MEMO

TO: ABAG Executive Board

FROM: Gillian Adams, Regional Planner

DATE: July 11, 2013

SUBJECT: Adoption of Final Regional Housing Need Allocation (RHNA)

Background

The Regional Housing Need Allocation (RHNA) is a state mandate that requires each community to plan for its share of the state's housing need, for people at all income levels. The California Department of Housing and Community Development (HCD) determines the total housing need for each region in the state and, as the Council of Governments for the San Francisco Bay Area, it is the responsibility of ABAG to distribute this need to local governments.

Adoption of Final RHNA

Since January 2011, ABAG has been working with stakeholders from throughout the Bay Area to develop the 2014-2022 RHNA. We received significant feedback throughout the process that has helped shape the allocation methodology and resulting allocations. We are particularly grateful for the contributions of the members of the SCS Housing Methodology Committee who were instrumental in developing the RHNA methodology.

The attached document, *Regional Housing Need Plan for the San Francisco Bay Area: 2014-2022*, provides a detailed overview of the RHNA process. It describes the RHNA methodology and its relationship to the SCS and documents the steps in the RHNA process, including developing the allocation methodology, issuing draft allocations, responding to revision requests and appeals from local jurisdictions, and issuing final allocations.

We have now reached the final step in the process: adoption of the Final RHNA. One minor adjustment has been made to the Final RHNA since it was issued on June 3, 2013 to fix a rounding error that occurred when incorporating the changes resulting from the RHNA appeal process. For the City of Sunnyvale, one unit was shifted from the moderate-income category to the above moderate-income category, with no change to the City's total RHNA.

Recommended Action

Staff respectfully recommends that the Executive Board adopt the *Final Regional Housing Need Plan for the San Francisco Bay Area: 2014-2022*.

Next Steps

ABAG Staff will submit the Final Regional Housing Need Plan to HCD within three days of adoption, as required by State law.

Attachments

- *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022*
- Resolution 07-13: Adopting the Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022

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Regional Housing Need Plan for the San Francisco Bay Area: 2014-2022

I. About the Regional Housing Need Allocation

Since 1980, the State of California has required each jurisdiction to plan for its share of the state's housing need for people of all income levels.[1] The Regional Housing Need Allocation (RHNA) is the process by which each community is assigned its share of the housing need for an eight-year period. This allocation consists of two steps. First, The California Department of Housing and Community Development (HCD) determines the total housing need for each region in the state. Second, as the Council of Governments for the San Francisco Bay Area, it is the responsibility of the Association of Bay Area Governments (ABAG) to distribute this need to local governments.

The RHNA identifies each jurisdiction's responsibility for planning for housing, and is divided into four income categories that encompass all levels of housing affordability. Once it receives its RHNA, each local government must update the Housing Element of its General Plan to show how it plans to meet the housing needs in its community. For Bay Area local jurisdictions' Housing Elements, this RHNA covers the planning period from January 31, 2015 to January 31, 2023, and Housing Element updates are required to be completed, with a finding of compliance by HCD, by January 31, 2015.

The Regional Housing Need Determination

In consultation with ABAG, HCD determined that the Bay Area must plan for 187,990 new housing units from 2014-2022 (Appendix A). This determination is based on population projections produced by the California Department of Finance (DOF), which also took into account the uncertainty regarding the economy and regional housing markets. For this cycle, HCD made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. As a result, the Regional Housing Need Determination (RHND) from HCD for this RHNA cycle is lower than the RHND for 2007-2014. The RHND for the region, by income, is as follows:

2014 – 2022 RHNA by Income	Percent	Units (Rounded)
Very Low Up to 50 Percent of Area Median Income[2]	24.8%	46,680
Low Between 51 and 80 Percent of Area Median Income	15.4%	28,940
Moderate Between 81 and 120 Percent of Area Median Income	17.8%	33,420
Above Moderate Above 120 Percent of Area Median Income	42.0%	78,950
	100.0%	**187,990**

II. The Relationship of RHNA and the Sustainable Communities Strategy

As a result of the passage of Senate Bill 375 (Chapter, Statutes of 2008), the RHNA must be consistent with the development pattern included in the Sustainable Communities Strategy (SCS) of the Regional Transportation Plan (RTP). SB 375 requires that each region plan for future housing needs and complementary land uses, which in turn must be supported by a transportation investment strategy,

[1] California Government Code §65580.

[2] HCD sets income limits for each of these income categories for every county in California. More information is available at http://www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html.

with a goal of reducing greenhouse gas (GHG) emissions from cars and light-duty trucks. ABAG and the Metropolitan Transportation Commission (MTC) have collaborated to develop Plan Bay Area to meet the requirements of SB 375.[3]

In the Bay Area, the SCS and the RHNA methodology are mutually reinforcing and were developed together to meet the overlapping objectives of SB 375 and Housing Element Law. These objectives include increasing the supply, diversity and affordability of housing; promoting infill development and a more efficient land use pattern; promoting an improved intraregional relationship between jobs and housing; protecting environmental resources; and promoting socioeconomic equity.

The Bay Area's sustainable growth framework is built around the Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). PDAs are existing neighborhoods near transit nominated by local jurisdictions as appropriate places to concentrate future growth. There are nearly 200 adopted PDAs (including subareas) in more than 70 of the 109 jurisdictions in the region. The PDAs represent many types of places, from regional centers to neighborhood commercial nodes. They exist in all kinds of communities, from high-income suburban areas to city cores in need of reinvestment.

Priority Conservation Areas (PCAs) comprise over 100 regionally significant open spaces for which there exists broad consensus for long-term protection, but which face nearer-term development pressures. They ensure that Plan Bay Area considers farmland and resource areas in keeping with SB 375. The PCAs and PDAs complement one another: promoting compact development within PDAs relieves some of the development pressure on the region's open space and agricultural lands.

Addressing these different mandates requires achieving a balance between the more focused growth pattern necessary to achieve GHG emission reductions and the need to ensure that every jurisdiction contributes its "fair share" toward meeting the region's housing need. RHNA must also achieve a balance between directing affordable housing to locations where it is needed by existing residents, including rural and suburban areas, and avoiding the over-concentration of poverty. The SCS and the RHNA methodology (both described in more detail below) work in concert to direct housing growth to PDAs and non-PDA locations throughout the region in order to balance these goals and mandates in a way that promotes inclusive housing patterns throughout the region.

Beyond the requirements specified in Housing Element Law and SB 375, the comprehensive Plan Bay Area effort will support RHNA through targeted transportation investments funded under the One Bay Area Grant (OBAG).[4] The funding criteria for OBAG take into account local jurisdictions' past housing production and the 2014-2022 RHNA, for both total units and affordable units. The OBAG program also emphasizes the importance of planning for housing by requiring that a jurisdiction has a Housing Element certified by HCD to be eligible for funding.

Although each PDA has a unique set of attributes and challenges, the goal of the SCS is that all will become complete communities that increase housing and transportation choices. The plan envisions these areas as neighborhoods where transit, jobs, schools, services, and recreation are conveniently located near people's homes. The OBAG program provides targeted investments to PDAs to help them achieve the goal of being a complete community. Making investments in neighborhoods that need them will benefit the residents living in these communities and help create more neighborhoods of opportunity throughout the region.

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[3] More information about Plan Bay Area is available at http://www.onebayarea.org/regional-initiatives/plan-bay-area.html.

[4] Details about OBAG are available at http://www.onebayarea.org/funding-and-grants.html.

In addition, it is our expectation that tying the allocation of regional transportation dollars to housing and affordable housing production goals will result in the construction of more housing to meet the region's housing need compared to previous RHNA cycles. The creation of a PDA program with funding incentives tied to housing provides a mechanism through which the region can reward those jurisdictions that are planning for and producing housing. Many jurisdictions that previously did not plan for new housing have established PDAs, undergone specific planning processes, and created new zones for residential development.

The SCS land use distribution is an initial input into the RHNA methodology.[5] For the period between 2014 and 2022, the SCS accommodates RHNA by allocating the pre-determined regional housing need from HCD to local jurisdictions consistent with the land use criteria specified in the SCS. The SCS uses the RHNA as the housing growth pattern for the period between 2014 and 2022. Through this process, the region's housing, transportation, and land use planning are aligned.

III. The SCS Housing Distribution

Although the PDAs are a significant component of the growth pattern in the SCS, the housing distribution incorporates multiple factors to assign growth to PDAs and non-PDA areas. The ABAG Executive Board adopted a policy in July 2011 to support equitable and sustainable development by "maximizing the regional transit network and reducing GHG emissions by providing convenient access to employment for people of all incomes." This is accomplished by distributing total housing growth numbers to: 1) job-rich cities that have PDAs or additional areas that are PDA-like; 2) areas connected to the existing transit infrastructure; and 3) areas that lack sufficient affordable housing to accommodate low-income commuters.[6]

The housing distribution in the SCS starts with local jurisdictions' plans for growth and then makes adjustments based on factors related to sustainability, equity, and the economy. Housing growth is directed to areas throughout the region (including PDAs and non-PDA areas) with high levels of transit service, low vehicle miles traveled (which is highly correlated with GHG emissions), high employment in 2040, a high number of low-income workers commuting from other places, and high housing values. These factors aim to expand housing and transportation options; increase access to jobs, particularly for low-income workers; and promote housing growth in places with high-quality services, such as parks, and schools. To meet the Bay Area's adopted performance targets for the SCS, additional housing is directed to key job centers and locations along the core transit network, including PDAs and non-PDA areas.[7]

Finally, the housing distribution in the SCS was adjusted to ensure a fair share distribution between large cities and medium cities with high job growth and transit access. Analysis of the concentrated growth pattern in the SCS indicated that some core cities require investments in transit infrastructure and utilities and improvements in public services before they can accommodate a high level of housing production. In recognition of these challenges, along with the expected pace of recovery from the

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[5] The Jobs-Housing Connection Strategy (JHCS), adopted on May 16, 2012, was used as the SCS input into the RHNA. The Final SCS uses the same housing distribution methodology, which is described in more detail in the *Forecast of Jobs, Population, and Housing* (July 2013) at http://www.onebayarea.org/regional-initiatives/plan-bay-area/draft-plan-bay-area/supplementary-reports.html.

[6] ABAG Executive Board Meeting Summary Minutes, No. 381, p. 9. July 21, 2011. http://www.abag.ca.gov/abag/events/agendas/e091511a-Item%2006.A..pdf

[7] This affected the following cities: Millbrae, Oakland, Pleasanton, Redwood City, San Francisco, San Jose, San Mateo, San Ramon, Santa Clara, South San Francisco, Sunnyvale, and Walnut Creek. Forecast of Jobs, Population, and Housing, July 2013, p. 37.

current housing and fiscal crisis, ABAG shifted a small portion of housing growth in Oakland, San Jose, Newark, and the North Bay to a later period in the SCS plan horizon. The growth in these locations is expected to occur after 2022, so ABAG shifted 3,500 housing units (1.5 percent of the regional total) from these locations to the balance of the region during the RHNA period. These adjustments do not change the 2010-2040 long-term growth totals in the SCS.

IV. The RHNA Methodology

The RHNA methodology consists of two major steps: determining a jurisdiction's total RHNA and identifying the share of the jurisdiction's total RHNA in each income category. The following describes the components of the adopted RHNA Methodology.[8]

Determining a Jurisdiction's Total RHNA

Sustainability Component

The Sustainability Component advances the goals of SB 375 and expands upon the inclusion of compact growth principles that began with the 2007-2014 RHNA methodology. Following the land use distribution specified in the SCS which allocates new housing into PDAs and non-PDA areas, 70 percent of the region's housing need (as determined by HCD) is allocated based on growth in PDAs and the remaining 30 percent is allocated based on growth in non-PDA locations.

Using the PDA framework from the SCS in the RHNA methodology promotes growth in sustainable locations and is a key to ensuring consistency between the two planning documents. Directing growth to infill locations is a key component of protecting agricultural and natural resources. This methodology also recognizes the multiple benefits for local communities and the region as a whole of encouraging housing, particularly affordable housing, in the neighborhoods near transit that local communities have identified as priorities for development and investment to create complete communities.

ABAG received some comments regarding concerns about the potential that the RHNA methodology would increase concentrations of poverty, perpetuate patterns of segregation, and limit housing opportunities for low-income households. ABAG's responses to these concerns are available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html.

Fair Share Component

It is important that jurisdictions with PDAs are not asked to shoulder too much of the responsibility for meeting the region's housing need. PDAs are not the only areas in which housing choices are needed, and the RHNA methodology must ensure that all jurisdictions share responsibility for meeting the regional need for housing. Focusing only on PDAs could mean that jurisdictions that were unable or unwilling to designate any PDAs would not be allocated their "fair share" of the regional housing obligation.

As noted above, the housing distribution in the SCS directs housing growth to non-PDA locations in the region based on factors that aim to expand housing and transportation options; increase access to jobs, particularly for low-income workers; and promote housing growth in places with high-quality services, such as parks, and schools. The RHNA methodology builds upon this distribution with the inclusion of an explicit "fair share" component that achieves the requirement that all cities and counties in California work to provide a fair share proportion of the region's total housing need for households at all income levels. The Fair Share Component allocates housing need to expand access to communities with good transit access and employment opportunities.

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[8] A detailed explanation of how each jurisdiction's allocation was derived is available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html.

Overview of the SCS-RHNA Methodology

Input from the SCS Housing Distribution

Local Input

Sustainability, Equity, and Economy Adjustment Factors

RHNA Sustainability Component

PDA (70%)

Non-PDA (30%)

RHNA Fair Share Component

- **Upper Housing Threshold**

Is growth within PDA(s) ≥ 110% of jurisdiction's household formation growth?

