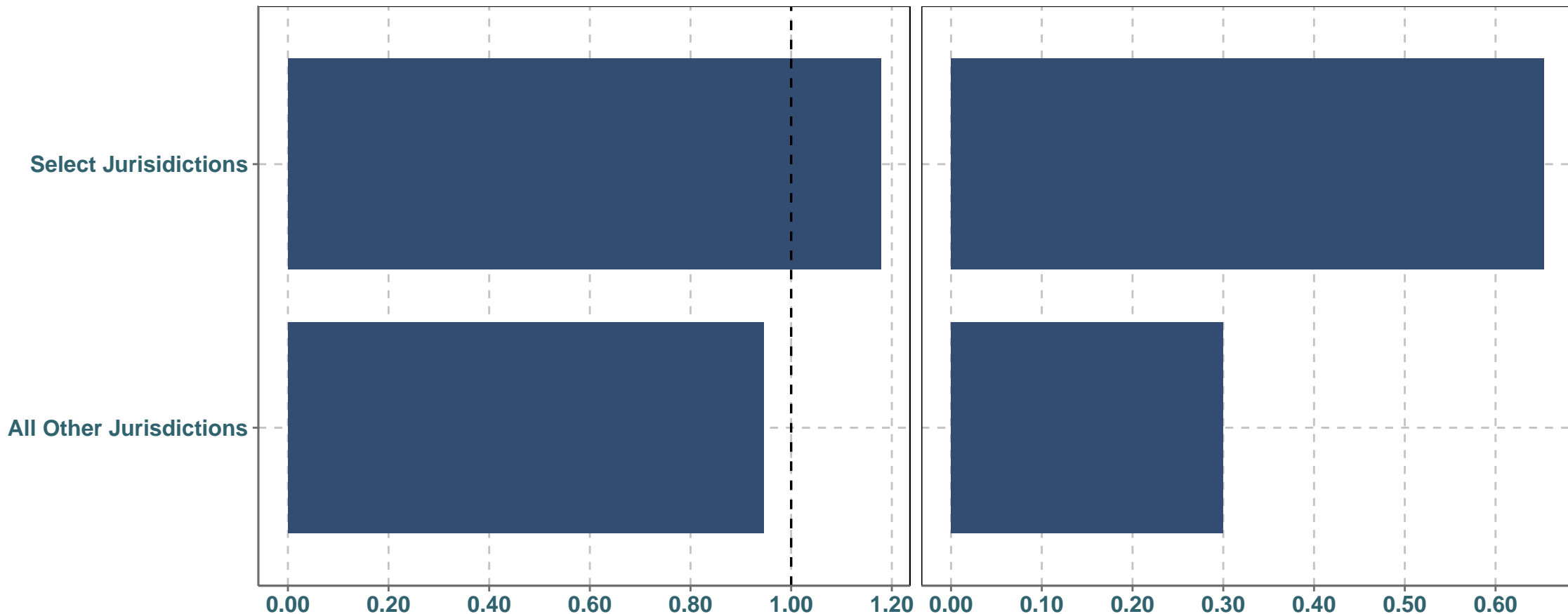
Comparison between the top 49 jurisdictions exhibiting above average racial and socioeconomic exclusion and the rest of the region

**METRIC 5d.1:** Do jurisdictions with levels of racial and socioeconomic exclusion above the regional average receive a total share of the region's very low- and low-income housing need that is at least proportional to their total share of the region's households?

**METRIC 5d.2:** Does each jurisdiction exhibiting racial and socioeconomic exclusion above the regional average receive a share of the region's very low- and low-income housing need that is at least proportional to its total share of the region's households?

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

Jurisdictions receiving at least a proportional lower-income allocation

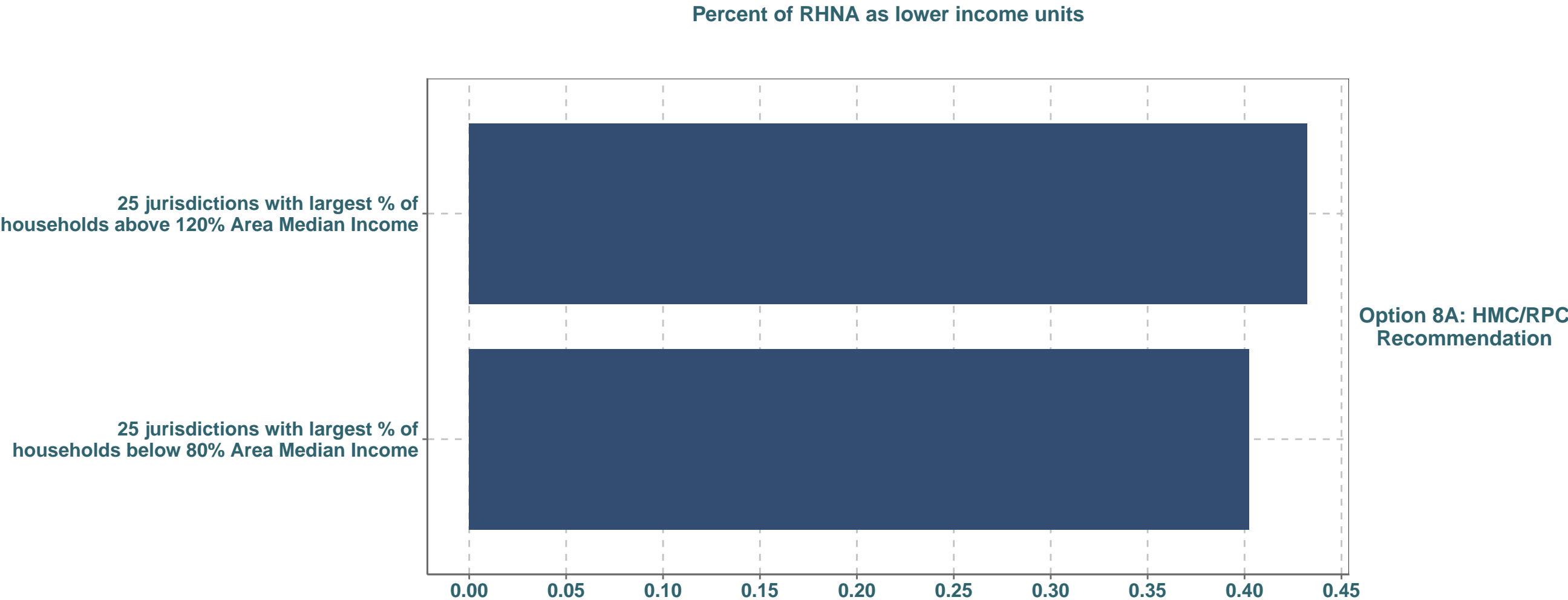


**Option 8A: HMC/RPC Recommendation**

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

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

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







# Proposed RHNA Methodology Recommended by HMC and RPC

ABAG Executive Board  
October 15, 2020



# RHNA methodology development process

- RHNA methodology must meet five statutory objectives and be consistent with the development pattern from Plan Bay Area 2050
- Housing Methodology Committee has been meeting since October 2019 to work collaboratively to recommend a proposed methodology for allocating units throughout the Bay Area in an equitable manner
- Guided by performance evaluation metrics based on how HCD has evaluated other regions' methodologies

# HMC guiding principles

1. More housing should go to jurisdictions with more jobs than housing and to communities exhibiting racial and economic exclusion
2. The methodology should focus on:
  - Equity, as represented by High Opportunity Areas
  - Relationship between housing and jobs; however, no consensus on specific factor
3. Equity factors need to be part of total allocation, not just income allocation
4. Do not limit allocations based on past RHNA
5. Housing in high hazard areas is a concern, but RHNA may not be the best tool to address it

# Proposed RHNA methodology recommended by HMC and RPC

## 1. Baseline allocation: 2050 Households (Blueprint)

- Captures benefits of using Plan Bay Area 2050 Blueprint
- Middle ground between using Households 2019 and Housing Growth (Blueprint)

## 2. Income allocation approach: Bottom-Up

- Allows more control over allocations for a particular income category
- Can direct more lower-income units toward areas of opportunity while reducing market-rate units in jurisdictions with a higher percentage of lower-income households to reduce displacement pressures

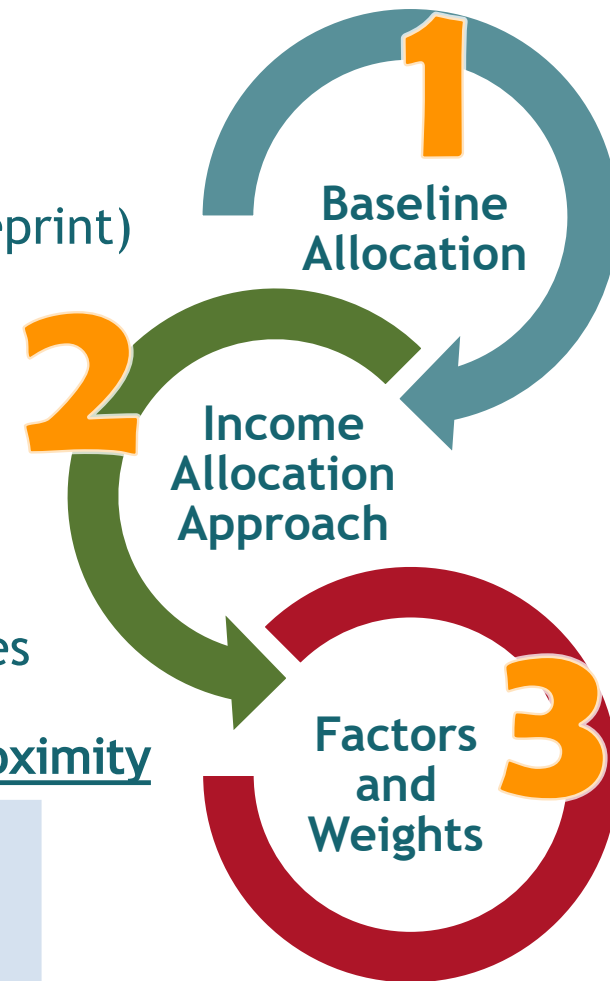
## 3. Factors and weights: Option 8A: High Opportunity Areas Emphasis & Job Proximity