YES: PDA Growth = Jurisdiction's Total RHNA

NO: Fair Share Factors Applied

Total allocation capped at 1.5 times the jurisdiction's 2007-2014 RHNA

- **Fair Share Factors Applied to Non-PDA Areas**

  - Past RHNA Performance (1999-2006 for very low and low income)
  - 2010 Employment (in non-PDA areas)
  - Transit Service (coverage and frequency)

- **Minimum Housing Floor**

Jurisdictions are assigned a minimum of 40% of household formation growth

RHNA Income Allocation Adjustment to Jurisdiction's Total RHNA

For Each Income Category

Adjustment Factor = (Regional Proportion (%) − Jurisdictional Proportion (%)) X 175%

Jurisdictional Proportion (%) + Adjustment Factor = Jurisdiction's RHNA by Income Category

The Fair Share Component includes the factors listed below:

- *Upper Housing Threshold:* If the SCS projects growth in a jurisdiction's PDAs that meets or exceeds 110 percent of the jurisdiction's expected household formation growth (described in more detail in Appendix B), that jurisdiction is not assigned additional units. This ensures that cities with large PDAs are not overburdened. Also, the total allocation to a jurisdiction cannot exceed 150 percent of its 2007-2014 RHNA.
- *Fair Share Factors:* The following three factors were applied to a jurisdiction's non-PDA growth:
  - *Past RHNA Performance:* Cities that permitted a high number of housing units for very low- and low-income households during the 1999-2006 RHNA cycle receive a lower allocation.
  - *2010 Employment:* Jurisdictions with a higher number of existing jobs in non-PDA areas (based on 2010 data) receive a higher allocation.
  - *Transit:* Jurisdictions with higher transit frequency and coverage receive a higher allocation.
- *Minimum Housing Floor:* Jurisdictions are assigned a minimum of 40 percent of their household formation growth. Setting this minimum threshold ensures that each jurisdiction is *planning* for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.

Sphere of Influence Adjustments

Spheres of Influence (SOI) must be considered in the RHNA methodology if there is projected growth within a city's SOI. Most SOI in the Bay Area are anticipated to experience growth. Every city in the Bay Area has a SOI which can be either contiguous with or go beyond the city's boundary. The SOI is considered the probable future boundary of a city and that city is responsible for planning within its SOI. The SOI boundary is designated by the county's Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts in these areas.

The method for allocating housing need for jurisdictions where there is projected growth within the SOI varies by county. In Napa, San Mateo, Santa Clara, Solano, and Sonoma counties, the allocation of housing need generated by the unincorporated SOI is assigned to the cities. In Alameda and Contra Costa counties, the allocation of housing need generated by the unincorporated SOI is assigned to the county. In Marin County, 62.5 percent of the allocation of housing need generated by the unincorporated SOI is assigned to the city and 37.5 percent is assigned to the county.

These rules are based on the premise that each local jurisdiction with land use permitting authority over its SOI should plan for the housing need generated within that area. These rules reflect the fact that each county in the Bay Area is different in terms of whether a city or county has jurisdiction over land use and development within unincorporated SOIs.

Allocating Units by Income Category

Two primary objectives of the state's regional housing need process are to increase the supply of housing and to ensure that local governments consider the housing needs of households at all income levels. In addition to identifying each jurisdiction's share of the region's total housing need, the RHNA methodology must also divide this allocation into the four income categories defined by HCD.[9] The income allocation portion of the RHNA method is designed to ensure that each jurisdiction in the Bay

[9] Very low income is 50 percent or less of area median income (AMI), low income is 51 to 80 percent of AMI, moderate income is 81 to 120 percent of AMI, and above moderate is more than 120 percent of AMI.

Area plans for housing for households of every income. The final RHNA methodology uses the same method for distributing units by income as the 2007-2014 RHNA.

The income allocation method gives a jurisdiction that has a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. For example, jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This promotes the state objective for reducing concentrations of poverty and increasing the mix of housing types among cities and counties equitably.

The income distribution of a jurisdiction's housing need allocation is determined by the difference between the regional proportion of households in an income category and the jurisdiction's proportion for that same category, based on data from the US Census 2005-2009 American Community Survey. Once determined, this difference is then multiplied by 175 percent. The result becomes that jurisdiction's "adjustment factor." The jurisdiction's adjustment factor is added to the jurisdiction's initial proportion of households in each income category. The result is the total share of the jurisdiction's housing unit allocation for each income category.

For example, if a jurisdiction has 38 percent of its households in the very low income category, this would be compared to the regional percentage in this income category, which is 25 percent. The difference between 25 and 38 is -13. This is multiplied by 175 percent (the adjustment factor) for a result of -23. This number is then added to the jurisdiction's original distribution of 38 percent, for a total share of about 15 percent. Therefore, 15 percent of their allocation must be affordable to households with very low income.

Jurisdiction	Jurisdiction Proportion	Regional Proportion	Difference	Multiplier	Adjustment Factor	Total Share
Bay Area City	38	25	-13	175%	-23	15

Appendix C shows the final RHNA, by income category, for every jurisdiction in the Bay Area.

V. RHNA Objectives and Factors

RHNA Objectives

State housing element law mandates that the RHNA be consistent with four primary objectives.[10] These objectives, and the ways in which the Bay Area's RHNA meets them, are described below:

- ***Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in all jurisdictions receiving an allocation of units for low- and very low-income households.***

  The RHNA allocates the total regional housing need, as determined by HCD, and every jurisdiction in the Bay Area is allocated a share of the need across all income categories. The income allocation methodology promotes a more equitable income distribution throughout the region by assigning a higher proportion of affordable units to jurisdictions that currently have a low number of very low- and low-income households.

[10] California Government Code §65584(d).

- ***Promoting infill development and socio-economic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.***

  The Bay Area's sustainable growth framework for the SCS forecast and RHNA methodology is built around Priority Development Areas (PDAs) and Priority Conservation Areas (PCAs). By incorporating the PDAs, which are by definition infill locations near transit, the RHNA promotes infill development and a more efficient development pattern. In the SCS forecast (which is the initial input into the RHNA), more housing growth is directed to PDAs and non-PDA areas with high levels of transit service, in order to maximize the use of public transportation and capitalize on the investments in transportation infrastructure that have already been made. Also, the Fair Share Component of the RHNA methodology includes a transit factor to assign higher allocations to jurisdictions with strong transit networks.

  Promoting compact development within PDAs relieves development pressure on the region's open space and agricultural lands. The SCS forecast directs growth away from the region's adopted PCAs as well as farmland and resource lands. The urban growth boundaries and other policies for city-centered growth enacted by local jurisdictions are also used to constrain growth. As a result, all of the region's future growth in the SCS and RHNA is forecast to occur within the existing urban footprint. The RHNA methodology also includes Sphere of Influence adjustments that respect local agreements about directing growth in unincorporated areas by allocating units to the jurisdiction, whether city or county, that has authority over land use and development within the unincorporated Sphere of Influence.

  The RHNA promotes socio-economic equity by expanding the range of housing choices available in all jurisdictions throughout the Bay Area. The fair share component of the RHNA methodology includes a Minimum Housing Floor that assigns jurisdictions a minimum of 40 percent of their expected household growth. Setting this minimum threshold ensures that each jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction.

  The RHNA also includes elements specifically intended to increase the range of housing options for low-income households. The emphasis on linking housing growth to transit has the potential to provide households' with increased access to jobs, services, and other amenities—particularly for low-income households that cannot afford car ownership. The SCS forecast also distributes more housing to jurisdictions that import a high number of low-income workers as a way to increase access to housing near jobs for these workers.

  Jurisdictions with high median home values also received more housing growth to expand housing options in places with high-quality services, such as parks, and schools. The RHNA methodology also allocates more housing to jurisdictions that permitted few affordable housing units during the 1999-2006 RHNA period. Finally, the income allocation methodology encourages more affordable housing in high-income areas by allocating a higher proportion of affordable housing units to jurisdictions that have fewer very-low and low-income households compared to other jurisdictions in the region.

- ***Promoting an improved intraregional relationship between jobs and housing.***

  The employment distribution in the SCS considers job sectors, and links job growth to existing employment clusters and to the future housing distribution. The housing distribution in the SCS specifically shifts housing growth to locations forecasted to be job centers in 2040 and to places that are importing many low-income workers. The RHNA methodology builds on this framework with the employment factor in the Fair Share Component that links the housing allocation to the number of jobs in non-PDA locations.

- ***Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.***

  The income allocation method compares each jurisdiction's household income distribution to the regionwide household distribution, based on data from the US Census 2005-2009 American Community Survey. A jurisdiction that has a relatively higher proportion of households in a certain income category receives a smaller allocation of housing units in that same category. For example, jurisdictions that already supply a large amount of affordable housing receive lower affordable housing allocations. This promotes the state objective for reducing concentrations of poverty and increasing the mix of housing types among cities and counties equitably.

Statutory Factors

In addition to meeting the objectives outlined above, State housing element law requires ABAG to consider a specific set of factors in the development of the RHNA methodology.[11] The law also requires ABAG to survey local jurisdictions for information about these factors. ABAG sent a survey to all jurisdictions in the region in January 2012, and received 40 responses.[12]

Many of these factors were incorporated in the development of the SCS forecast, which is an input into the RHNA methodology. The statutory factors to be considered and a discussion of how each is addressed in the Bay Area's RHNA methodology are provided below:

1. Each member jurisdiction's existing and projected jobs and housing relationship.	The SCS forecast is based on information from local governments about existing land uses as well as their plans for future growth. A detailed understanding of the locations of jobs and housing within each jurisdiction is the starting point for the distribution of future employment and housing growth in the SCS. The employment distribution in the SCS considers job sectors, and links job growth to existing employment clusters and to the future housing distribution. The housing distribution in the SCS specifically shifts housing growth to locations forecasted to be job centers in 2040 and to places that are importing many low-income workers. The RHNA methodology builds on this framework with the employment factor in the Fair Share Component that links the housing allocation to the number of jobs in non-PDA locations.
2. The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following: ***a. Lack of capacity for sewer or water***	Local jurisdictions consider infrastructure requirements, including water and sewer capacity, when developing their general plans and neighborhood plans. Local plans and information about existing land uses are used to inform the

[11] California Government Code §65584.04(d).

[12] The survey and responses received are available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html.

service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period. ***b. The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.*** ***c. Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats and natural resources on a long-term basis.*** ***d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.***	SCS forecast. However, this information is not used to limit a jurisdiction's housing allocation. The forecast also evaluates each local jurisdiction's capacity for additional growth, considering opportunities to increase residential densities or convert land to residential uses. Recent trends show that multi-family housing is an increasing share of new homes—from 35 percent of total housing construction in the 1990s to nearly 50 percent in the 2000s, and 65 percent in 2010.[13] The SCS forecasts accounts for a continuation of this trend into the future. The SCS forecast directs growth away from the region's adopted Priority Conservation Areas (PCAs) as well as farmland and resource lands. The urban growth boundaries enacted by local jurisdictions are also used to constrain growth. As a result, all of the region's future growth in the SCS is forecast to occur within the existing urban footprint. The SCS forecast is an initial input into the RHNA methodology. In the RHNA methodology, the Upper Housing Threshold ensures that jurisdictions with PDAs are not overburdened by being allocated too much responsibility for addressing the region's housing need. The Minimum Housing Floor ensures that every jurisdiction plans for a portion of its expected household formation growth and that the housing allocations are not limited by existing zoning.
3. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.	The SCS is the land use element for the regional transportation plan, and the SCS forecast is an initial input into the RHNA methodology. In the SCS, more housing growth is directed to areas with high levels of transit service, in order to maximize the use of public transportation and capitalize on the investments in transportation infrastructure that have already been made. The RHNA methodology also encourages transit use by directing growth to transit-served locations throughout the region. The Sustainability Component of the RHNA methodology distributes 70 percent of the region's total housing need

[13] *Draft Plan Bay Area*, page 38. (This information will be included in the Final Plan Bay Area. The final document or Plan Bay Area is expected to be available in Fall 2013. Visit http://www.onebayarea.org/ for more information.)

	based on growth assigned to the Bay Area's adopted PDAs which, by definition, are areas near transit. Also, the Fair Share Component of the RHNA methodology includes a transit factor to assign higher allocations to jurisdictions with strong transit networks.
4. The market demand for housing.	Local jurisdictions consider market demand when developing their general plans and neighborhood plans which are used to inform the SCS housing forecast. In addition, the SCS accounts for vacant units by reducing the new units assigned to an area based on the number of vacant units that need to be absorbed before additional housing growth is likely to occur. The SCS also considers the market demand for housing with the inclusion of a housing value factor that directs additional housing to a jurisdiction based on its median home value in 2010. The median home value in an area is a proxy for the market demand for housing in that area.
5. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.	The urban growth boundaries and other policies for city-centered growth enacted by local jurisdictions are used to constrain growth in the SCS forecast. As a result, all of the region's future growth in the SCS is forecast to occur within the existing urban footprint. The SCS forecast is an initial input into the RHNA methodology. In addition, the RHNA methodology includes a Sphere of Influence adjustment that applies different allocation rules to the different Bay Area counties. The rules respect the city and county agreements about directing growth in unincorporated areas by allocating units to the jurisdiction, whether city or county, that has authority over land use and development within the unincorporated Sphere of Influence.
6. The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.	Data about loss of assisted housing units was not readily available at the time the RHNA methodology was developed, and varies widely among local jurisdictions. Each jurisdiction will identify how best to address it when preparing its Housing Element. The OneBayArea grant program incentivizes jurisdictions to have a Housing Element that is certified by HCD, since jurisdictions are not eligible to receiving transportation funding if this requirement is not met.

	The RHNA income allocation gives jurisdictions with a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Jurisdictions that have fewer low-income households (because of a loss of assisted housing units or other reasons) will have increased responsibility to provide affordable housing options.
7. High-housing cost burdens.	The RHNA income allocation gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category. Jurisdictions with particularly high housing costs, and a resulting small proportion of low-income households, will receive a higher allocation of affordable units to address the higher housing costs. The RHNA methodology also directs higher allocations to jurisdictions that exacerbated high housing cost burdens by permitting fewer affordable units during the 1999-2006 RHNA period.
8. The housing needs of farmworkers.	The fair share component of the RHNA methodology includes a Minimum Housing Floor that assigns jurisdictions a minimum of 40 percent of their expected household formation growth. This minimum threshold encourages all jurisdictions to produce a portion of the total housing need. This ensures that, although a significant portion of the RHNA is directed to transit-rich areas, less intensely developed areas with a need for farm worker housing will still produce new residential units. In addition, farmworker housing needs are considered part of the housing needs for very low- and low-income households. The RHNA income allocation methodology gives jurisdictions that have a relatively higher proportion of households in a certain income category a smaller allocation of housing units in that same category.
9. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.	The SCS employment forecast accounts for employment at universities, and their housing needs are accounted for in the SCS household forecast. The SCS household estimates in the SCS forecast account for all people living in homes, including students. Students living in college dormitories (known as “group quarters”) are not included as part of the household population and are not considered as part of the RHNA process.

10. Other	The RHNA methodology includes a factor that directs lower allocations to jurisdictions that permitted more very low- and low-income units during the 1999-2006 RHNA period. This factor rewards jurisdictions that have succeeded in expanding the range of affordable housing options in their communities.

VI. Schedule and Process for Developing RHNA

ABAG has sought to engage local jurisdictions, stakeholders, and members of the public throughout the process of developing the RHNA. In January 2011, ABAG convened the SCS Housing Methodology Committee (HMC), comprised of local elected officials, staff and stakeholders from throughout the region, to advise staff on developing the RHNA methodology. Between January 2011 and April 2012, the committee met almost every month to deliberate about how best to allocate the region's housing need to jurisdictions and to ensure consistency between RHNA and the SCS.[14] Appendix D shows the members of the HMC as well as a list of other people who participated in the meetings. In addition, public participation was encouraged throughout the process of developing the RHNA, especially at public meetings and during official public comment periods following the release of discussion documents and board decisions.

Major Milestones in the RHNA Process

The major milestones of the RHNA process are outlined below:

- On February 24, 2012, HCD provided ABAG with its determination of total regional housing need. HCD indicated that Bay Area jurisdictions must plan for 187,990 units between 2014-2022.
- On May 17, 2012, the ABAG Executive Board[15] approved the draft RHNA methodology and a draft share of the region's total housing need for each of the subregions. Release of the draft methodology initiated a 60-day comment period, including a public hearing on June 6, 2012, for ABAG to receive comments about the draft methodology and subregional shares.[16]
- On July 19, 2012, the ABAG Executive Board adopted the final RHNA methodology and approved release of the draft allocations.
- Release of the draft allocations on July 20, 2012 initiated a 60-day period in which a local jurisdiction could request a revision to its RHNA. By the September 18, 2012 deadline, ABAG received revision requests from 14 jurisdictions.[17] None of the revision requests were granted.
- Local jurisdictions that requested a revision had until February 18, 2013 to appeal ABAG's decision on their revision requests. Eight jurisdictions submitted appeals.[18] The ABAG Executive

[14] Materials from the meetings of the SCS Housing Methodology Committee are available at http://www.abag.ca.gov/planning/housingneeds/housing-methodology-committee.html.
[15] For a full list of meetings at which the ABAG Executive Board received information or took actions related to RHNA, see http://www.abag.ca.gov/planning/housingneeds/executive-board.html.
[16] Comments about the draft methodology submitted to ABAG are available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html. ABAG received no comments about the draft subregional shares.
[17] The revision requests submitted to ABAG are available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html.

Board formed an ad hoc Appeal Committee to hear the appeals and provide its recommended actions to the Executive Board. The Appeal Committee held a public hearing to hear the appeals on April 1, 2013. Appendix E includes a summary of the Appeal Committee's recommendations.

- On May 16, 2013, the ABAG Executive Board adopted the Appeal Committee's recommendations to support the appeals brought by Hayward, Lafayette, and Sunnyvale and deny the other five appeals. The ABAG Executive Board also approved an agreement between the City of Palo Alto and the County of Santa Clara to transfer 200 moderate-income units from the City to the County. Appendix F includes the transfer agreement submitted by the City of Palo Alto and the County of Santa Clara.
- The Final RHNA numbers released on June 3, 2013 incorporate the changes resulting from the appeal process and transfer agreement that were adopted by the ABAG Executive Board.
- On July 18, 2013, the ABAG Executive Board adopted the Final RHNA. The Final RHNA adopted by the ABAG Executive Board included an adjustment to the allocation for the City of Sunnyvale that resulted from a rounding error in incorporating the changes resulting from the appeal process. For Sunnyvale, one unit was shifted from the moderate-income category to the above moderate-income category, with no change to the City's total RHNA. See Appendix G for the ABAG Executive Board adopting resolution.
- January 31, 2015 is the deadline for local jurisdictions in the Bay Area to have their revised Housing Elements approved by HCD.

VII. Subregions

As part of the RHNA process, local jurisdictions have the opportunity to form a subregion to conduct an allocation process that parallels, but is separate from, the regional process.[19] For the 2014-2022 RHNA, three subregions were formed by the respective jurisdictions in Napa, San Mateo,[20] and Solano counties.

The first step in the subregions' RHNA process was for ABAG to determine each subregion's share of the total regional housing need determination from HCD. Housing Element law states that the subregion's share "shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan."[21] The household distribution is based upon the county's distribution in 2022 from the Jobs-Housing Connection Strategy of the SCS.[22] Napa received 0.8 percent, San Mateo received 8.7 percent, and Solano received 3.7 percent of the region's total housing need.

ABAG used the income allocation methodology that is part of the region's allocation methodology to determine each subregion's allocation by income. Applying the 175 percent shift in determining the subregion's income distribution helps to overcome the existing income disparities among counties (and the jurisdictions in those counties) and move jurisdictions closer to the regional distribution. If a

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[18] The appeals submitted to ABAG are available at http://www.abag.ca.gov/planning/housingneeds/resources-new.html.

[19] California Government Code §65584.02.

[20] This is the second RHNA cycle for which the jurisdictions in San Mateo County have formed a subregion. The forum that was established for conducting the 2007-2014 RHNA process has proven to be a successful way for jurisdictions to collaborate throughout the Housing Element development and approval process. For more details, visit http://www.21elements.com/.

[21] California Government Code §65584.03(c).

[22] As a matter of statutory interpretation, ABAG has discretion in selecting the point in time at which it measures the proportionality of each subregion's households to the region's households.

subregion's income allocation were based solely on its existing income distribution—without applying the 175 percent shift—the region would be unable to effectively share responsibility with the subregions for providing affordable housing and avoiding over-concentration of these units.

Once it received its share of the region's total housing need by income, each subregion was then required to meet the same statutory requirements as the regional allocation process, and was responsible for completing each step in the allocation process. This included developing its own methodology, issuing draft allocations to member jurisdictions, conducting the revision and appeal processes, and issuing final allocations. Each subregion was also required to ensure that its final housing allocation is consistent with the Bay Area's Sustainable Communities Strategy. The final allocations for each of the three subregions are in Appendix H.

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STATE OF CALIFORNIA -BUSINESS, TRANSPORTATION AND HOUSING AGENCY EDMUND G. BROWN JR., *Governor*

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
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February 24, 2012

Mr. Ezra Rapport
Executive Director
Association of Bay Area Governments
101 Eighth Street
Oakland, CA 94607

Dear Mr. Rapport:

RE: Regional Housing Need Determination for Housing Element Updates

This letter provides the Association of Bay Area Governments (ABAG) its regional housing need assessment (RHNA) determination for the projection period January 2014 through October 2022. The Department of Housing and Community Development (Department), is required to determine ABAG's existing and projected housing need pursuant to State housing law (Government Code Section 65584, et. seq.).

As you know, Senate Bill 375 (Chapter 728, Statutes of 2008) strengthened the existing coordination of housing and transportation planning by requiring Metropolitan Planning Organizations (MPO) to develop and incorporate a new sustainable community strategy (SCS) in the Regional Transportation Plan (RTP) to achieve greenhouse gas emission reductions and ensure the SCS accommodates the RHNA. SB 375 also amended the RHNA schedule and methodology among other things that strengthened rezoning requirements.

Since only partial demographic data is available from Census 2010, the Department's RHNA determination also utilized American Community Survey (ACS) data. In assessing ABAG's regional housing need, the Department considered the critical role housing plays in developing sustainable communities and supporting employment growth. The Department determined ABAG's regional housing need to be 187,990 units for the 8.8-year projection period from January 2014 through October 2022. The housing need was determined in consideration of the extraordinary uncertainty regarding national, State, local economies and housing markets. For this RHNA cycle only, the Department made an adjustment to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures.

This RHNA also reflects the Department's consideration of ABAG's strong socio-economic base and potential for recent household formation trends to continue at a fast and more diverse pace, particularly among older age groups that will continue to generate higher housing demands.

In assessing ABAG's regional housing needs, the Department and representatives of ABAG completed the consultation process specified in statute through periodic meetings and conference calls from January 2011 through November 2011. ABAG participants included Mr. Paul Fassinger, Director of Research and Analysis; Ms. Miriam Chion, Principal Planner; Mr. Hing Wong, Senior Regional Planner; and Ms. Gillian Adams, Regional Planner. The Department also consulted with the State Department of Finance (DOF) Demographic Research Unit as specified in statute.

In finalizing ABAG's RHNA, the Department applied methodology and assumptions regarding the following factors (Government Code Section 65584.01(c)(1)):

- anticipated household growth associated with projected population increases;
- household size data and trends in household size;
- rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- vacancy rates in existing housing stock, and for healthy housing market functioning and regional mobility, as well as housing replacement needs;
- other characteristics of the composition of the projected population; and
- the relationship between jobs and housing, including any imbalance between jobs and housing.

Data, assumptions, and descriptive information provided by ABAG in regards to the above factors were considered. Although at the time of the preliminary RHNA consultation, particular relevance was ABAG's ongoing efforts to reassess the area's job-housing relationship as more than a quantitative indicator and develop a qualitative approach (the "job-housing fit" concept) to use in its transportation plan update. Assumptions made about the rate were also considered with which existing vacant "for sale" and "for rent" housing units may be absorbed for occupancy by the beginning of the projection period in 2014.

The Attachments to this letter describe details of the Department's methodology and RHNA income category distribution for ABAG to allocate 187,990 housing units among all its local governments. As you know, ABAG must provide each locality a RHNA share of very-low, low-, and moderate-income units that equals the total for each of these income categories shown in Attachment 1. The RHNA represents the *minimum* amount of residential development capacity a jurisdiction must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve.

ABAG's RHNA projection period (also described in the attachments) was determined pursuant to Government Code Section 65588(e)(6), to coordinate housing and transportation planning based on ABAG's *estimated* RTP adoption date of April 24, 2013. Please note that if the actual RTP adoption date differs from the estimated date, it could change the housing element due date, and implicitly the housing element planning period. However, such changes would not impact RHNA as there is no statutory provision to amend the housing need projection period and the Department's final RHNA Determination.

ABAG is responsible for developing a RHNA distribution methodology and adopting a RHNA Plan for the period of January 1, 2014 through October 31, 2022. Housing element law (Government Code Section 65584, et. seq.) requires ABAG's methodology and RHNA Plan to be consistent with the following objectives:

- increasing the housing supply and mix of housing types, tenure, and affordability;
- promoting infill development and socio-economic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns;
- promoting an improved intraregional relationship between jobs and housing; and
- balancing the distribution of households by income category.

Pursuant to Government Code Section 65584.05(h), ABAG is required to submit its RHNA Plan to the Department for approval within three days of adopting the RHNA Plan. Once the Department has approved the RHNA Plan, ABAG is to distribute to all its local government members their income category shares of new housing needs to be addressed in their housing element updates covering 2014 - 2022.

In updating their housing element, local governments may only take RHNA credit for units permitted since the January 1, 2014 start date of the RHNA projection period providing that the element adequately describes how units were credited to different income categories based on actual or projected sale price or rent level data. Also, any city planning to accommodate a portion of RHNA on sites within the City's Sphere of Influence (SOI) must include an annexation program in the housing element. The annexation program must demonstrate SOI sites can be annexed early enough in the planning period to make adequate sites available before triggering penalties pursuant to Government Code sections 65583(c)(1)(A), and 65583(f).

Regarding transfers of housing need among local governments, AB 242 (Chapter 11, Statutes of 2008) amended certain provisions of Government Code Section 65584.07. RHNA transfers agreed between local governments may occur until adoption of the RHNA Plan. Once ABAG has adopted its RHNA Plan and prior to the housing element due date, transfers meeting specified conditions may only occur from a county to cities within the county. Transfers after the due date of the housing element are restricted to annexations and incorporations and must be completed within specified timeframes. The number of units by income to be transferred is determined either based on a mutual agreement between affected local governments, or, if no agreement is reached, by the entity responsible for allocating housing need (ABAG, or subregion where applicable).

The Department must be notified of all transfers; jurisdictions affected by RHNA transfers must amend their housing element within a specified timeframe.