### *Very Low and Low*

- 70% Access to High Opportunity Areas
- 15% Job Proximity - Auto
- 15% Job Proximity - Transit

### *Moderate and Above Moderate*

- 40% Access to High Opportunity Areas
- 60% Job Proximity - Auto



# Plan Bay Area 2050 and RHNA



## Final Blueprint

*Envisioned growth pattern at the county and sub-county levels over the next 30 years*



## RHNA

*Housing allocations at the jurisdiction level over the next eight years; nexus with Housing Elements on local level*



- Proposed RHNA methodology uses Year 2050 Households from Blueprint as baseline allocation
  - **Advances equity and sustainability outcomes** from Bay Area's long-range planning efforts
    - Directs growth to job centers, near transit; excludes areas with high fire risk, outside Urban Growth Boundaries
  - Considers both **current households** and **forecasted growth** from Plan Bay Area 2050
- **Methodology supports Blueprint focused growth pattern, adjusted to meet RHNA fair housing/equity goals**
  - Blueprint one component of proposed methodology: baseline adjusted based on RHNA factors/weights
  - Blueprint focuses growth in some high-resource areas near transit; RHNA considers all high-resource areas
- Final Blueprint growth pattern - slated for release in December 2020 - will affect RHNA allocations; key inputs (Strategies & Growth Geographies) were approved by ABAG Board and Commission in September 2020

Total Regional Housing Need  
Determination (RHND) from HCD

**441,176**

**STEP 1:**  
*Group RHND  
by income*

**VERY LOW**  
114,442

**LOW**  
65,892

**MODERATE**  
72,712

**ABOVE MODERATE**  
188,130

**STEP 2:**  
*Factor weight =  
units allocated  
by factor*

Allocation Factors for Very Low-  
and Low-Income Units

**70% Access to High  
Opportunity Areas  
(AHOAs)**

**126,234**

**15% Job  
Proximity – Auto  
(JPA)**

**27,050**

**15% Job  
Proximity – Transit  
(JPT)**

**27,050**

Allocation Factors for Moderate-  
and Above Moderate-Income Units

**40% Access to High  
Opportunity Areas  
(AHOAs)**

**104,337**

**60% Job  
Proximity – Auto  
(JPA)**

**156,505**

**STEP 3:**  
*Calculate  
jurisdiction's  
units from  
each factor*

Jurisdiction score  
on **AHOAs** factor

Jurisdiction score  
on **JPA** factor

Jurisdiction score  
on **JPT** factor

Jurisdiction score  
on **AHOAs** factor

Jurisdiction score  
on **JPA** factor

**JURISDICTION BASELINE ALLOCATION**

Share of households in Year 2050 from Plan Bay Area 2050 Blueprint

Allocation of **VERY LOW**  
and **LOW** Units

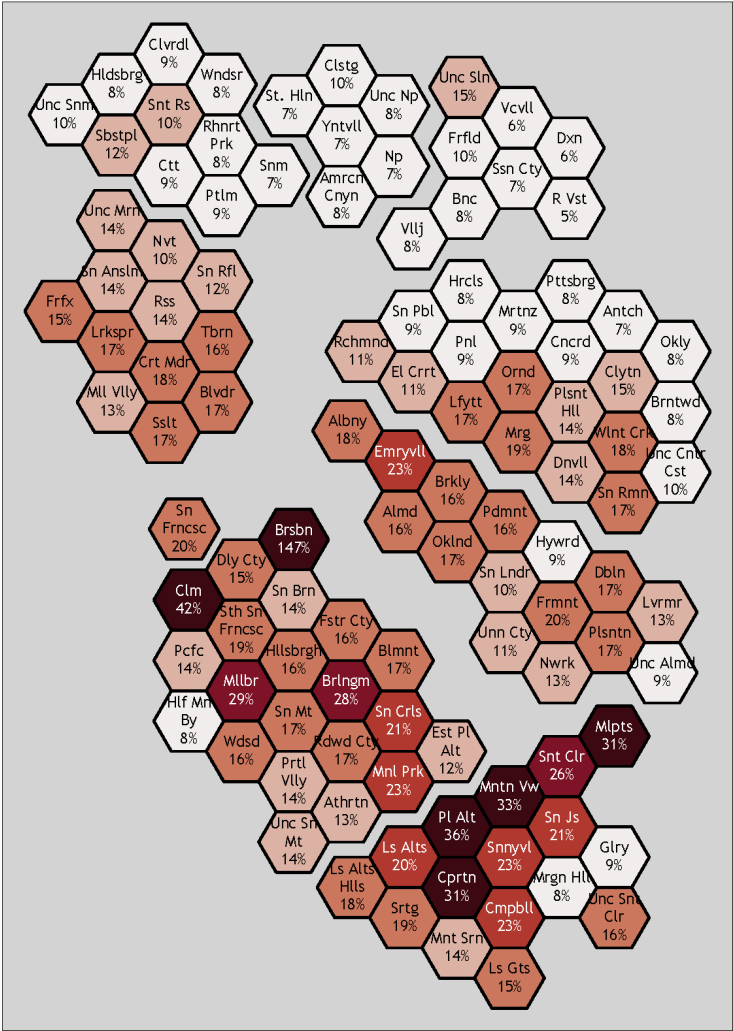
Allocation of **MODERATE** and  
**ABOVE MODERATE** Units

**TOTAL  
JURISDICTION  
ALLOCATION**

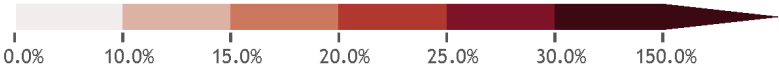


# Illustrative allocations from proposed methodology

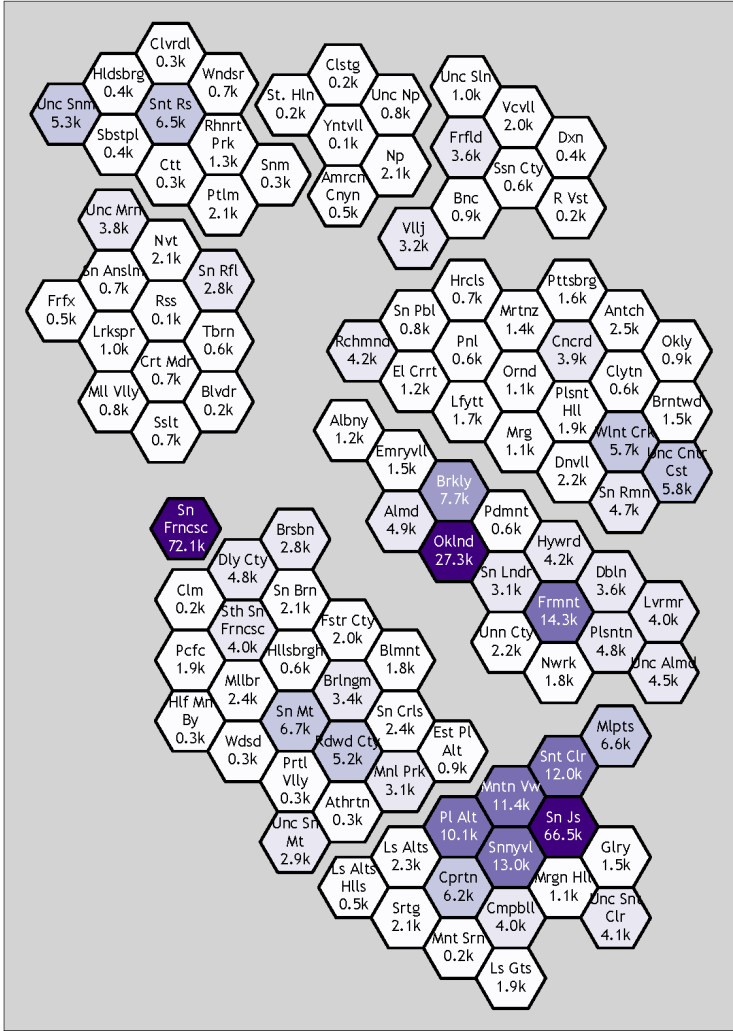
Jurisdiction  
Growth Rate  
from 2019  
households as a  
result of 2023-  
2031 RHNA



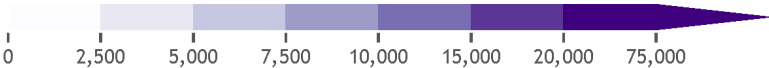
Jurisdiction Growth Rate



Jurisdiction  
Total Allocation  
of 2023-2031  
RHNA units



Growth (Units)



# Illustrative allocations by county

	2023-2031 RHNA units (Cycle 6)	Share of 2023-2031 RHNA (Cycle 6)	Share of 2015-2023 RHNA (Cycle 5)	Share of Bay Area households (2019)	Share of Bay Area jobs (2017)
Alameda	85,689	19%	23%	21%	20%
Contra Costa	43,942	10%	11%	14%	10%
Marin	14,160	3%	1%	4%	3%
Napa	3,816	1%	1%	2%	2%
San Francisco	72,080	16%	15%	13%	19%
San Mateo	48,490	11%	9%	10%	10%
Santa Clara	143,550	33%	31%	24%	27%
Solano	11,906	3%	4%	5%	4%
Sonoma	17,543	4%	4%	7%	5%
<b>BAY AREA</b>	<b>441,176</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# HMC discussion at final meeting

- Opted not to include equity adjustment for lower-income allocations
- Reiterated its commitment to using the 2050 Households (Blueprint) baseline
- Confirmed that incorporating the Blueprint in the RHNA methodology is the best strategy for addressing natural hazards, rather than including as a methodology factor
- Moved forward with Option 8A because of its balance between factors related to High Opportunity Areas and Job Proximity
- Did not change methodology for unincorporated areas, pending agreements among local governments