The Department applauds ABAG's efforts and leadership, in coordination with the region's Metropolitan Transportation Commission (MTC), to meet the objectives of SB 375, and also ABAG's role in enhancing the One Bay Area Grant programs to address integration of regional transportation planning and housing. Also, the Department congratulates the region for its recent $4.9 million award from the U.S. Department of Housing and Urban Development to develop a San Francisco Bay Area Regional Prosperity Plan for the Nine County San Francisco Bay Area region. This initiative will further increase access to regional prosperity for workers, by creating middle-income jobs and developing and preserving affordable housing in transit-served communities. The Department appreciates the assistance provided by Mr. Hing Wong, ABAG Senior Planner.

We look forward to a continued partnership with ABAG and its member jurisdictions in planning efforts to accommodate the region's share of housing need. If you have any questions or need additional assistance, please contact me or Anda Draghici, Senior Housing Policy Specialist, at (916) 445-4728.

Sincerely,

Glen A. Campora

Glen A. Campora
Assistant Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION: ABAG
Projection Period: January 1, 2014 through October 31, 2022

Income Category	Percent	Regional Housing Need (rounded) [1]
Very-Low	24.8%	46,680
Low	15.4%	28,940
Moderate	17.8%	33,420
Above-Moderate	42.0%	78,950
Total	**100.0%** [2]	**187,990** [3]

(1) The statutory objective regarding RHNA requires HCD, in consultation with Department of Finance (DOF) and councils of governments (COGs), to determine projected household growth and housing need based on DOF population projections and COG regional population forecasts and requires regional and local jurisdictions to plan to accommodate capacity for all of the projected RHNA. The Legislature recognizes that different assumptions and variances in methodologies can be used that can result in different population projections. Projection of housing need developed by DOF and HCD for RHNA purposes does not consider local government constraints.

For this RHNA cycle only (due to unique conditions not expected to recur to impact future RHNA cycles), the housing need was adjusted downward to account for different absorption estimates for unprecedented high vacancies in existing stock due to extraordinary conditions including high foreclosures and economic uncertainties.

(2) The income category percentages reflect the minimum percentage to apply against the total RHNA decided by ABAG in determining housing need for very-low, low, and moderate income households. Each category is defined by Health and Safety Code (Section 50093, et seq.). Percentages are derived from the 2005-2009 American Community Survey's number of households by income, over 12 month periods, by County. Housing unit need under each income category is derived from multiplying the portion of households per income category against the total RHNA determination.

(3) The 187,990 allocation (see Attachment 2) reflects ABAG's projected minimum housing need (rounded), using 2005-2009 household formation rates from American Community Surveys (ACS) and an adjustment (-2,790) for existing excess vacant units in estimating 20% of vacant units will not be absorbed before 2014. This column represents the minimum housing need that ABAG's RHNA Plan must address in total and also for very-low, low, and moderate income categories.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION: ABAG

Projection Period: January 1, 2014-October 31, 2022 (8.8 years)					
1	**Population: October 31, 2022**				**7,795,408**
2	*less: Group Quarters Population*				**-160,994**
3	**Household (HH) Population**				**7,634,414**
	Household Formation Groups	**HH Population**	***HH Formation or Headship Rate (ACS)***	**Households**	
	Age Groups (ACS)	**7,634,414**		**2,860,005**	
	<15	1,379,971	-	-	
	15-24	935,687	9.34%	87,380	
	25-34	1,017,410	40.41%	411,116	
	35-44	947,660	51.08%	484,060	
	45-54	1,067,901	53.84%	574,976	
	55-64	1,015,530	55.30%	561,594	
	65-74	764,768	56.81%	434,458	
	75-84	357,153	60.56%	216,290	
	85+	148,333	60.76%	90,132	
4	**Projected Households**				2,860,005
5	*less: Households at Beginning of Projection Period (January 1, 2014 interpolated)*				**-2,675,765**
6	**Household Growth: 8.8 Year Projection Period**				**184,240**
7	**Vacancy Allowance**	Owner	Renter	Total	
	Tenure Percentage	56.19%	43.81%		
	HH Growth (New Unit Need)	103,520	80,720	184,240	
	Vacancy Rate	1.50%	5.00%		
	Vacancy Allowance	1,550	4,040	5,590	5,590
8	**Replacement Allowance (minimum)**	0.50%		189,830	950
9	*less: Adjustment for Absorption of Existing Excess Vacant Units*				
	Estimate 80% Absorbed, 20% Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential	
	Derived (2010 Census, Vacancy Rates)	(94,900)	83,000	-11,900	
	Total Exisitng (2011) Housing Stock	94,900			
	Existing Vacant Unit (Others) Adjustment	1.55%	1.48%		
	Total Adjusted Existing Vacant Units (Others)	(43,280)	41,210	-2,070	
	Estimated Units (Others) Not Absorbed by 2014	20%		-13,970	-2,790
FINAL REGIONAL HOUSING NEED DETERMINATION					**187,990**

1 **Population:** Pursuant to Government Code Section 65584.01(b), and in consultation with ABAG, the October 31, 2022 population projection was extrapolated based on Department of Finance (DOF) Interim Projections published in June 2011 for July 2020 and DOF's E5 estimate for January 2011.

2 **Group Quarter Population:** Figure is an estimate of persons residing either in a group home, institution, military, or dormitory using 2010 Census data for group quarters, and maintaining its proportion in the total population constant throughout the projection period. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is excluded from the calculation of the household population, and is not included in the housing need.

3 **Household (HH) Population:** The portion of population projected to reside in housing units after subtracting the group quarter population from total projected population.

4 **Projected 2022 Households (HHs):** The October 2022 number of households is derived by applying (to 2022 HH population) the regional 2005-2009 American Community Survey (ACS) household formation rates as provided by DOF. HH formation or headship rates reflect the propensity of different population groups (age, racial and ethnic) to form households.

ATTACHMENT 2
HCD REGIONAL HOUSING NEED DETERMINATION: ABAG

5 **Households at Beginning of Projection Period:** For the first time since inception of RHNA, the baseline number of households at the beginning of the projection period (January 2014) must be projected, as a direct effect of amendment to Section 65588(e)(6) specifying the new projection period to start on either June 30 or December 31 whichever date most closely precedes the end of the current housing element period (June 30, 2014 for ABAG). As such, the 2014 household number was calculated as an interpolation between DOF's E5 2011 estimate of households and the 2022 projected number of households.

6 **Household (HH) Growth:** This figure reflects projected HH growth and need for new units.

7 **Vacancy Allowance:** An allowance (unit increase) is made to facilitate availability and mobility among owner and renter units. Owner/Renter % is based on Census 2010 data. A smaller rate is applied to owner units due to less frequent mobility than for renter households. Information from a variety of authoritative sources supports an acceptable range of 1 to 4% for owner units and 4 to 8% for renter units depending on market conditions.

8 **Replacement Allowance:** Rate (0.5%) reflects the housing losses that localities annually reported to DOF each January for years 2001-2010, or 0.5%, whichever is higher.

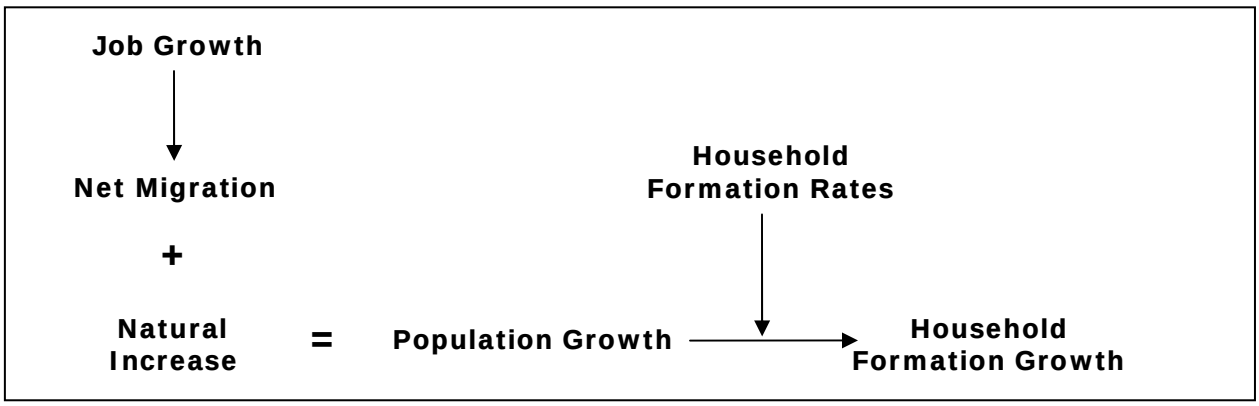
9 **Adjustment for Absorption of Existing Excess Vacant Units:** For this RHNA cycle only (due to extraordinary uncertainty regarding conditions impacting the economy and housing market not expected to similarly impact future RHNA cycles), a new one-time adjustment was made to account for unprecedented high vacancies in existing stock due to unusual conditions including high foreclosures and economic uncertainties. An absorption rate of 80% of existing excess vacant units is assumed to occur in shrinking current excess vacant units before the start of the 2014 RHNA projection period resulting in applying a 20% adjustment to account for units not absorbed that decreases new housing need by -2,790 units. Existing housing stock consists of two components: (1) housing units for sale and rent in existing housing stock that are above the housing units required to maintain the healthy market condition, calculated as the number of units in housing stock (for sale+for rent+sold, not occupied+rented, not occupied + occupied units), (2) housing units in the "vacant units others" category of existing housing stock above the simple average of 1.48% calculated based on Census data from 1990 to 2010. The Department used 2010 Census Demographic profile data (DP-1) and desirable "normal" vacancy rates by tenure, in conjunction with the region's household growth and proposed household formation rates. The vacancy adjustment is limited to not exceed the differential between the 2010 Census vacant units and the healthy market vacant units rate associated with the region's annual household growth. As the adjustment was below the differential, the adjustment was applied in calculating the RHNA determination.

RHNA Projection Period January 1, 2014 to October 31, 2022: Pursuant to SB 375, the start of the *projection* period (in effect January 1, 2014) was determined pursuant to GC 65588(e)(6), which requires the new projection period to start on June 30 or December 31 that most closely precedes the end of the current housing element period, which for ABAG region is June 30, 2014. The end of the projection period was determined pursuant to GC 65588(e)(5) to be the end of the housing element planning period. *Note: For projection purposes the end of the projection period is rounded to the nearest start/end of the month.*

Housing Element Planning Period October 31, 2014 to October 31, 2022: Pursuant to SB 375, the start of the *planning* period was determined pursuant to GC 65588(e)(5), 18 months from the estimated adoption date of the MTC's Regional Transportation Plan per ABAG, with the date rounded to the nearest start/end of month for projection purposes. The end of the planning period was calculated pursuant to GC 65588(e)(3)(A), 18 months after the adoption of the second RTP, provided that it is not later than eight years from the adoption of the previous housing element. If the actual RTP adoption date differs from the estimated date, the RHNA determination and the projection period will not change, however the housing element due date, and implicitly, the housing element planning period would change.

Appendix B: Household Formation Growth

Household formation growth is a component of the draft Regional Housing Need Allocation (RHNA) methodology that is currently under development by ABAG. It is an estimate of the future number of households without taking into account financial, zoning or land availability constraints. Household formation growth is calculated based on the expected population growth and the rates at which different age and ethnic groups form households. Population growth is forecast based on natural increase, migration, and jobs.



1. ***Job growth***: Expected number of jobs as a share of the national job growth, considering historic trends, performance by industry, international competitiveness, and labor skills.
2. ***Net Migration***: total number of people moving into minus people moving out of the region. This can be related to economic, social, or political reasons. The largest share of net migration is based on jobs, which means that a growing economy will attract more people and a declining economy will push people out of the region.
3. ***Natural increase***: total number of expected births minus deaths.
4. ***Population***: Sum of natural increase and net migration
5. ***Household formation rates***: The expected number of households formed per 100 residents over 20 years of age by age and ethnic group. If a 50 percent rate is applied to one million residents, it will result in 500,000 households. These rates vary by age and ethnicity. For example, many 25- to 35-year-old residents live with their parents or friends so this group will form fewer households than older groups. Similarly, many Latino and Asian households include more grandparents or cousins than White families, thus they will form fewer households. These rates are based on historic trends.
6. ***Household formation growth***: Total expected growth in households derived from household formation rates applied to population growth.

Household formation growth by local jurisdiction for the San Francisco Bay Area: The process described above is developed at the regional and county levels. Then, the county total household formation growth is distributed based on each city's share of county current population.

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Appendix C: FINAL REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
REGION	**46,680**	**28,940**	**33,420**	**78,950**	**187,990**
Alameda County					
Alameda	444	248	283	748	1,723
Albany	80	53	57	145	335
Berkeley	532	442	584	1,401	2,959
Dublin	796	446	425	618	2,285
Emeryville	276	211	259	752	1,498
Fremont	1,714	926	978	1,837	5,455
Hayward	851	480	608	1,981	3,920
Livermore	839	474	496	920	2,729
Newark	330	167	158	423	1,078
Oakland	2,059	2,075	2,815	7,816	14,765
Piedmont	24	14	15	7	60
Pleasanton	716	391	407	553	2,067
San Leandro	504	270	352	1,161	2,287
Union City	317	180	192	417	1,106
Alameda County Unincorporated	430	227	295	817	1,769
	9,912	**6,604**	**7,924**	**19,596**	**44,036**
Contra Costa County					
Antioch	349	205	214	680	1,448
Brentwood	234	124	123	279	760
Clayton	51	25	31	34	141
Concord	798	444	559	1,677	3,478
Danville	196	111	124	126	557
El Cerrito	100	63	69	166	398
Hercules	220	118	100	244	682
Lafayette	138	78	85	99	400
Martinez	124	72	78	195	469
Moraga	75	44	50	60	229
Oakley	317	174	175	502	1,168
Orinda	84	47	54	42	227
Pinole	80	48	43	126	297
Pittsburg	392	254	316	1,063	2,025
Pleasant Hill	118	69	84	177	448
Richmond	438	305	410	1,282	2,435
San Pablo	56	53	75	265	449
San Ramon	516	279	282	340	1,417
Walnut Creek	604	355	381	895	2,235
Contra Costa County Unincorporated	374	218	243	532	1,367
	5,264	**3,086**	**3,496**	**8,784**	**20,630**

Adopted by the ABAG Executive Board on July 18, 2013.

Appendix C: FINAL REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Marin County					
Belvedere	4	3	4	5	16
Corte Madera	22	13	13	24	72
Fairfax	16	11	11	23	61
Larkspur	40	20	21	51	132
Mill Valley	41	24	26	38	129
Novato	111	65	72	167	415
Ross	6	4	4	4	18
San Anselmo	33	17	19	37	106
San Rafael	240	148	181	438	1,007
Sausalito	26	14	16	23	79
Tiburon	24	16	19	19	78
Marin County Unincorporated	55	32	37	61	185
	618	**367**	**423**	**890**	**2,298**
Napa County *					
American Canyon	116	54	58	164	392
Calistoga	6	2	4	15	27
Napa	185	106	141	403	835
St. Helena	8	5	5	13	31
Yountville	4	2	3	8	17
Napa County Unincorporated	51	30	32	67	180
	370	**199**	**243**	**670**	**1,482**
San Francisco County					
San Francisco	6,234	4,639	5,460	12,536	28,869
	6,234	**4,639**	**5,460**	**12,536**	**28,869**

* The jurisdictions in Napa, San Mateo, and Solano counties each chose to form a subregion to carry out the RHNA process. These numbers reflect the final allocations adopted by each of the three subregions.

Adopted by the ABAG Executive Board on July 18, 2013.

Appendix C: FINAL REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
San Mateo County *					
Atherton	35	26	29	3	93
Belmont	116	63	67	222	468
Brisbane	25	13	15	30	83
Burlingame	276	144	155	288	863
Colma	20	8	9	22	59
Daly City	400	188	221	541	1,350
East Palo Alto	64	54	83	266	467
Foster City	148	87	76	119	430
Half Moon Bay	52	31	36	121	240
Hillsborough	32	17	21	21	91
Menlo Park	233	129	143	150	655
Millbrae	193	101	112	257	663
Pacifica	121	68	70	154	413
Portola Valley	21	15	15	13	64
Redwood City	706	429	502	1,152	2,789
San Bruno	358	161	205	431	1,155
San Carlos	195	107	111	183	596
San Mateo	859	469	530	1,242	3,100
South San Francisco	565	281	313	705	1,864
Woodside	23	13	15	11	62
San Mateo County Unincorporated	153	103	102	555	913
	4,595	**2,507**	**2,830**	**6,486**	**16,418**
Santa Clara County					
Campbell	253	138	151	391	933
Cupertino	356	207	231	270	1,064
Gilroy	236	160	217	475	1,088
Los Altos	169	99	112	97	477
Los Altos Hills	46	28	32	15	121
Los Gatos	201	112	132	174	619
Milpitas	1,004	570	565	1,151	3,290
Monte Sereno	23	13	13	12	61
Morgan Hill	273	154	185	316	928
Mountain View	814	492	527	1,093	2,926
Palo Alto	691	432	278	587	1,988
San Jose	9,233	5,428	6,188	14,231	35,080
Santa Clara	1,050	695	755	1,593	4,093
Saratoga	147	95	104	93	439
Sunnyvale	1,640	906	932	1,974	5,452
Santa Clara County Unincorporated	22	13	214	28	277
	16,158	**9,542**	**10,636**	**22,500**	**58,836**

* The jurisdictions in Napa, San Mateo, and Solano counties each chose to form a subregion to carry out the RHNA process. These numbers reflect the final allocations adopted by each of the three subregions.

Adopted by the ABAG Executive Board on July 18, 2013.

Appendix C: FINAL REGIONAL HOUSING NEED ALLOCATION (2014-2022)

	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total
Solano County *					
Benicia	94	54	56	123	327
Dixon	50	24	30	93	197
Fairfield	779	404	456	1,461	3,100
Rio Vista	45	36	48	170	299
Suisun City	147	57	60	241	505
Vacaville	287	134	173	490	1,084
Vallejo	283	178	211	690	1,362
Solano County Unincorporated	26	15	19	43	103
	1,711	**902**	**1,053**	**3,311**	**6,977**
Sonoma County					
Cloverdale	39	29	31	112	211
Cotati	35	18	18	66	137
Healdsburg	31	24	26	76	157
Petaluma	199	103	121	322	745
Rohnert Park	181	107	127	484	899
Santa Rosa	947	581	759	2,375	4,662
Sebastopol	22	17	19	62	120
Sonoma	24	23	27	63	137
Windsor	120	65	67	188	440
Sonoma County Unincorporated	220	127	160	429	936
	1,818	**1,094**	**1,355**	**4,177**	**8,444**

* The jurisdictions in Napa, San Mateo, and Solano counties each chose to form a subregion to carry out the RHNA process. These numbers reflect the final allocations adopted by each of the three subregions.

Appendix D: SCS Housing Methodology Committee Members and Other Participants

ALAMEDA COUNTY

Alex Amoroso
Principal Planner
City of Berkeley

Rebecca Kaplan
Councilmember
City of Oakland

Jeffrey Levin
Housing Policy & Programs Manager
City of Oakland

Albert Lopez
Planning Director
County of Alameda

Vernon Smith
Housing Coordinator
City of Union City

MARIN COUNTY

Pat Eklund
Councilmember
City of Novato

Linda Jackson
Principal Planner
City of San Rafael

Stacey Laumann
Planner
County of Marin

SAN FRANCISCO COUNTY

Sarah Dennis Phillips/Kearstin Dischinger
Planning Department
City and County of San Francisco

Ross Mirkarimi
Supervisor
City and County of San Francisco

Doug Shoemaker/Sasha Hauswald
Mayor's Office of Housing and Community Development
City and County of San Francisco

CONTRA COSTA COUNTY

Kara Douglas
Principal Planner
County of Contra Costa

Patrick Lynch
Housing Director
City of Richmond

Julie Pierce
Councilmember
City of Clayton

Gayle Uilkema
Supervisor
County of Contra Costa

Tina Wehrmeister
Community Development Director
City of Antioch

NAPA COUNTY

Diane Dillon
Supervisor
County of Napa

Hillary Gitelman
Conservation, Development & Planning Director
County of Napa

Rick Tooker
Planning Manager
City of Napa

SAN MATEO COUNTY

Duane Bay
Department of Housing Director
County of San Mateo

David Lim
Councilmember
City of San Mateo

Maureen Riordan
Senior Planner
City of Redwood City

SANTA CLARA COUNTY

Mike Kasperzak
Councilmember
City of Mountain View

Steve Piasecki
Community Development Director
City of Morgan Hill

Laurel Prevetti
Assistant Planning Director
City of San Jose

Greg Scharff
Councilmember
City of Palo Alto

Bill Shoe
Principal Planner
County of Santa Clara

SOLANO COUNTY

Barbara Kondylis
Supervisor
County of Solano

Laura Kuhn
City Manager
City of Vacaville

Matt Walsh
Principal Planner
County of Solano

SONOMA COUNTY

Bonne Gaebler
Housing Administrator
City of Petaluma

Jake Mackenzie
Councilmember
City of Rohnert Park

Pete Parkinson
Permit & Resource Management
Department Director
County of Sonoma

BUSINESS COMMUNITY REPRESENTATIVES

Bena Chang/Shiloh Ballard
Silicon Valley Leadership Group

Scott Zengel/Andrew Michael
Bay Area Council

FOR-PROFIT HOUSING REPRESENTATIVES

Paul Campos
Senior Vice President of Governmental Affairs and General Counsel
Building Industry Association Bay Area

Sarah Karlinsky
Deputy Director
SPUR

NON-PROFIT HOUSING REPRESENTATIVES

Katie Lamont
Real Estate Development Associate Director
Eden Housing, Inc.

Evelyn Stivers
Field Director
The Non-Profit Housing Association of Northern California

OPEN SPACE/AGRICULTURAL LANDS REPRESENTATIVES

Stephanie Reyes
Policy Director
Greenbelt Alliance

PUBLIC EDUCATION REPRESENTATIVE

Sharifa Wilson
Trustee
Ravenswood School District

SOCIAL EQUITY REPRESENTATIVES

Margaret Gordon
Co-Director
West Oakland Environmental Indicators Project

Vu-Bang Nguyen
Land Use Program Coordinator
Urban Habitat

PUBLIC/ALTERNATIVE TRANSPORTATION REPRESENTATIVE

Val Joseph Menotti
Planning Department Manager
BART

PUBLIC HEALTH REPRESENTATIVE

Susan Adams
Supervisor, County of Marin
Regional Planning Committee: Public Health

OTHER PARTICIPANTS:

Nico Calavita, East Bay Housing Organizations
Ada Chan, City of Oakland
David Early, Design, Community & Environment
Parisa Fatehi, Public Advocates
Tim Frank, Center for Sustainable Neighborhoods
David Grabill, Latinos Unidos de Napa
Matthew Gray, Perkins Coie LLP
Terrence Grindall, City of Newark
Eleanor Hansen, Sunnyvale Activist
Jean Hasser, Napa County Transportation and Planning Agency
Idin Kashefipour, Public Advocates
Barb Kautz, Goldfarb & Lipman LLP
Charisse Lebron-Cannon, San Mateo County
Catherine Lyons, Bay Area Council
Liz McElligot, Alameda County
Julie Moloney, City of Santa Clara
Debbie Pedro, Town of Los Altos Hills
Mary Catherine Plunkett, San Francisco Public Press
Nadia Rhazi, University of California - Berkeley
Christy Riviere, Bay Area Air Quality Management District
Steve Ross, Santa Clara County
Greg Schmid, City of Palo Alto Councilmember
Aarti Shrivastava, City of Cupertino
Andrew Smith, City of Walnut Creek
Sam Tepperman-Gelfant, Public Advocates
Egon Terplan, SPUR
Andy Waggoner, Greenbelt Alliance
Curtis Williams, City of Palo Alto
Cindy Yee, City of San Ramon

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Regional Housing Need Allocation (RHNA) Appeal Process

On July 20, ABAG released draft housing allocations as part of the RHNA process. At this point, each jurisdiction had the opportunity to submit a request to ABAG for a revision to its RHNA. If ABAG denied the request, then the jurisdiction could submit an appeal of ABAG's decision. Eight jurisdictions submitted appeals.

The Executive Board established an ad hoc committee of the Board to hear the appeals. The committee was comprised of:

- Palo Alto Mayor Greg Scharff, Chair
- Oakland Councilmember Desley Brooks, Vice Chair
- Novato Mayor Pat Eklund
- Napa County Supervisor Mark Luce
- Clayton Mayor Julie Pierce
- San Francisco Supervisor Eric Mar (alternate)

By statute, ABAG is required to hold a public hearing to hear the appeals. This public hearing took place on April 1, 2013. The Appeal Committee's recommendations will be presented to the ABAG Executive Board for consideration and adoption at its May 16, 2013 meeting. The Executive Board is scheduled to adopt the final RHNA on July 18, 2013.

Summary of Appeal Committee Recommendations

City of Hayward

The City of Hayward requested a reduction in its RHNA because incorrect data was used in the RHNA methodology for the Past RHNA Performance factor. Based on annual progress reports submitted to the California Department of Housing and Community Development, Hayward was more successful in building affordable housing than was documented in the ABAG publication titled "A Place to Call Home."

ABAG Staff recommended that the Appeal Committee deny the City of Hayward's appeal because the Past RHNA Performance factor for all jurisdictions was based on the 2007 ABAG housing report *A Place to Call Home*. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the ABAG report was supplied by the local jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Mayor Eklund moved and Mayor Scharff seconded a motion to support the City of Hayward's appeal to reduce its RHNA by 116 units across all income categories because ABAG's use of incorrect permitting data was considered a significant and unforeseen change in circumstances. The committee voted unanimously to support the appeal.

City of Lafayette

The City of Lafayette requested a reduction in its RHNA based on the assertion that the calculations for the Growth Concentration Adjustment were inconsistent with the direction from ABAG's Executive Board. The methodology was described as "proportional," while the resulting redistribution had disproportionate impacts on different cities. In the City's view, this indicated that the methodology was applied in error. The City requested a revision of its allocation to 399 units, based on its calculation of its proportionate share of the 4,370 units reallocated region-wide as part of the Growth Concentration Adjustment.

ABAG Staff recommended that the Appeal Committee deny the City of Lafayette's appeal because the methodology for the Growth Concentration Adjustment was applied to all affected jurisdictions in a consistent manner. Units were redistributed based on an area's proportion of regional growth, and the differences in the results among jurisdictions are related to the underlying growth pattern for each jurisdiction from the adopted Preferred Scenario of the Sustainable Communities Strategy (SCS).

Mayor Eklund moved and Mayor Pierce seconded a motion to support the City's appeal to reduce its RHNA by 27 units across all income categories based on a misapplication of the RHNA methodology. The committee voted 3-2 to support the appeal. Ayes: Mayor Scharff, Mayor Eklund, and Mayor Pierce. Noes: Councilmember Brooks and Supervisor Luce.