# Consistency between RHNA and Plan Bay Area

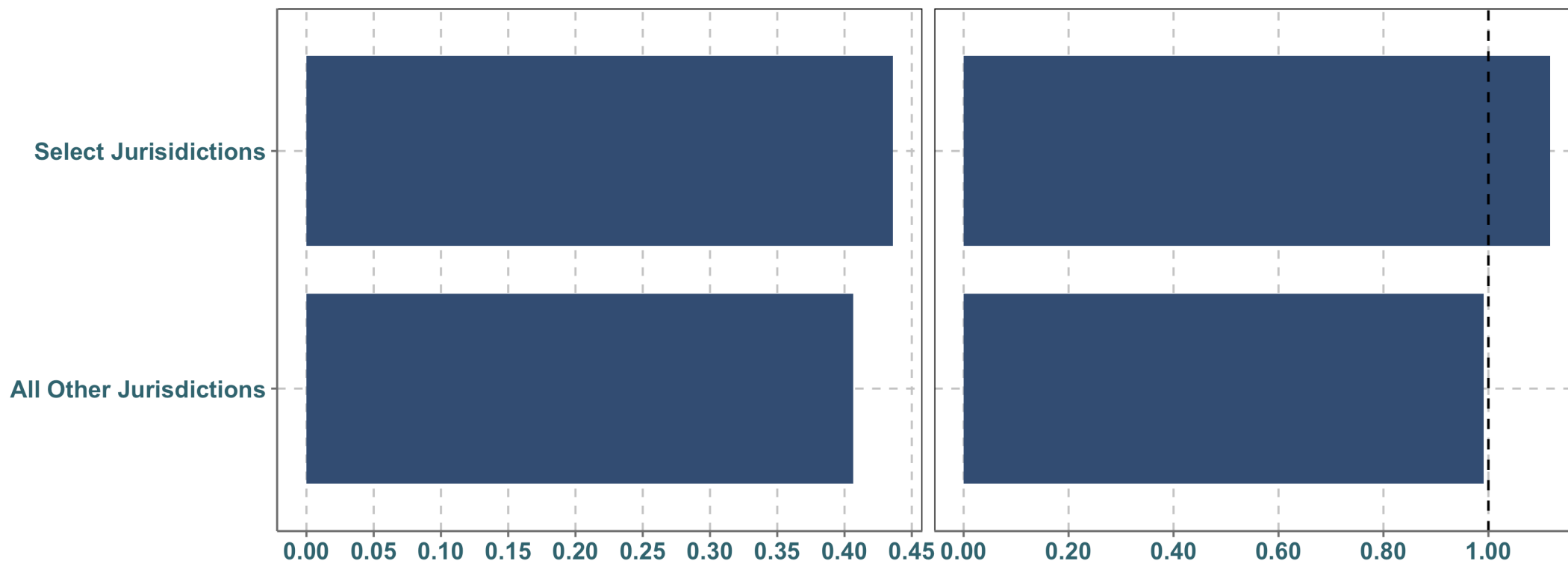
- Staff compared the RHNA allocation results from the proposed methodology to 30-year housing growth forecasts from the Plan Bay Area 2050 Draft Blueprint at the county and subcounty levels
- There were no consistency issues



# Objective 1: increase the housing supply and the mix of housing types in an equitable manner

Metric 1a.1: Do the least affordable jurisdictions receive a large percent of their RHNA as lower-income units?

Metric 1a.2: Do the least affordable jurisdictions receive allocations proportional to share of households?



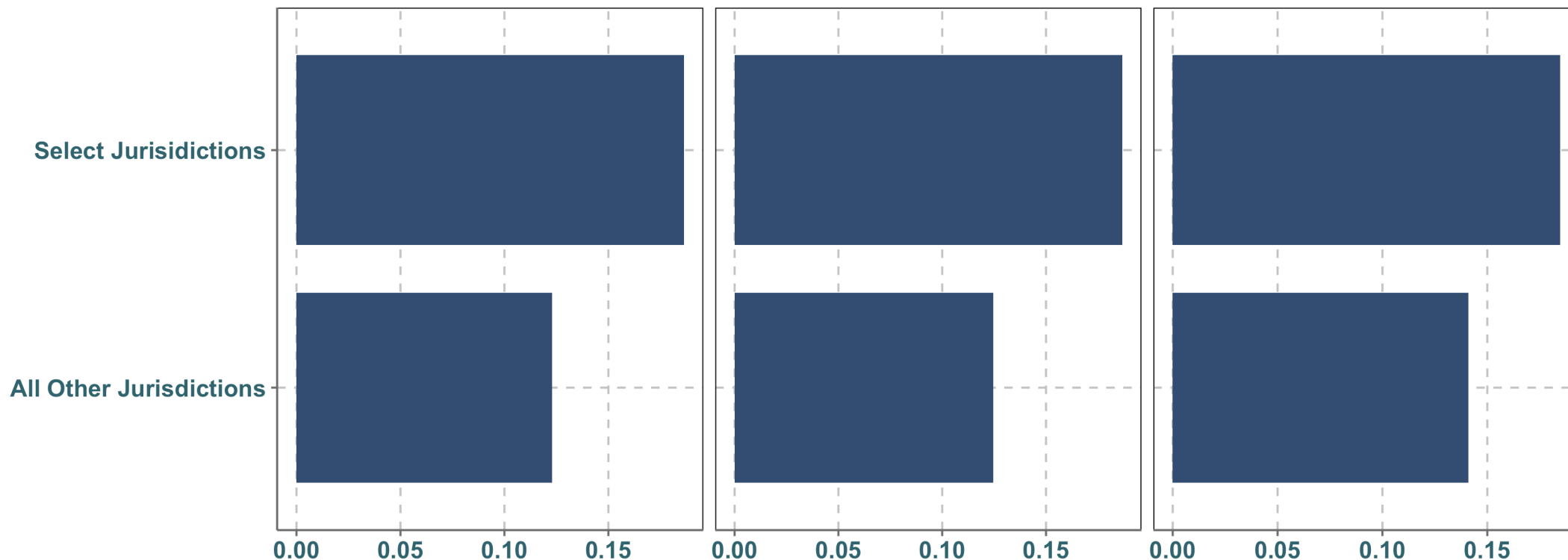
Option 8A: HMC/RPC  
Recommendation

# Objective 2: promote infill development, efficient development, and GHG reduction

Metric 2a: Do the jurisdictions with the most jobs have the highest growth rates?

Metric 2b: Do the jurisdictions with the most transit access have the highest growth rates?

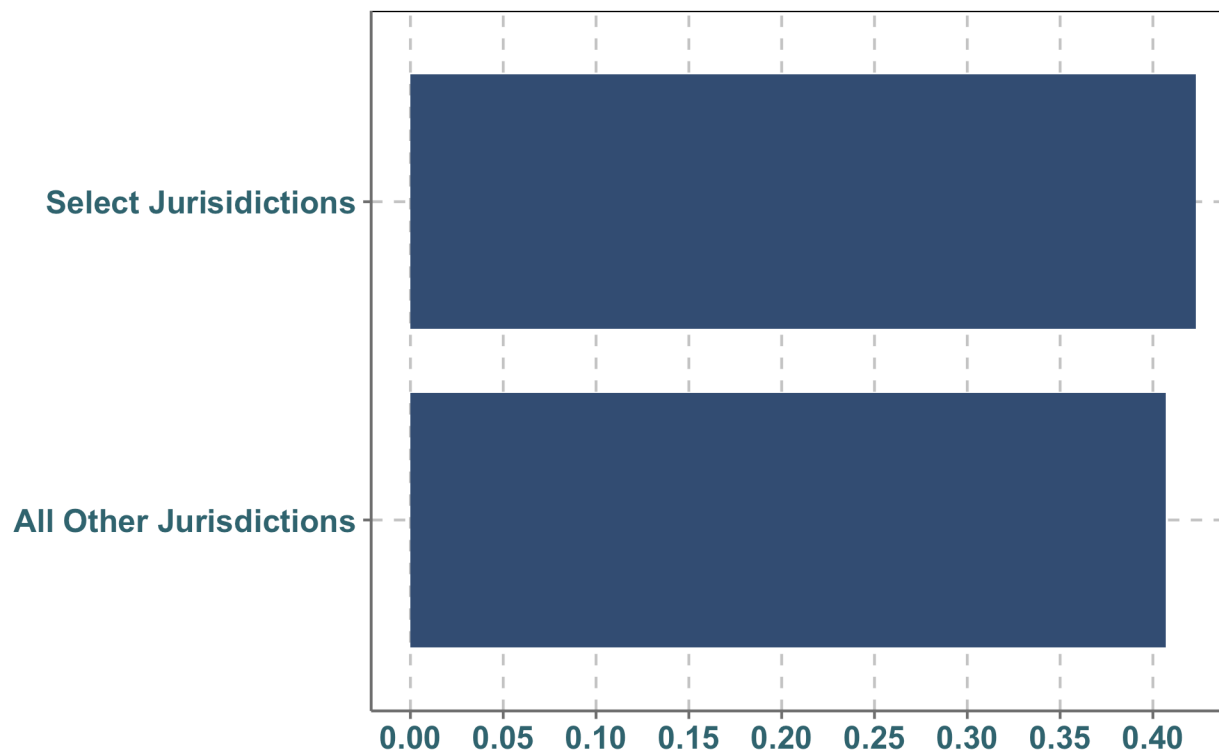
Metric 2c: Do the jurisdictions with the lowest VMT per resident have the highest growth rates?