City of Mountain View

The City of Mountain View requested a reduction in its RHNA because the City decided in its General Plan (adopted on July 12, 2012) to remove housing as an allowed use in its North Bayshore Priority Development Area (PDA). ABAG Staff assigned housing growth to the PDA in the Jobs-Housing Connection Strategy, even though City of Mountain View staff indicated that the City was only studying this possibility. In addition, the City Council's decision not to allow housing represented a significant and unforeseen change in circumstances, which should result in a reduction in the RHNA.

ABAG Staff recommended that the Appeal Committee deny the City of Mountain View's appeal because ABAG staff used the most current information about local plans for growth that was available during development of the Preferred Scenario of the SCS, which was adopted in May 2012. In addition, the decision to remove housing as an allowable use in the North Bayshore area was a deliberate action taken by the City Council, and does not constitute an unforeseen change in circumstances. Housing Element law specifically states that ABAG cannot limit the RHNA based on local land use restrictions [GC 65584.04(d)(2)(b)].

Mayor Eklund moved and Councilmember Brooks seconded a motion to deny the City of Mountain View's appeal. The Committee voted unanimously to deny the appeal.

City of Oakley

The City of Oakley requested a reduction in its RHNA because its PDAs are intended for jobs, not housing; and ABAG should have used RHNA performance data for 2007-2014 since Oakley did not incorporate until 1999 and did not adopt a General Plan until 2005 or Housing Element until 2009.

ABAG Staff recommended that the Appeal Committee deny the City of Oakley's appeal because, in providing feedback about the SCS (which is an input into RHNA), the City requested additional housing growth compared to what ABAG was forecasting. ABAG staff used that feedback along with information from local plans to develop the housing growth distribution for Oakley, consistent with the sustainability goals of the SCS. Although ABAG encourages jurisdictions to plan for RHNA units in PDAs, jurisdictions are under no obligation to do so and the RHNA can be accommodated anywhere in the jurisdiction.

For Past RHNA Performance, data for all jurisdictions was taken from the 2007 ABAG housing report A Place to Call Home. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the report was supplied by the local

jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Councilmember Brooks moved and Mayor Scharff seconded a motion to deny the City of Oakley's appeal. The Committee voted unanimously to deny the appeal.

City of Palo Alto

The City of Palo Alto requested that at least 350 units of its RHNA be transferred to Santa Clara County because the RHNA methodology does not appropriately assign responsibility for growth related to Stanford University. The RHNA methodology assigned the City responsibility for any growth within its Sphere of Influence, which includes sites for housing identified in Stanford's General Use Permit that are near transit and would be consistent with the goals of SB 375. However, the City, County, and Stanford have agreed that the City will not annex the land. In addition, these sites and other areas of the county along El Camino Real were excluded from the VTA Cores, Corridors, and Station Areas PDA when sites in Palo Alto were included, even though the City did not support being a part of the PDA.

ABAG Staff recommended that the Appeal Committee deny the City of Palo Alto's appeal because the rules regarding assigning responsibility for growth in the Sphere of Influence were adopted as part of the RHNA methodology by the ABAG Executive Board on July 19, 2012. The RHNA is not site specific, so the availability of sites for housing in Santa Clara County that would be consistent with the goals of the SCS does not indicate a misapplication of the RHNA methodology. Finally, The Palo Alto portion of the VTA Cores and Corridors PDA was not treated as a PDA for the purposes of RHNA because the City did not agree to designation of the areas as a PDA.

Supervisor Luce moved and Mayor Pierce seconded a motion to deny the City of Palo Alto's appeal. The committee voted 4-1 to deny the appeal. Ayes: Councilmember Brooks, Supervisor Luce, Mayor Pierce, Supervisor Mar. No: Mayor Eklund.

City of San Ramon

The City of San Ramon requested that its RHNA be reduced by 126 based on removing the impact of the Growth Concentration Adjustment, which the City asserts was misapplied to San Ramon. The City argued that all major recipients of the Growth Concentration Adjustment have light and/or heavy rail stations except San Ramon, which received a larger increase than other transit-rich cities with similar growth rates. San Ramon's increase does not meet the stated goal of directing growth to "medium cities with high job growth and transit access."

ABAG Staff recommended that the Appeal Committee deny the City of San Ramon's appeal because the methodology for the Growth Concentration Adjustment was applied to all affected jurisdictions in a consistent manner. Units were redistributed based on an area's proportion of regional growth, and the differences in the results among jurisdictions are related to the underlying growth pattern for each jurisdiction from the adopted Preferred Scenario of the Sustainable Communities Strategy (SCS).

Mayor Scharff moved and Councilmember Brooks seconded a motion to deny the City's appeal. The committee voted 4-1 to deny the appeal. Ayes: Mayor Scharff, Councilmember Brooks, Supervisor Luce, Mayor Pierce. No: Mayor Eklund.

City of Saratoga

The City of Saratoga requested its RHNA be reduced to 204 units based on the assertion that the 40% Minimum Housing Floor is inconsistent with the overall objective of RHNA and SB 375 and is inconsistent with the requirement that allocations consider a jurisdiction's jobs/housing relationship and access to transit. The City argued its allocation should have been lower because there are no significant existing or planned public transit or employment opportunities in the city.

The 40% Minimum Housing Floor was adopted as part of the RHNA methodology by the ABAG Executive Board on July 19, 2012. The adopted RHNA methodology emphasizes better integration of land use and transportation while also meeting the statutory objectives of RHNA, which include "increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner" [GC 65584(d)]. The minimum housing floor ensures that every jurisdiction is planning for housing to accommodate at least a portion of the housing need generated by the population within that jurisdiction. However, the RHNA methodology also caps a jurisdiction's allocation at no more than 150% of its RHNA from 2007-2014 as a way to ensure that a jurisdiction is not overburdened.

Mayor Pierce moved and Councilmember Brooks seconded a motion to deny the City's appeal. The committee voted 3-2 to deny the appeal. Ayes: Councilmember Brooks, Mayor Eklund, Mayor Pierce. Noes: Mayor Scharff and Supervisor Luce.

City of Sunnyvale

The City of Sunnyvale requested a reduction in its RHNA because incorrect data was used in the RHNA methodology for the Past RHNA Performance factor. Based on data included in the City's Housing Element that was certified by the California Department of Housing and Community Development, Sunnyvale was more successful in building affordable housing than was documented in the ABAG publication titled "A Place to Call Home."

ABAG Staff recommended that the Appeal Committee deny the City of Sunnyvale's appeal because the Past RHNA Performance factor for all jurisdictions was based on the 2007 ABAG housing report *A Place to Call Home*. The RHNA methodology must be based on a data source that includes consistent data for the entire region. The data included in the ABAG report was supplied by the local jurisdiction, and local staff had opportunities to review the contents of the report prior to publication.

Supervisor Luce moved and Councilmember Brooks seconded a motion to support the City of Sunnyvale's appeal to reduce its RHNA by 531 units across all income categories because ABAG's use of incorrect permitting data was considered a significant and unforeseen change in circumstances. The committee voted unanimously to support the appeal.

City of Palo Alto
Department of Planning and Community Environment

April 9, 2013

Ezra Rapport, Executive Director
Association of Bay Area Government
Joseph P. Bort Metro Center
P.O. Box 2050
Oakland, CA 94607-4756

Re: Transfer of RHNA Allocation from City of Palo Alto to Santa Clara County

Dear Mr. Rapport:

The City of Palo Alto requests that the Association of Bay Area Governments (ABAG) accept the transfer of 200 "moderate-income" housing units from the City's RHNA allocation to Santa Clara County for the 2014-2022 planning period, in agreement with the County's concurrence to ABAG. The City sincerely appreciates the cooperation and accommodation of Santa Clara County staff, Supervisor Joe Simitian, and Stanford University in reaching this agreement. We also thank ABAG staff, particularly Gillian Adams and Hing Wong, for their help and support.

The City looks forward to ABAG's Executive Board adoption of the final RHNA allocations in May, reflecting the City-County adjustment.

If you have questions or need additional information, please contact Curtis Williams, the City's Director of Planning and Community Environment, at (650) 329-2321 or curtis.williams@cityofpaloalto.org.

Sincerely,

H. Gregory Scharff
Mayor

cc: Joe Simitian, Supervisor, County of Santa Clara
Kirk Girard, Planning Manager, County of Santa Clara
Palo Alto City Council
James Keene, City Manager, City of Palo Alto

Planning
250 Hamilton Avenue
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Palo Alto, CA 94303
650.329.2441
650.329.2154

Transportation
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County of Santa Clara

Department of Planning and Development
Planning Office

County Government Center, E. Wing, 7th Floor
70 West Hedding Street,
San Jose, California 95110-1705
(408) 299-5770 FAX (408) 288-9198
www.sccplanning.org

April 17, 2013

Curtis S. Williams
Director of Planning and Community Environment
City of Palo Alto
250 Hamilton Avenue
Palo Alto, CA 94301

Subject: Regional Housing Needs Allocation

Dear Mr. Williams:

To accommodate Palo Alto's interests in an equitable Regional Housing Needs Allocation (RHNA), we do not object to an increase in the County of Santa Clara RHNA for the 2014 to 2022 Housing Element planning period of 200 moderate income units.

This is the number of moderate income RHNA qualified housing units that can be reasonably expected to be constructed on unincorporated Stanford lands during the Housing Element planning period. The estimate is based on a rough extrapolation to the year 2022 of the 76 RHNA housing units currently planned within Stanford's three to five year capital improvement time frame.

As you know, the projected 200 RHNA qualified units will be a small fraction of the total number of housing units likely to be constructed during the planning period on the Stanford campus. The majority of housing production will be dorm units, which do not qualify as housing units for RHNA purposes.

We do not object to a transfer of moderate income units but we cannot accept a transfer of very-low or low income units. As you know, the Stanford General Use Permit (GUP) allows Stanford to provide affordable housing unit on the Stanford campus or make an appropriate cash payment in-lieu of providing the housing unit. In-lieu cash payments provide funding for affordable housing within a six-mile radius of the Stanford campus in surrounding local government jurisdictions. Without developing specific transfer mechanisms, affordable units constructed in other jurisdictions do not meet our RHNA obligations. The Affordable Housing In-lieu Program has been very successful in creating affordable housing but not within the unincorporated areas of Santa Clara County.

Board of Supervisors: Mike Wasserman, Dave Cortese, Ken Yeager, S. Joseph Simitian
County Executive: Jeffrey V. Smith

We also have discussed our interest in avoiding specifying the location of the construction of any housing units accepted with a RHNA transfer. We understand Palo Alto based their original 350 unit transfer request to the Association of Bay Area Governments on units planned for the Quarry/Arboretum (200 units) and Quarry/El Camino (150 units) sites. While housing development may occur at these locations during the planning period, the Stanford GUP allows flexibility for locating new housing construction on the campus. We do not want to inadvertently impose limitations on the future uses of these sites or restrict the flexibility the GUP provides for locating new housing on the campus.

Given these understandings, we do not object to the Association of Bay Area Governments re-allocating 200 moderate income units from the City of Palo Alto to the County of Santa Clara for the 2014 to 2022 Housing Element planning period.

We've appreciated the cooperative approach taken by you and your staff in working on this transfer. Please let us know if you need any further assistance.

Sincerely,

Nash Gonzalez
Director

Cc: Charles Carter, Stanford University
Whitney McNair, Stanford University
Bill Shoe, County of Santa Clara
Sylvia Gallegos, County of Santa Clara
Jeff Smith, County of Santa Clara
Supervisor Joe Simitian, County of Santa Clara

Board of Supervisors: Mike Wasserman, Dave Cortese, Ken Yeager, S. Joseph Simitian
County Executive: Jeffrey V. Smith

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Appendix G: Signed and Certified ABAG Executive Board Resolution 07-13 Adopting RHNA Plan

To be inserted once complete.

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NC TPA NV TA

625 Burnell Street • Napa, CA 94559-3420
Tel: (707) 259-8631
Fax: (707) 259-8638

January 23, 2013

Ezra Rapport
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94605

Dear Mr. Rapport,

Enclosed please find a copy of the Napa Subregion's Final Allocations and the Resolution of Consistency for the Regional Housing Needs Allocation (RHNA) Cycle 2014-2022. The Napa County Transportation and Planning Agency (NCTPA), representing the Napa Subregion, unanimously approved issuing the final allocations at their December 12th Board meeting. On January 16, 2013 the NCTPA Board approved an amended Resolution 12-34 that incorporated language of consistency between the Regional Methodology and Subregional Methodology.

If you have any questions about the enclosed final allocations, or the subregional RHNA process, please contact Danielle Schmitz at 707-259-5968 or dschmitz@nctpa.net.

Sincerely,

Kate Miller
Executive Director

cc: Hing Wong
Gillian Adams
Danielle Schmitz

Enclosures: Final Allocations and Resolution of Consistency

NC TPA NV TA

625 Burnell Street • Napa, CA 94559-3420
Tel: (707) 259-8631
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AMENDED RESOLUTION No. 12-34

A RESOLUTION OF THE NAPA COUNTY TRANSPORTATION AND PLANNING AGENCY (NCTPA) TO DETERMINE THAT THE NAPA SUBREGIONAL REGIONAL HOUSING NEEDS ALLOCATION (RHNA) PROCESS CONFORMS WITH STATE LAW AND ISSUING THE PROPOSED FINAL SUBREGION ALLOCATION

WHEREAS, in March, 2011, pursuant to Cal. Gov. Code 65584.03(a) and as approved by the Association of Bay Area Governments ("ABAG"), local jurisdictions within Napa County through the Napa County Transportation and Planning Agency formed the "Napa Subregion" for the purpose of developing and allocating subregional housing needs; and

WHEREAS, during 2011-2012, after a lengthy discussion and development process that coordinated closely with ABAG's Regional Housing Needs Methodology development process, and that included participation by local jurisdictions, other organizations and the public, the Subregion developed a Draft Methodology for allocating subregional housing needs; and

WHEREAS, on May 16, 2012, the Subregion issued its Draft Methodology, assigned preliminary Subregion Housing Allocations and submitted its Draft Methodology to ABAG for comment; and

WHEREAS, following a public hearing on July 18, 2012, the Subregion approved a Final Methodology and issued a Draft Allocation of Housing Needs within the Subregion and subsequently opened a 60-day public comment period from July 19 through September 17, 2012, during which any member jurisdiction of the Subregion could request revisions to the Draft Allocation; and

WHEREAS, on July 19, 2012, pursuant to Gov. Code Section 65584.03(c) the ABAG Executive Committee allocated to the Napa Subregion its share of Housing needs; this subregional allocation also included individual jurisdiction allocations consistent with ABAG's Final Regional Housing Needs Methodology; and

WHEREAS, the Napa Subregion fully allocated its share of the regional housing need within the subregion pursuant to Gov. Code Section 65584.03 (d); and

WHEREAS, the Allocation Methodology adopted by the Subregion addressed the statutory policy objectives and factors to the extent that sufficient data was available, and was comprised of the following two components, each of which addressed the statutory policy objectives and factors; and

WHEREAS, the primary component of the Allocation Methodology is identical to the methodology applied by ABAG for the Bay Area region as a whole: the identical weighted formula was applied to the identical underlying demographic projection data. Because the ABAG methodology has previously been determined to further the statutory policy objectives and factors, so too does this primary component of the Subregion's methodology; and

WHEREAS, the secondary component of the derivation allowed for potential adjustments to effect a distribution that corrects data errors and/or better addresses factor priorities identified by the subregion that also meet statutory objectives and requirements; and

WHEREAS, no requests for adjustments to the Draft Allocations were received during the 60 day request for revision time frame, thus there was no need for the negotiations process for revisions or appeals; and

WHEREAS, the Proposed Final Allocation was discussed in full, and public comment was heard at a duly noticed public hearing conducted by the governing board of the Subregion on December 12, 2012; and

WHEREAS, the Subregion has gained all necessary approvals required by Cal. Gov. Code 65584 *et seq* from ABAG; and

WHEREAS, the Subregion has considered and met the policy objectives outlined in Cal. Gov. Code 65584(d), and factors to the extent sufficient data was available as outlined in 65584.04(d), in formulating its proposed Final Methodology for allocating housing units and in determining the allocations to the Subregion, and has found that the Final Methodology and the proposed Final Allocations meet the letter and spirit of California Gov. Code 65584 *et seq*; and

WHEREAS, the proposed Final Allocation was determined in accordance with the approved Final Methodology and no members of the Subregion requested revisions or appealed the Proposed Final Allocations; and

WHEREAS, all members are satisfied with the Final Allocation and have ratified it by endorsement and by the Subregion's governing board resolution; and

WHEREAS, the Governing Board of the Subregion has considered the Final Allocation for the Napa Subregion as shown in Exhibit A, attached hereto and incorporated as though fully set forth; and

WHEREAS, NCTPA adopted Resolution No. 12-34 on December 12, 2012, adopting the Subregional RHNA allocations; and

WHEREAS, the Region requires Subregions to make additional findings upon which the Region bases its final allocations; and

WHEREAS, the Subregional RHNA incorporates the land use pattern identified in the draft Preferred Scenario of the Sustainable Communities Strategy (entitled the Jobs-Housing Connection Strategy) adopted by ABAG and MTC on May 17, 2012; and

WHEREAS, the RHNA for each jurisdiction in the Subregion is consistent with the number of housing units assigned to the jurisdiction in the *Jobs-Housing Connection Strategy* for the RHNA period of 2014-2022; and

WHEREAS, the Subregional RHNA allocates by jurisdiction and the *Jobs-Housing Connection Strategy* development pattern envisions growth at a sub-jurisdictional level based on locally-identified areas for growth (known as Priority Development Areas), there is a reasonable expectation a jurisdiction with adopted PDAs will plan for a significant portion of its RHNA in the PDAs:

NOW THEREFORE BE IT RESOLVED:

1. That Resolution 12-34 is amended to read in full as set forth herein.

2. That the foregoing recitals are true and correct.

3. That the Napa Subregion Governing Board has determined that the subregional RHNA process meets the letter and spirit of Cal Gov. Code 65584 *et seq.* and adopts the proposed Final Allocation as shown in Exhibit A.

4. That the Executive Director of the Subregion's Governing Board, the Napa County Transportation and Planning Agency, or her designee is hereby authorized to submit the proposed Final Housing Needs Allocation for the Napa Subregion to the Association of Bay Area Governments.

5. That the Subregion's RHNA is consistent with the Jobs-Housing Connection Strategy of the Sustainable Communities Strategy for the San Francisco Bay Area, as required by California Government Code Section 65584.04(i)(3).

///

///

Passed and adopted this 16th day of January, 2013.

Keith Caldwell, NCTPA Chair

Ayes: Bennett, Dunsford, Techel, Dodd, Caldwell, Chilton, Dunbar

Nays: None

Absent: Garcia, Canning, White, Sedgley Britton

ATTEST:

Karalyn E. Sanderlin, NCTPA Board Secretary

APPROVED:

Janice Killion, NCTPA Legal Counsel

EXHIBIT "A"

Final Regional Housing Need Allocations

Napa Subregion 2014-2022 RHNA

Jurisdiction	Very Low 0-50%	Low 51-80%	Moderate 81-120%	Above Moderate 120%+	Total Units
American Canyon	116	54	58	164	392
Calistoga	6	2	4	15	27
Napa	185	106	141	403	835
St. Helena	8	5	5	13	31
Yountville	4	2	3	8	17
Napa County Unincorporated	51	30	32	67	180
Totals	370	199	243	670	1,482

C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park • Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County •South San Francisco • Woodside

April 12, 2013

Ezra Rapport, Executive Director
Association of Bay Area Governments
101 Eighth Street
Oakland. CA94607

RE: Regional Housing Needs Allocation - San Mateo County Subregion Final Allocation

Dear Mr. Rapport:

I am pleased to submit to you the "*Final Regional Housing Needs Allocation for the San Mateo Subregion and Finding of Consistency with the Sustainable Communities Strategy for the San Francisco Bay Region*". Said document was adopted as Resolution 13-01 by the San Mateo County Housing Needs Allocation Subregion Policy Advisory Committee (PAC) on April 11, 2013.

Pursuant to Government Code Sections 65584-65584.05, the 20 cities of San Mateo County and the County of San Mateo have become a member of a countywide "Subregion," an ad hoc joint powers authority formed specifically to locally administer ABAG's Regional Housing Needs Allocation process (RHNA). A Policy Advisory Committee (PAC) comprising of one representative from each of the 21 jurisdictions is the governing board of the Subregion. The Subregion was approved by ABAG on March 2011. The City/County Association of Governments (C/CAG) has been selected to represent the Subregion.

The Final Methodology for Determining Housing Needs Shares was submitted to ABAG on July 26, 2012. In accordance with this Methodology, a proposed Draft Allocation of Housing Shares for the jurisdictions in the San Mateo County Subregion was developed. The proposed draft allocation was reviewed by the Subregion's Technical Advisory Committee (TAC) on 8/9/12 and 9/6/12 and by the PAC on 9/20/12. On September 20, 2012 the PAC unanimously approved the proposal with minor change, hence it was formally adopted as the Draft Allocation.

On May 17, 2012, the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) jointly adopted the Sustainable Community Strategy (SCS) Preferred Scenario, "Job-Housing Connection". In July 2012 ABAG released the Draft Allocation setting the regional housing need allocation (RHNA) for the San Mateo County Sub-Region at 16,418 units. Following its Allocation Methodology, and in conformance with housing element law, the Subregion unanimously adopted a Draft Allocation on September 20, 2012. The Sub-Region immediately opened a period for public comment and revision requests

555 County Center, 5th Floor, Redwood City, CA 94063 PHONE: 650.599.1406 FAX: 650.361.8227
WWW.CCAG.CA.GOV

that ran through October 12, 2012. Through an iterative dialogue process facilitated by the Subregion administrative staff, various member jurisdictions of the Subregion requested revisions to the Draft Allocation. All such revisions were incorporated into the Proposed Final Allocation.

On November 29, 2012, the Subregion adopted the Proposed Final Regional Housing Needs Allocation for the San Mateo County Subregion and opened a sixty-day appeal that ran through January 30, 2013 during which member jurisdictions may appeal. No appeal was submitted to the Subregion during the appeal period.

At the January 31, 2013 PAC meeting, a public hearing was conducted for the closure of appeal process on the Proposed Final Regional Housing Needs Allocation for the San Mateo County Sub-Region.

Each of the twenty-one jurisdictions comprising the Subregion has adopted a governing board resolution recognizing the participation in the San Mateo County Subregion for the Regional Housing Needs Allocation process and acceptance of the allocation assigned by the Subregion.

The San Mateo County Subregion has been a success again. San Mateo County truly appreciates all of the support and guidance that ABAG provided. San Mateo County found this opportunity to work collaboratively with ABAG helped to achieve the goal in our County to create a forum for dialogue among local jurisdictions to distribute the housing allocation to meet the county's needs. We look forward to working with ABAG on future opportunities.

Sincerely,

Sandy Wong
C/CAG Executive Director

Enclosures: A) Resolution 13-01
B) 21 Resolutions from jurisdictions of the Subregion

c.c. Deborah C Gordon, Chair, San Mateo County Subregion PAC
Brandt Grotte, Chair, C/CAG Board of Directors
Duane Bay, Director, San Mateo County Housing Department
Kenneth Moy, ABAG
Miriam Chion, ABAG
Hing Wong, ABAG
Gillian Adam, ABAG

RESOLUTION NO. 13-01

HOUSING NEEDS ALLOCATION SUBREGION, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * * *

RESOLUTION ADOPTING THE FINAL REGIONAL HOUSING NEEDS ALLOCATION FOR THE SAN MATEO COUNTY SUBREGION AND FINDING OF CONSISTENCY WITH THE SUSTAINABLE COMMUNITIES STRATEGY FOR THE SAN FRANCISCO BAY REGION

RESOLVED, by the Governing Board of the San Mateo County Regional Housing Needs Allocation Subregion, that

WHEREAS, the San Mateo County Regional Housing Needs Allocation Subregion ("Subregion") was formed pursuant to Cal. Gov. Code § 65584.03(a) and approved by the Association of Bay Area Governments ("ABAG"); and

WHEREAS, the Subregion was allocated its share of Regional Housing Needs by ABAG; and

WHEREAS, on July 26, 2012 the Subregion adopted a Final Methodology specifying the method by which the Subregion would allocate housing among its members; and

WHEREAS, on September 20, 2012 the Subregion proposed a Draft Allocation of Housing Needs within the Subregion and immediately opened a public comment period running from September 20, 2012 through October 12, 2012, during which any member jurisdiction of the Subregion and any members of the public could request revisions to the Draft Allocation; and

WHEREAS, through an iterative dialogue process facilitated by the Subregion

administrative staff, various member jurisdictions of the Subregion requested revisions to the Draft Allocation pursuant to Cal. Gov. Code §65584.05(b), and the Subregion responded to such requests pursuant to Cal. Gov. Code § 65584.05(c) and all such revisions were incorporated into the Proposed Final Allocation; and

WHEREAS, no other requests for revisions were submitted to the Subregion; and

WHEREAS, the Proposed Final Allocation was discussed in full, and public comment was heard in full at a duly noticed public hearing conducted by the governing board of the Subregion on November 29, 2012, and the governing board immediately opened an appeal period running from November 29, 2012 through January 30, 2013 during which any member jurisdiction of the Subregion could appeal its Proposed Final Allocation; and

WHEREAS, no member jurisdiction submitted an appeal during the appeal period; and

WHEREAS, the Subregion has gained all necessary approvals required by Cal Gov. Code § 65584 *et seq* from ABAG; and

WHEREAS, the Subregion has considered and met the policy objectives outlined in Cal. Gov. Code § 65584(d) in formulating its Final Methodology for allocating housing units, and in determining the allocations to the Subregion, and has found that the Final Methodology and the Final Allocations meet the letter and spirit of Cal Gov. Code § 65584 *et seq*; and

WHEREAS, the Subregional Final Allocation incorporates the land use pattern

identified in the draft Preferred Scenario of the Sustainable Communities Strategy (entitled the Jobs-Housing Connection Strategy) adopted by ABAG and MTC on May 17, 2012; and

WHEREAS, the Final Allocation for each jurisdiction in the Subregion is consistent with the number of housing units assigned to the jurisdiction in the Jobs-Housing Connection Strategy for the RHNA period of 2014-2022; and

WHEREAS, the Subregional Final Allocation allocates by jurisdiction and the Jobs-Housing Connection Strategy development pattern envisions growth at a sub-jurisdictional level based on locally-identified areas for growth (known as Priority Development Areas (PDAs)), there is a reasonable expectation a jurisdiction with adopted PDAs will plan for a significant portion of its Final Allocation in the PDAs; and

WHEREAS, the Final Allocation was determined in accordance with the Final Methodology adopted by the Subregion, and members of the Subregion have had opportunity to comment, and request revisions, and appeal, and no members have appealed the Proposed Final Allocations; and

WHEREAS, there has been presented to this Governing Board of the Subregion for its consideration and acceptance the Final Allocation for the San Mateo County Subregion, reference to which is hereby made for further particulars, and the Governing Board has examined and approved the same as to form and content;

WHEREAS, each member jurisdiction of the Subregion has adopted a governing board resolution indicating acceptance of the Final Allocation; and

NOW THEREFORE, IT IS HEREBY RESOLVED that the San Mateo County

Subregion adopts the Final Allocation attached hereto and incorporated hereinto; and

FURTHER, IT IS HEREBY RESOLVED that the Subregion's Final Allocation is consistent with the Jobs-Housing Connection Strategy, the Sustainable Communities Strategy for the San Francisco Bay Area, as required by California Government Code Section 65584.04(i)(3); and

FURTHER, IT IS HEREBY DETERMINED AND ORDERED that the Executive Director of the City/County Association of Governments of San Mateo County, or designee, is hereby authorized to submit the Final Allocation for the Regional Housing Needs Allocation to the Association of Bay Area Governments and the California Department of Housing and Community Development not later than April 15, 2013.