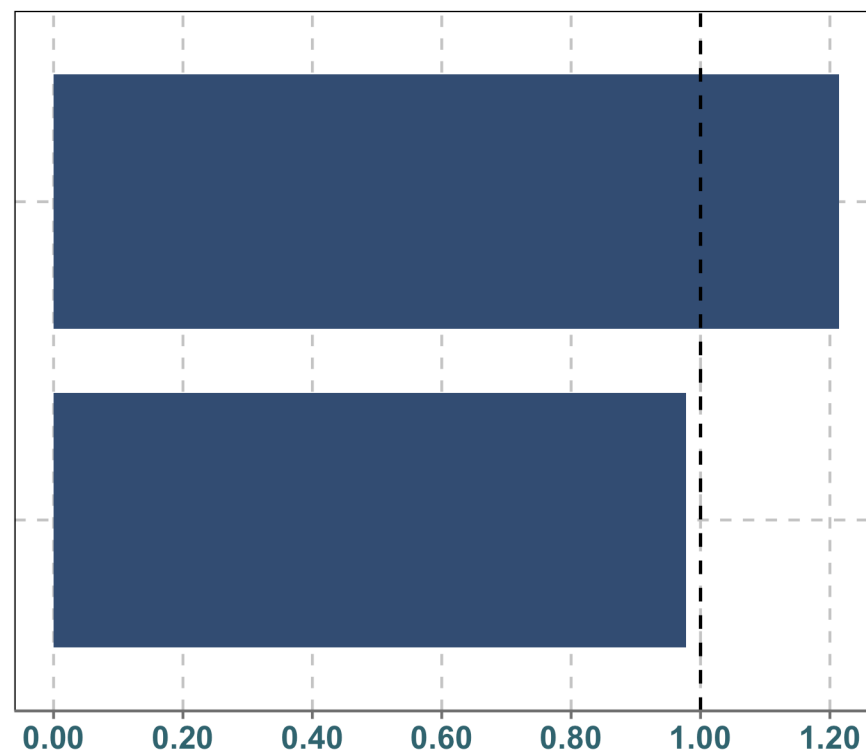
Option 8A: HMC/RPC Recommendation

# Objective 3: promote better relationship between jobs and housing, particularly jobs-housing fit

Metric 3a.1: Do the jurisdictions with the least balanced jobs-housing fit receive a large percent of their RHNA as lower-income units?



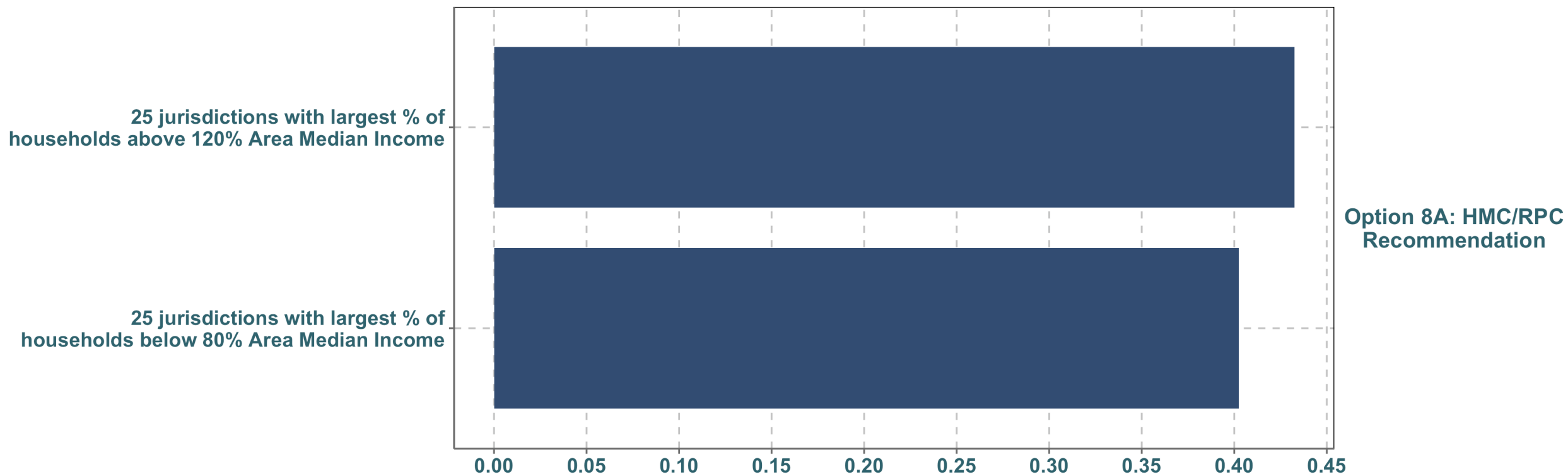
Metric 3a.2: Do the jurisdictions with the least balanced jobs-housing fit receive allocations proportional to share of households?



Option 8A: HMC/RPC Recommendation

# Objective 4: balance existing disproportionate concentrations of income categories

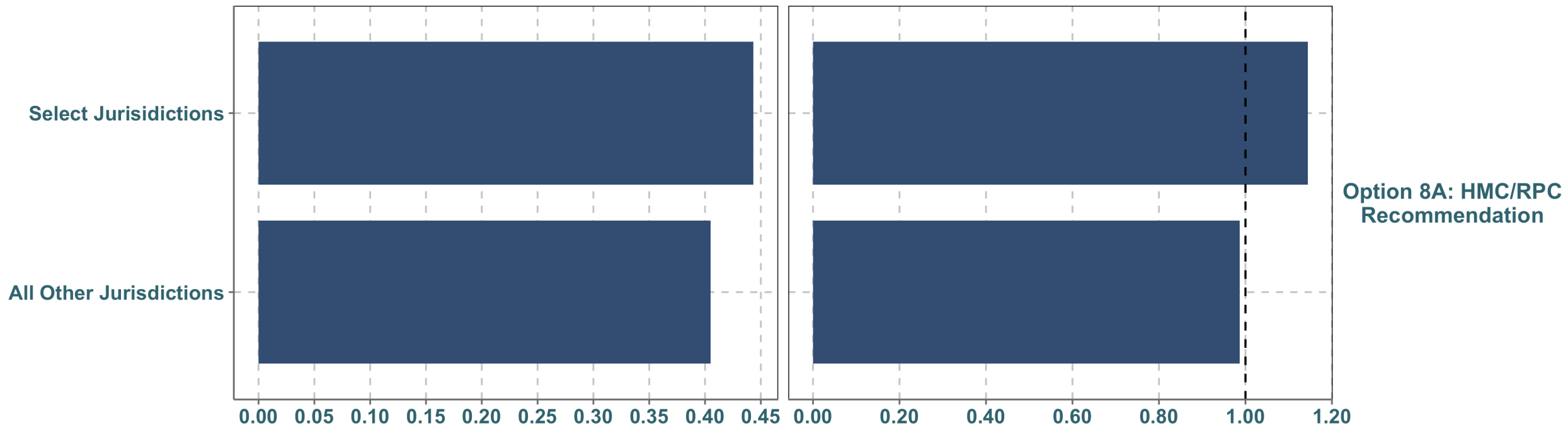
Metric 4: Do the most disproportionately high-income jurisdictions receive a greater share of affordable housing than the most disproportionately low-income jurisdictions?



# Objective 5: affirmatively further fair housing

Metric 5a.1: Do the jurisdictions with the most access to resources receive a large percent of their RHNA as lower-income units?

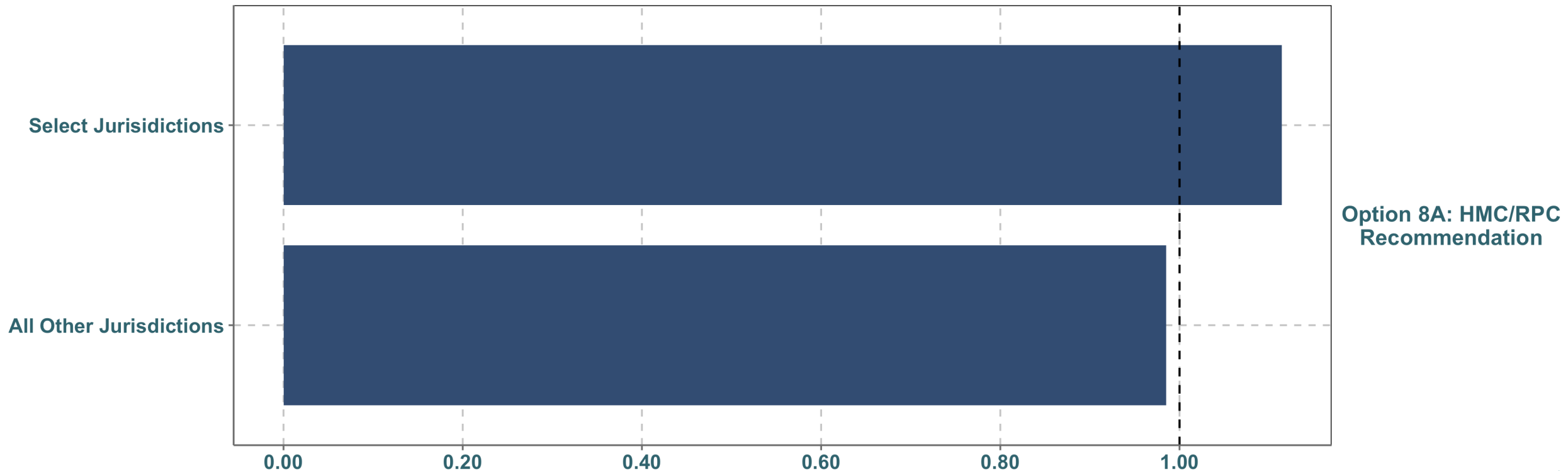
Metric 5a.2: Do the jurisdictions with the most access to resources receive allocations proportional to share of households?