PASSED, APPROVED, AND ADOPTED THIS 11th DAY OF APRIL 2013.

Chair

Adopted on April 11, 2013	Final Sub-Regional Allocation	Final Subregion Housing Needs Allocation by Affordability Level			
San Mateo County Subregion Final Regional Housing Needs Allocation		**UNITS**			
	TOTAL	**Very Low**	**Low**	**Mod.**	**Above Mod.**
Atherton	93	35	26	29	3
Belmont	468	116	63	67	222
Brisbane	83	25	13	15	30
Burlingame	863	276	144	155	288
Colma	59	20	8	9	22
Daly City	1,350	400	188	221	541
East Palo Alto	467	64	54	83	266
Foster City	430	148	87	76	119
Half Moon Bay	240	52	31	36	121
Hillsborough	91	32	17	21	21
Menlo Park	655	233	129	143	150
Millbrae	663	193	101	112	257
Pacifica	413	121	68	70	154
Portola Valley	64	21	15	15	13
Redwood City	2,789	706	429	502	1152
San Bruno	1,155	358	161	205	431
San Carlos	596	195	107	111	183
San Mateo	3,100	859	469	530	1242
South San Francisco	1,864	565	281	313	705
Woodside	62	23	13	15	11
San Mateo Co. Uninc	913	153	103	102	555
Total	**16,418**	**4595**	**2507**	**2831**	**6486**
Countywide Requirement	**16,418**	**4595**	**2507**	**2830**	**6486**

To view *Enclosure B) 21 Resolutions from jurisdictions in the Subregion* from C/CAG's letter transmitting the Subregion's Final RHNA, please visit http://www.abag.ca.gov/planning/housingneeds/subregions.html

Department of
Resource Management
675 Texas Street, Ste. 5500
Fairfield, California 94533

Planning Services Division
Phone: (707) 784-6765 / Fax: (707) 784-4805

Michael Yankovich
Planning Manager

January 17, 2013

Association of Bay Area Governments
Attn.: Hing Wong, Senior Regional Planner
PO Box 2050
Oakland, CA 94604 – 2050

Dear Hing:

Enclosed please find an executed resolution from the Solano County City-County Coordinating Council (4Cs), approving the Solano County Subregion's RHNA for 2014-2022. The resolution includes the specific allocation of units in addition to a textual description of the methodology.

We don't believe the appeals process applies to us since the Solano Subregion approved the requested minor allocation adjustment between the Cities of Fairfield and Suisun City.

We anticipate that the ABAG Executive Board will take action to finalize the RHNA in June. Please let me know if you have any concerns with the resolution, allocation, or if you need anything else from the Solano Subregion moving forward.

Sincerely,

Matt Walsh

Matt Walsh, Principal Planner
Solano County Department of Resource Management

RESOLUTION OF THE SOLANO COUNTY CITY COUNTY COORDINATING COUNCIL (4C's) APPROVING THE SOLANO COUNTY SUB-REGIONAL HOUSING ALLOCATION AND DIRECTING ITS SUBMITTAL TO THE ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)

WHEREAS, in March 2011, the cities of Solano County and the County of Solano all agreed to form a "Subregion" for the purpose of allocating the Solano County's subregional housing need ("SubRHNA") among its member jurisdictions for the 2014 to 2022 Housing Element cycle, as allowed by section 65584.03 of the Government Code; and

WHEREAS, the cities and the County further designated the Solano County City-County Coordinating Council (the "4 C's") to act as a subregional entity to represent them in this effort; and

WHEREAS, the Association of Bay Area Governments ("ABAG") has determined the methodology by which it will assign housing allocations to cities and subregions in the San Francisco Bay Area for the 2014 to 2022 Housing Element Cycle and has published a draft allocation based on this methodology, which assigns 6,977 housing units to Solano County as a whole; and

WHEREAS, the 4C's published a draft subregional housing allocation methodology and an estimate of the number of housing units that will be assigned to each of the County's cities and to unincorporated Solano County on October 19, 2012; and

WHEREAS, after the draft methodology and allocations were published, the City of Suisun City further agreed to accept an additional 50 housing units, which are to be deducted from the City of Fairfield's allocation. No other changes to the draft methodology and allocations were made or proposed by any other city or the County; and

WHEREAS, the seven Cities in the County and the County itself have all passed resolutions accepting the draft methodology and allocations and supporting the 4C's submittal of the methodology and the allocations to ABAG; and

WHEREAS, the proposed methodology uses factors described in section 65584.04 of the Government Code; and

WHEREAS, the Subregional RHNA incorporates the land use pattern identified in the draft Preferred Scenario of the Sustainable Communities Strategy (entitled the *Jobs-Housing Connection Strategy*) adopted by ABAG and MTC on May 17, 2012; and

WHEREAS, the RHNA for each jurisdiction in the Subregion is consistent with the number of housing units assigned to the jurisdiction in the *Jobs-Housing Connection Strategy* for the RHNA period of 2014-2022; and

WHEREAS, the Subregional RHNA allocates by jurisdiction and the *Jobs-Housing Connection Strategy* development pattern envisions growth at a sub-jurisdictional level based on locally-identified areas for growth (known as Priority Development Areas), there is a reasonable expectation a jurisdiction with adopted PDAs will plan for a significant portion of its RHNA in the PDAs;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The Subregion's RHNA is consistent with the Jobs-Housing Connection Strategy of the Sustainable Communities Strategy for the San Francisco Bay Area, as required by California Government Code Section 65584.04(i)(3), and that

2. The Solano County City-County Coordinating Council (4C's) hereby authorizes Solano County Planning staff to submit the proposed methodology for allocating the Solano County Subregion's housing need and the resulting estimate of subregional housing allocations, attached to this resolution, to ABAG on behalf of the cities of Solano County and the County of Solano.

****

Passed and adopted by the Solano County City-County Coordinating Council on January 10, 2013, by the following vote:

AYES:	11
NOES:	0
ABSENT:	1

Jack Batchelor, Chair
Solano City-County Coordinating Council

ATTEST:
Birgitta Corsello, Clerk

By: _____

Attachments
Exhibit A: Draft Allocation
Exhibit B: Draft Methodology

Exhibit A
Solano Subregional Housing Allocation

Jurisdiction	Income Distribution					Regional Housing Needs Allocation				
	Very Low	Low	Mod	Above Mod		Very Low	Low	Mod	Above Mod	**Total**
Benicia	28.7%	16.5%	17.1%	37.6%		94	54	56	123	**327**
Dixon	25.3%	12.1%	15.2%	47.2%		50	24	30	93	**197**
Fairfield	24.6%	12.9%	14.7%	47.6%		779	404	456	1,461	**3,100**
Rio Vista	15.1%	12.1%	16.1%	56.5%		45	36	48	170	**299**
Suisun City	29.5%	11.2%	11.5%	47.6%		147	57	60	241	**505**
Vacaville	26.4%	12.3%	15.9%	45.2%		287	134	173	490	**1,084**
Vallejo	20.7%	13.0%	15.4%	50.6%		283	178	211	690	**1,362**
County	25.3%	14.2%	19.0%	41.2%		26	15	19	43	**103**
Subregion Total						**1,711**	**902**	**1,053**	**3,311**	**6,977**

Solano County Subregional Housing Allocation Methodology
For the 2014 – 2022 Planning Period

The Solano County Subregion's methodology for assigning both total numbers of units to each jurisdiction in the County and for assigning units in each income category will be based largely on the methodologies employed for the same purposes by the Association of Bay Area Governments (ABAG) in the Bay Area as a whole. These methodologies are summarized below. More information about ABAG's methodologies can be found at http://www.abag.ca.gov/planning/housingneeds/pdfs/methodology/RHNA_Update_Letter_7-30-12.pdf .

Allocation of Total Unit Counts

To assign the total number of units to each jurisdiction, the Subregion will use the same methodology that ABAG proposes to use to assign units to jurisdictions that are outside of subregions. This methodology takes into account the presence of Priority Development Areas (PDAs) within a jurisdiction, each jurisdiction's ratio of projected PDA growth to household formation growth, past RHNA performance, local employment and proximity to transit.

Once allocations are calculated using the ABAG methodology, the Subregion will make minor reallocations of units among the jurisdictions as may be seen as appropriate by the jurisdictions themselves, in light of the following two principles: 1) Units should be assigned among the Subregion's jurisdictions so as to reflect the mutually agreed-upon potential for housing development within each jurisdiction, and 2) the method by which the Solano Transportation Authority (STA), acting on behalf of the Subregion's jurisdictions, allocates transportation and other funding under the One Bay Area Grant (OBAG) program should ensure equitable distribution of funds to each of the Subregion's jurisdictions in a way that takes into account both the subregional housing allocation and the need for each jurisdiction to receive a share of OBAG funds.

Allocation Among Income Categories

Once the overall count of units is assigned to each jurisdiction, the Subregion will assign units by income category to each jurisdiction using the same method used by ABAG for the region. Under this methodology, each jurisdiction will receive a proportion of units in each income category that reflects the proportion of units in that income category that currently exists in the jurisdiction, adjusted by 175% of the difference between the proportion of units in that category that exists in the jurisdiction and the proportion of units in that category that exists in the Bay Area as a whole.

Using this methodology, rounding may result in a total allocation for the Subregion within each income category that differs from the income allocations in each category that ABAG assigns to the Subretgion. If this occurs, the income allocations will be modified as necessary so as to reassign units in each category in the most equitable manner possible while still achieving the total income allocations assigned by ABAG to the Subregion.

Exhibit B

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ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD

RESOLUTION NO. 07-13

RESOLUTION ADOPTING THE REGIONAL HOUSING NEED ALLOCATION PLAN FOR THE SAN FRANCISCO BAY AREA: 2014 – 2022

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers agency formed pursuant to California Government Code §§ 6500, *et seq.*, and is the council of governments for the San Francisco Bay Area; and

WHEREAS, the Housing Element Law ("Act") at California Government Code §§ 65580, *et seq.* requires, in part, each town, city, county and city and county to plan for its share of the state's housing need for people of all income levels; and

WHEREAS, the California Department of Housing and Community Development (HCD), in consultation with ABAG, determined the existing and projected housing need (RHND) for the region as documented in a letter dated February 24, 2012 from HCD to ABAG and attached to this resolution as Appendix A to the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* (RHNA Plan); and

WHEREAS, under the Act, ABAG determines the share of the RHND for each town, city, county and city and county in the region through the regional housing need allocation process (RHNA) which results in a RHNA Plan that allocates the entire RHND to local jurisdictions in the region; and

WHEREAS, the Act requires that the RHNA Plan be consistent with the objectives of the Act as set forth in California Government Code § 65584(d) and with Plan Bay Area, the adopted Sustainable Communities Strategy for the region developed pursuant to Senate Bill 375 (Steinberg 2008); and

WHEREAS, pursuant to the Act, each of the Counties of Napa, San Mateo and Solano, and all of the cities and towns within their respective geographical boundaries formed a subregion to accept a share of the RHND and a delegation of authority from ABAG to conduct a subregional RHNA and adopt a subregional RHNA Plan for the local jurisdictions comprising the subregion; and

WHEREAS, each of the Napa, San Mateo and Solano subregions has conducted a subregional RHNA, adopted a subregional RHNA Plan that fully allocates all of its respective share of the RHND in accordance with California Government Code § 65584.01 and found that its subregional RHNA Plan is consistent with the SCS; and

WHEREAS, ABAG has conducted the RHNA for the San Francisco Bay Area and fully allocated all of its share of the RHND in accordance with California Government Code § 65584.01, all as described in the RHNA Plan; and

WHEREAS, the RHNA Plan describes, in detail, findings and facts that support a finding that ABAG's RHNA Plan is consistent with the objectives of the Act as set forth in California Government Code § 65584(d) and Plan Bay Area; and

WHEREAS, pursuant to the memorandum to the Executive Board dated July 11, 2013, ABAG staff recommends that the Executive Board adopt the RHNA Plan.

ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 07-13

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby:

A. Certifies that the foregoing recitals are true and correct; and

B. Finds that the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* attached to this resolution is consistent with the objectives of the Housing Element Law as set forth in California Government Code § 65584(d); and

C. Finds that the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* attached to this resolution is consistent with Plan Bay Area; and

D. Finds that the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* attached to this resolution fully allocates all of the RHND in accordance with California Government Code § 65584.01; and

E. Adopts the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* attached to this resolution; and

F. Directs staff to submit the *Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022* attached to this resolution to the California Department of Housing and Community Development within three days.

The foregoing was adopted by the Executive Board this 18th day of July, 2013.

Mark Luce
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Secretary-Treasurer of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called meeting held on the 18th day of July, 2013.

Ezra Rapport
Secretary-Treasurer

Approved as To Legal Form

Kenneth K. Moy
Legal Counsel

ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 07-13

APPENDIX A

Regional Housing Need Allocation Plan for the San Francisco Bay Area: 2014-2022
(RHNA Plan)