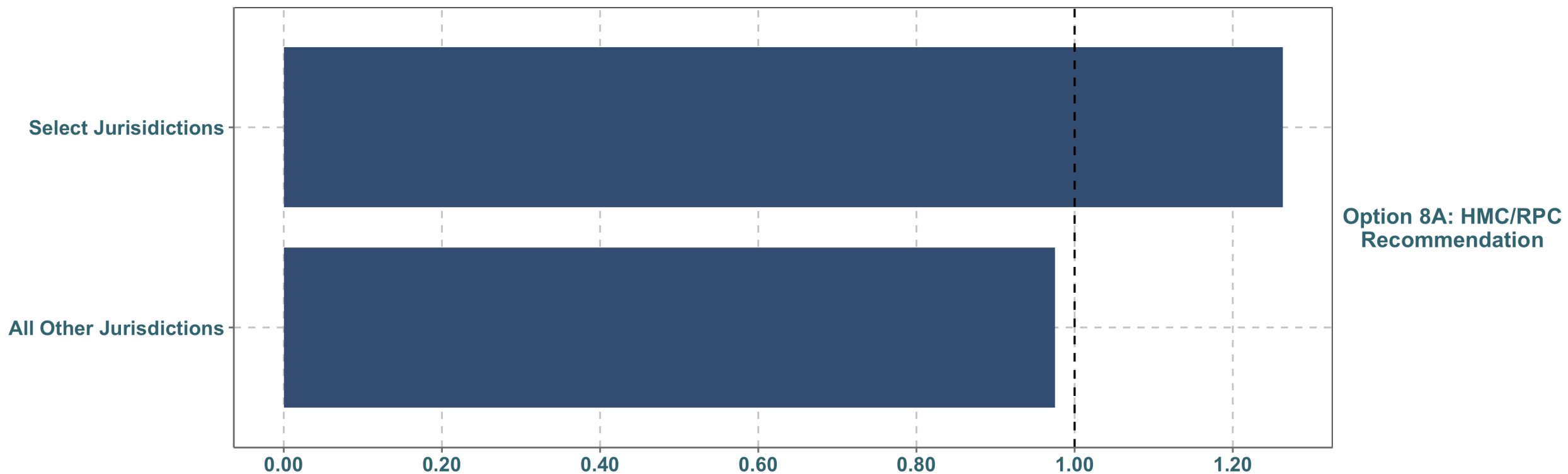
# Objective 5: affirmatively further fair housing

Metric 5b: Do the jurisdictions exhibiting racial and economic exclusion receive allocations proportional to share of households?



# Objective 5: affirmatively further fair housing

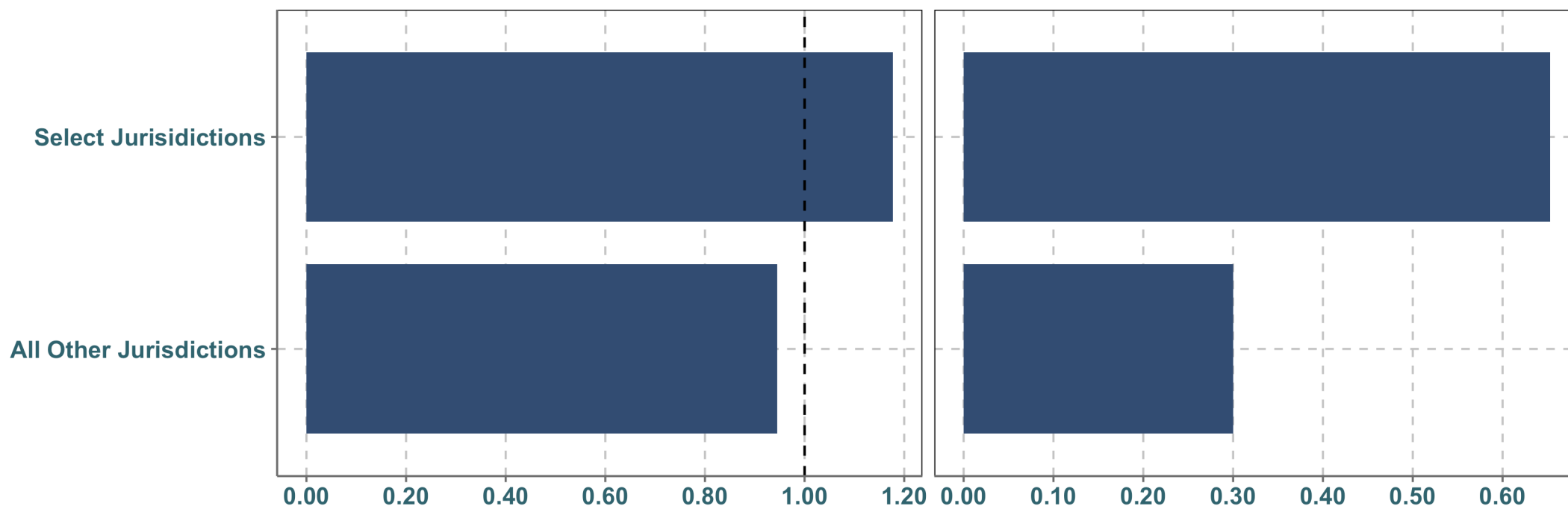
Metric 5c: Do the most disproportionately high-income jurisdictions receive allocations proportional to share of households?



# Objective 5: affirmatively further fair housing

Metric 5d.1: Do jurisdictions with above-average racial and economic exclusion receive a *total* share of lower-income units at least proportional to their *total* share of households?

Metric 5d.2: Does *each* jurisdiction with above average racial and economic exclusion receive a share of lower-income units at least proportional to its share of households?



Option 8A: HMC/RPC Recommendation

# Summary of performance evaluation

## Statutory RHNA Objectives

Objective 1: increase the housing supply and the mix of housing types in an equitable manner



Objective 2: promote infill development, efficient development, and GHG reduction



Objective 3: promote better relationship between jobs and housing, particularly jobs-housing fit



Objective 4: balance existing disproportionate concentrations of income categories



Objective 5: affirmatively further fair housing



- The proposed RHNA methodology results in illustrative allocations that advance the statutory RHNA objectives
- More housing, especially affordable units, goes to jurisdictions with the:
  - Most expensive housing costs
  - Largest shares of the region's jobs
  - Largest shares of land near transit
  - Lowest Vehicle Miles Traveled
  - Most imbalanced jobs-housing fit
  - Largest percentage of high-income residents
  - Most access to opportunity
  - Highest levels of racial and economic exclusion



# Alternative Proposals from Some RPC Members

ABAG Executive Board  
October 15, 2020

# Alternate proposals for RHNA methodology

- Some RPC members expressed interest in considering the following proposals:
  - 2015-2050 Household Growth (Blueprint) Baseline with Option 8A Factors/Weights
  - *Option 6A: Modified High Opportunity Areas Emphasis* with equity adjustment (uses 2050 Households (Blueprint) baseline)

## Factors and Weights for Option 6A

### *Very Low and Low*

- 70% Access to High Opportunity Areas
- 30% Jobs-Housing Fit

### *Moderate and Above Moderate*

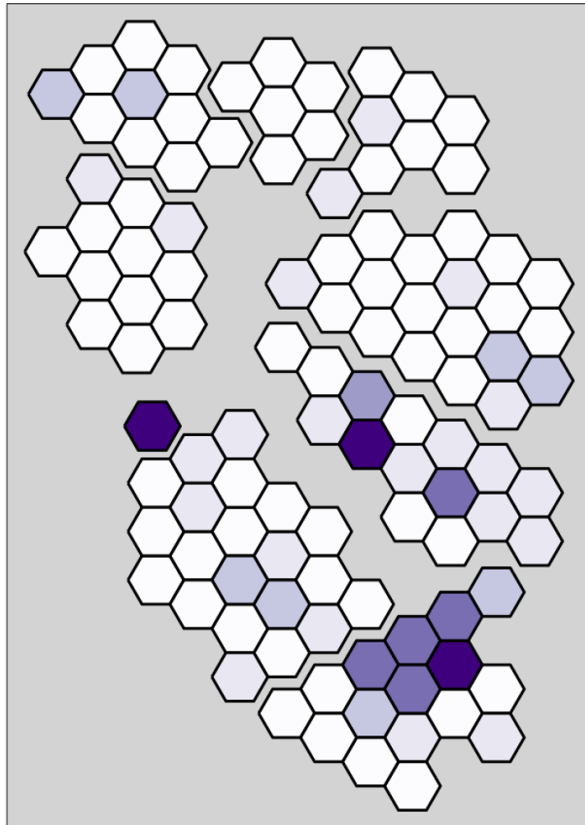
- 40% Access to High Opportunity Areas
- 60% Job Proximity - Auto



# Illustrative allocations for methodology options

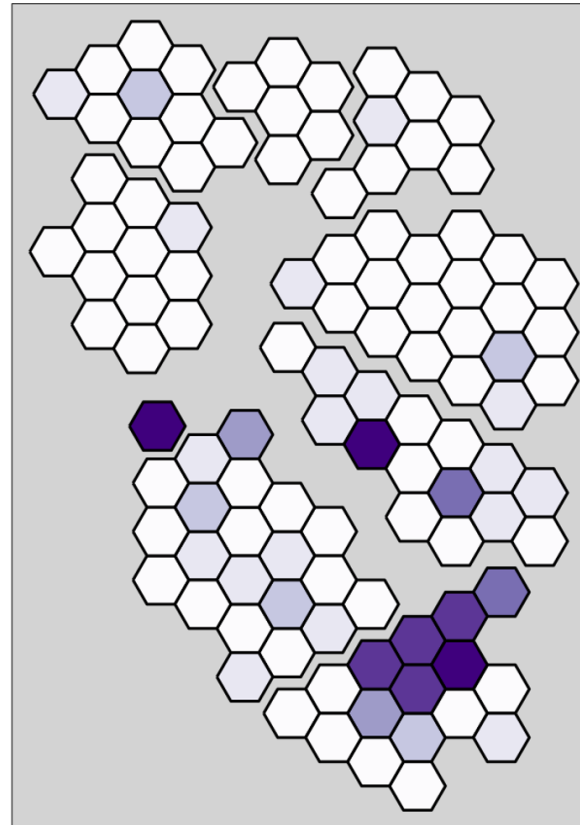
Option 8A: High Opportunity Areas  
Emphasis & Job Proximity

Baseline: 2050 Households (Blueprint)



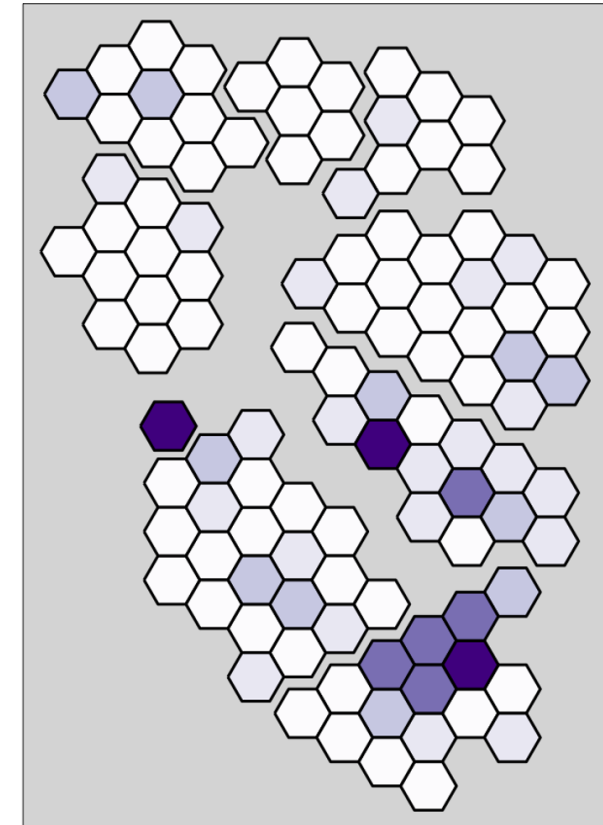
Blueprint Growth Baseline with 8A  
Factors/Weights

Baseline: Housing Growth (Blueprint)

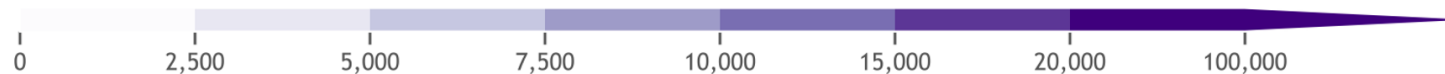


Option 6A: Modified High Opportunity  
Areas Emphasis With Equity Adjustment

Baseline: 2050 Households (Blueprint)



Jurisdiction Growth Rate

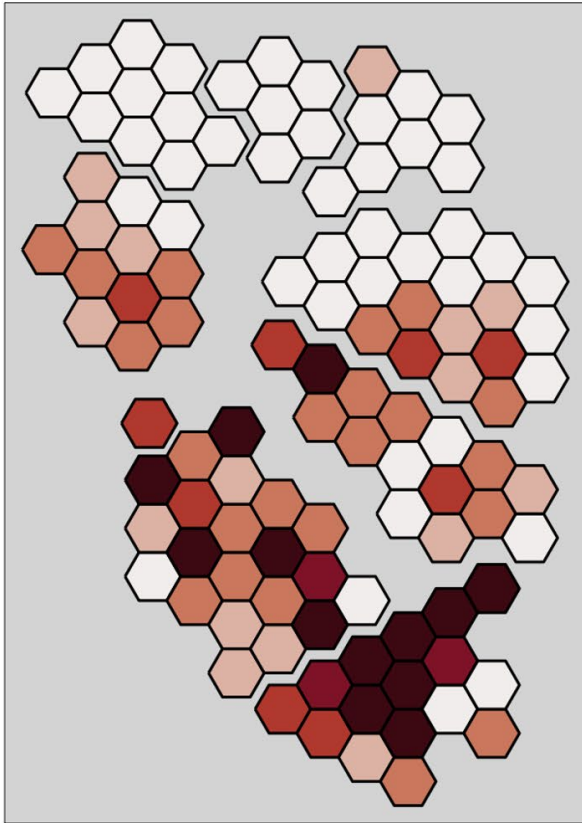




# Illustrative allocations for methodology options

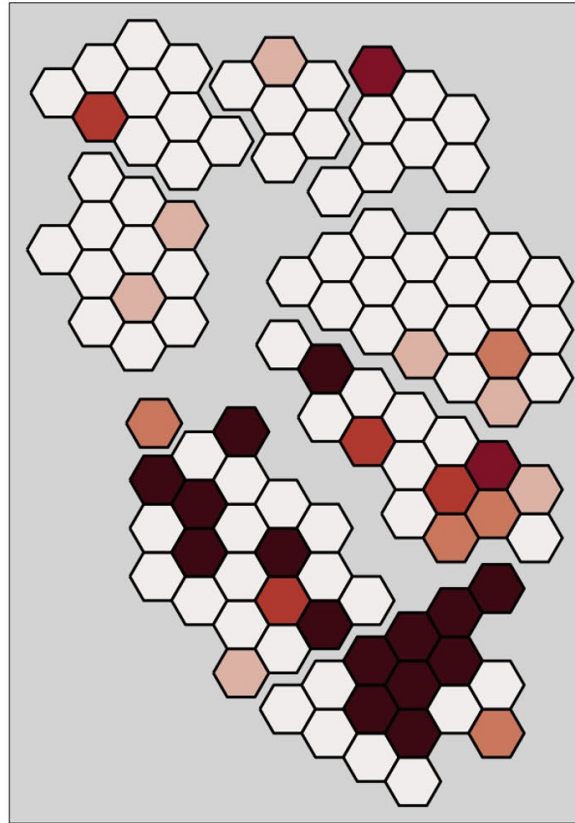
Option 8A: High Opportunity Areas  
Emphasis & Job Proximity

Baseline: 2050 Households (Blueprint)



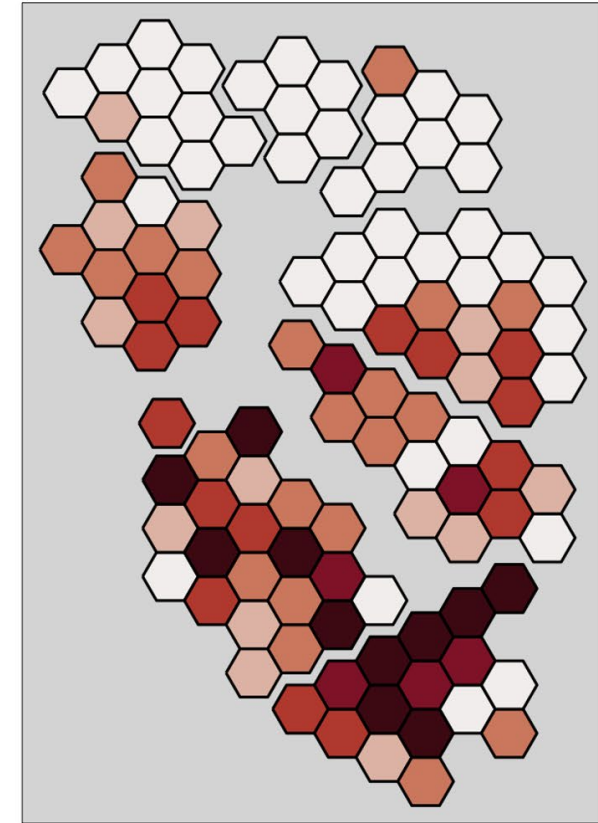
Blueprint Growth Baseline with 8A  
Factors/Weights

Baseline: Housing Growth (Blueprint)

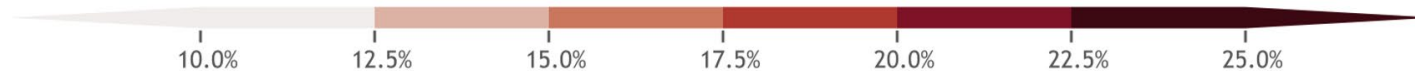


Option 6A: Modified High Opportunity  
Areas Emphasis With Equity Adjustment

Baseline: 2050 Households (Blueprint)



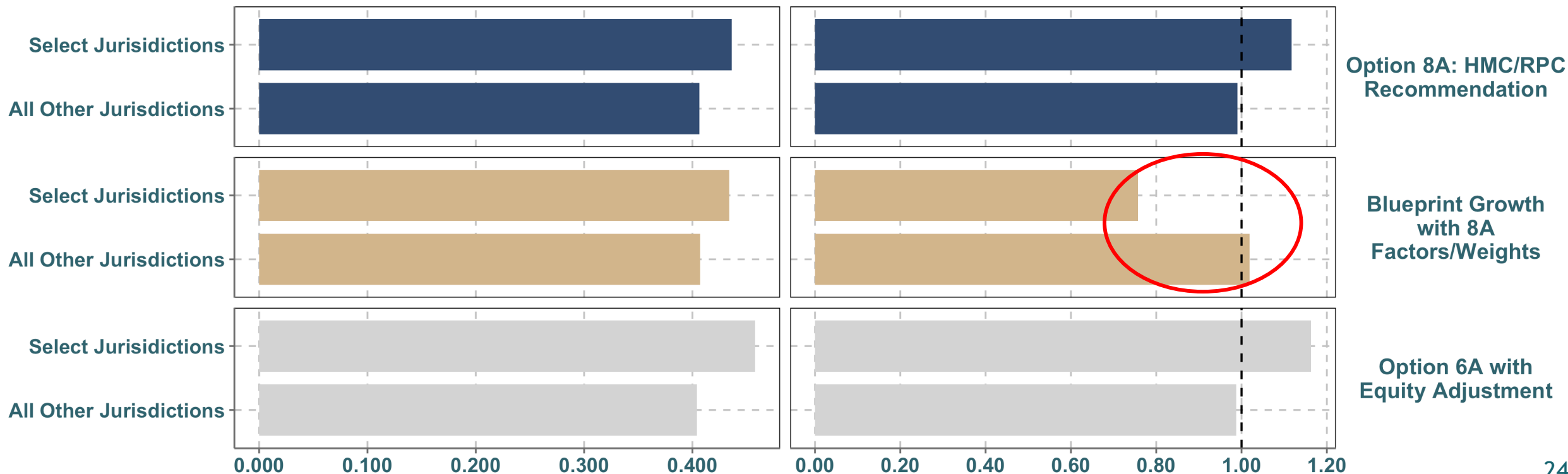
Jurisdiction Growth Rate



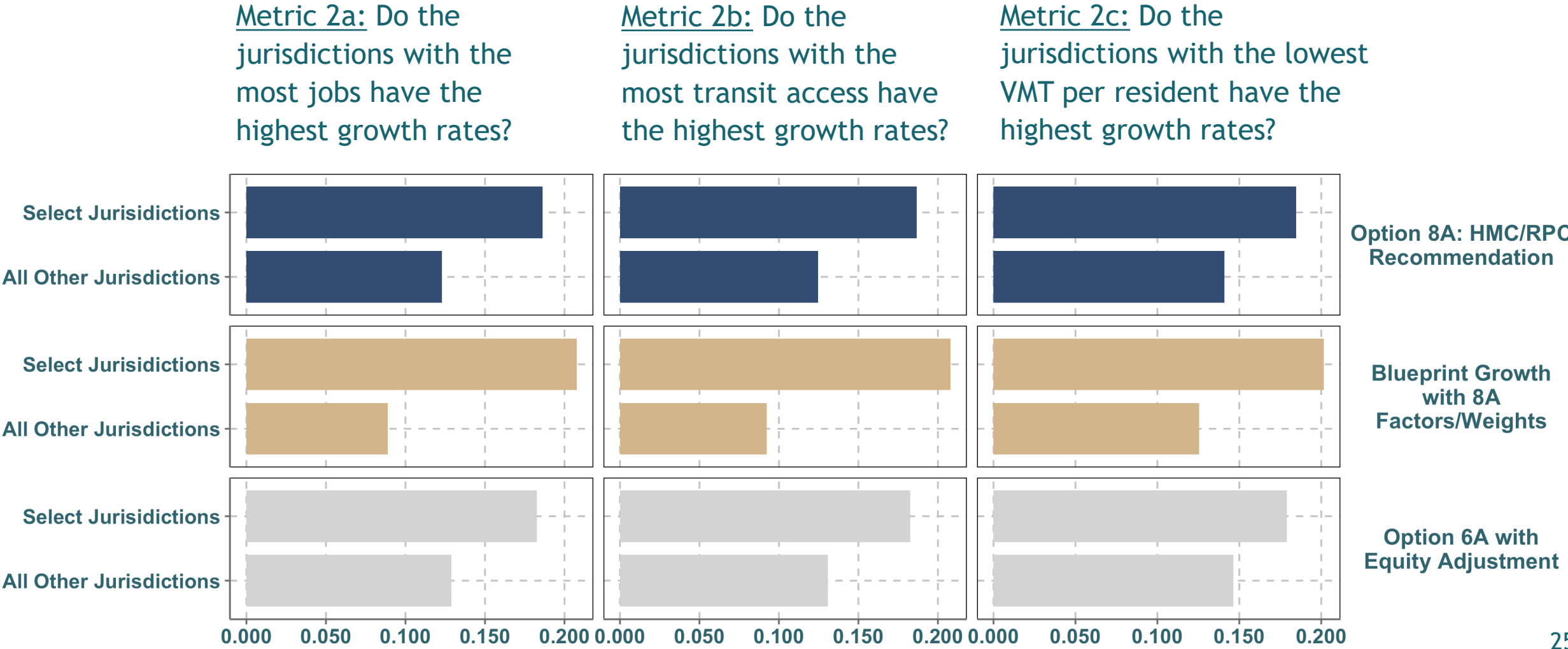
# Objective 1: increase the housing supply and the mix of housing types in an equitable manner

Metric 1a.1: Do the least affordable jurisdictions receive a large percent of their RHNA as lower-income units?

Metric 1a.2: Do the least affordable jurisdictions receive allocations proportional to share of households?



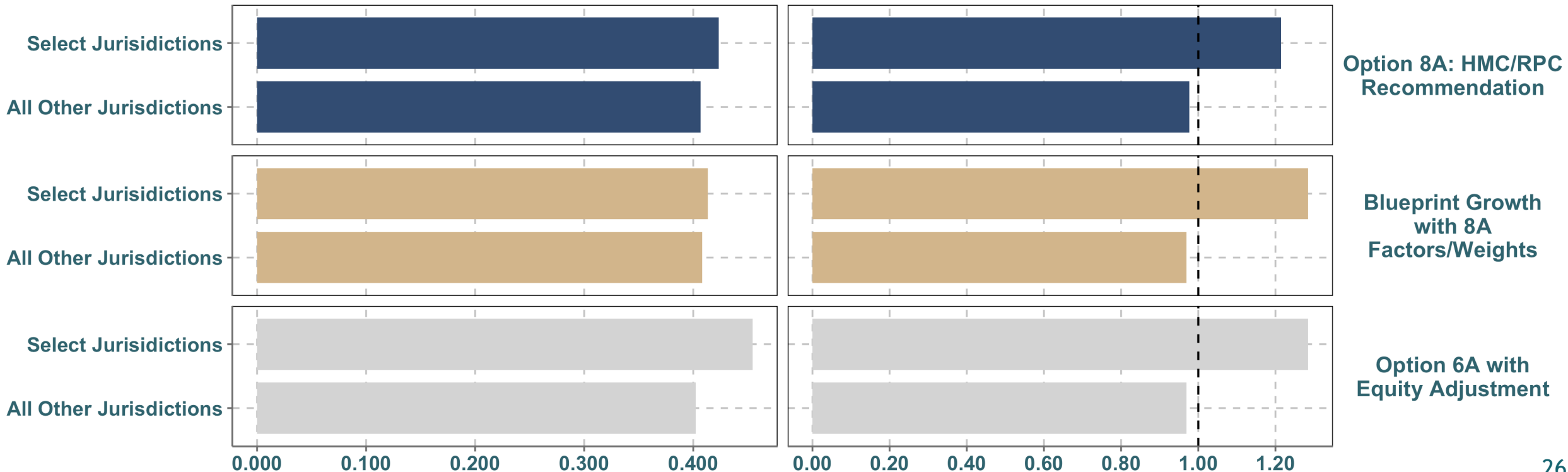
# Objective 2: promote infill development, efficient development, and GHG reduction



# Objective 3: promote better relationship between jobs and housing, particularly jobs-housing fit

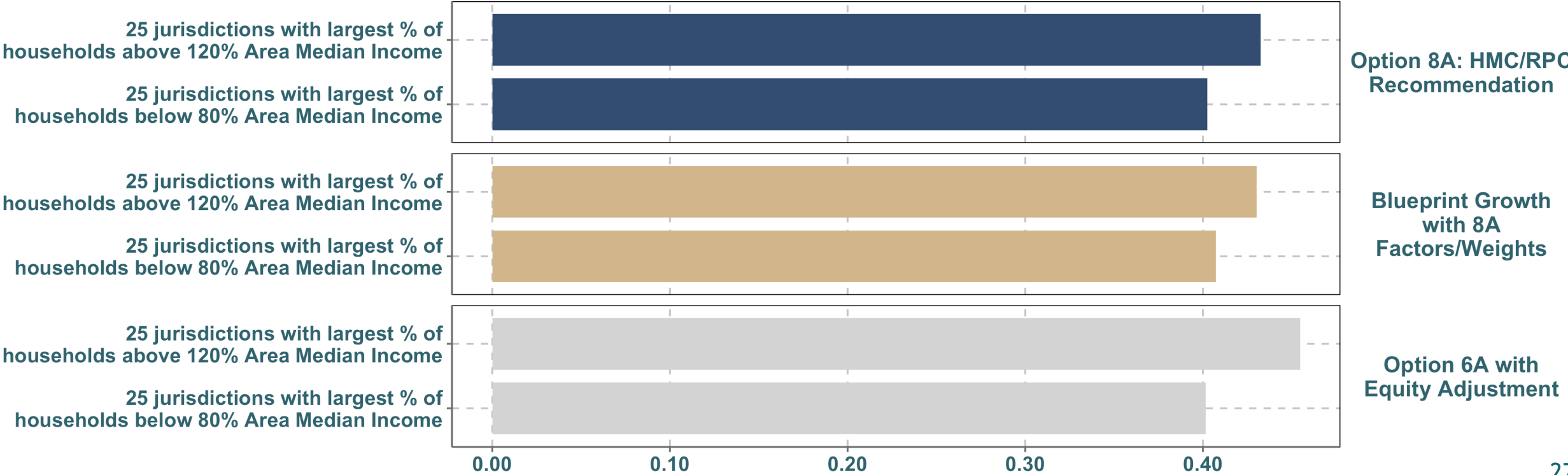
Metric 3a.1: Do the jurisdictions with the least balanced jobs-housing fit receive a large percent of their RHNA as lower-income units?

Metric 3a.2: Do the jurisdictions with the least balanced jobs-housing fit receive allocations proportional to share of households?



# Objective 4: balance existing disproportionate concentrations of income categories

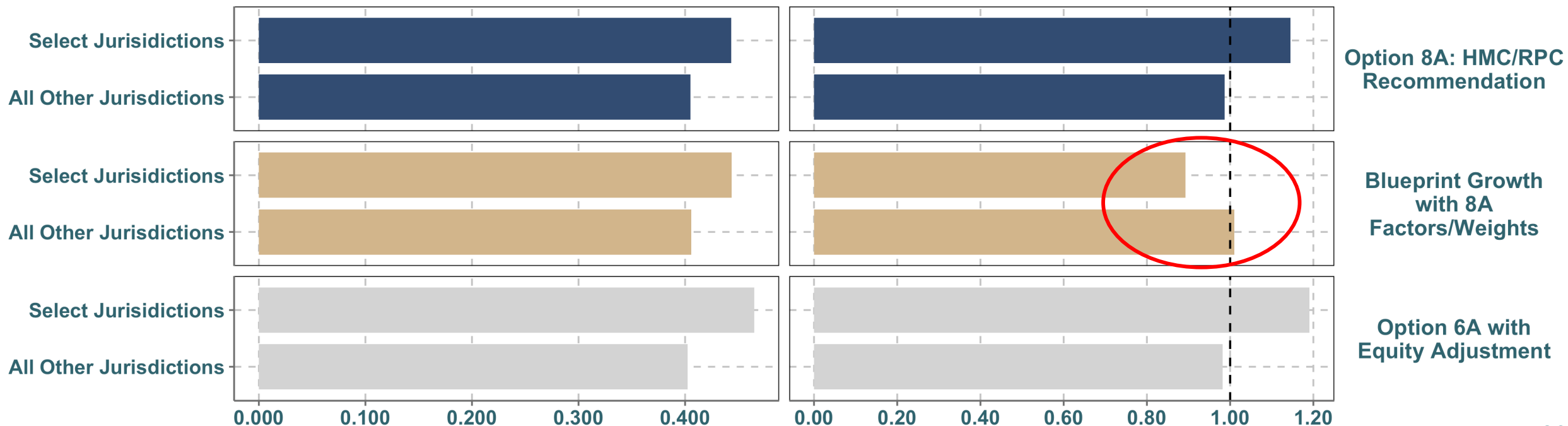
Metric 4: Do the most disproportionately high-income jurisdictions receive a greater share of affordable housing than the most disproportionately low-income jurisdictions?



# Objective 5: affirmatively further fair housing

Metric 5a.1: Do the jurisdictions with the most access to resources receive a large percent of their RHNA as lower-income units?

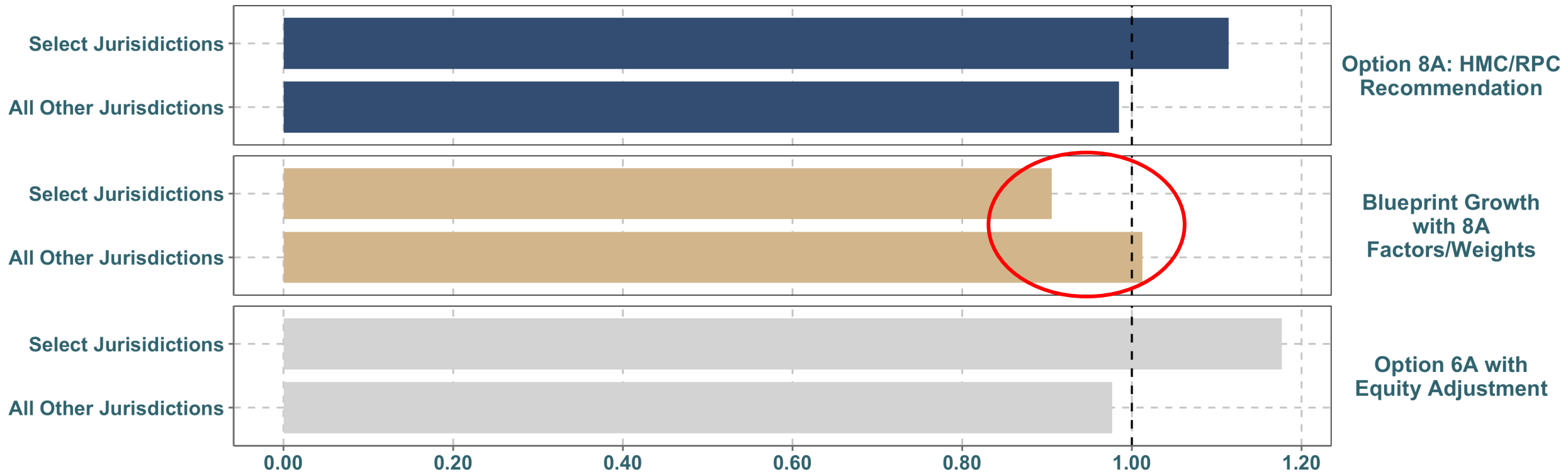
Metric 5a.2: Do the jurisdictions with the most access to resources receive allocations proportional to share of households?





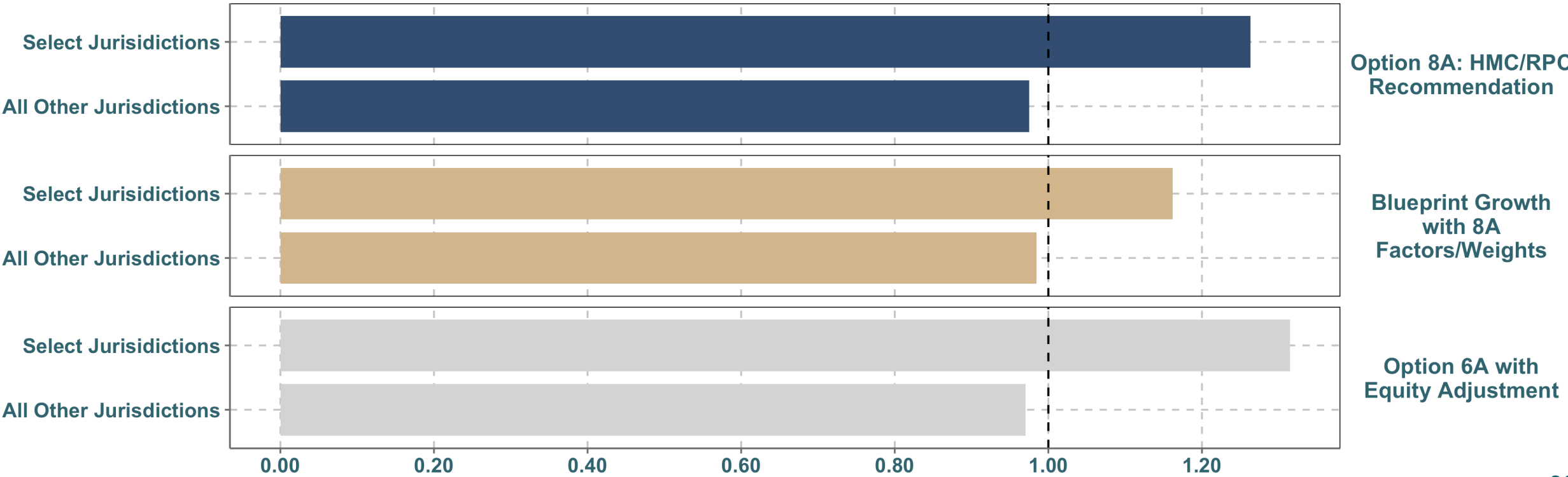
# Objective 5: affirmatively further fair housing

Metric 5b: Do the jurisdictions exhibiting racial and economic exclusion receive allocations proportional to share of households?



# Objective 5: affirmatively further fair housing

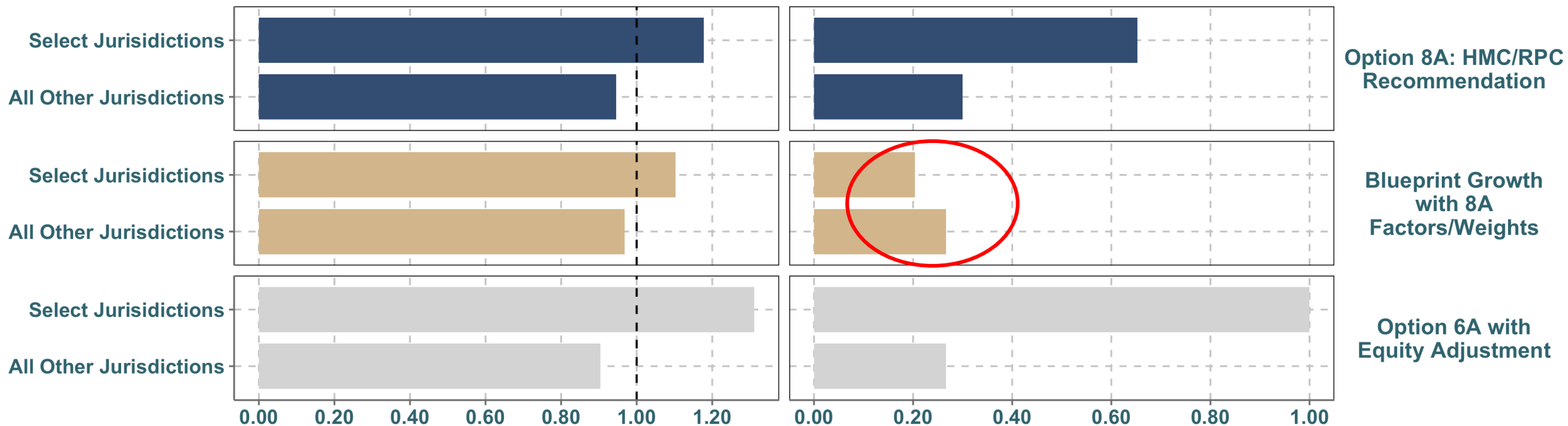
Metric 5c: Do the most disproportionately high-income jurisdictions receive allocations proportional to share of households?



# Objective 5: affirmatively further fair housing

Metric 5d.1: Do jurisdictions with above-average racial and economic exclusion receive a *total* share of lower-income units at least proportional to their *total* share of households?

Metric 5d.2: Does *each* jurisdiction with above average racial and economic exclusion receive a share of lower-income units at least proportional to its share of households?



# Next steps

Task	Date
RPC recommends proposed methodology to Executive Board	October 1, 2020
Executive Board approves release of proposed methodology and draft subregion shares for 30-day public comment period	October 15, 2020
Public hearing on proposed methodology and draft subregion shares	November 2020
RPC recommends draft methodology to Executive Board	December 2020
Executive Board approves draft allocation methodology to submit to HCD	December 2020
Executive Board approves subregion shares	December 2020

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

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